

**Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana
Bijli Vitran Nigam Limited**

**2.4 Implementation of Accelerated Power Development and
Reforms Programme**

Highlights

Detailed project reports of Tohana and Fatehabad towns for implementation of Accelerated Power Development and Reforms Programme did not target the densely electrified zones in urban and industrial areas .

(Paragraphs 2.4.8 and 2.4.9)

None of the 18 projects undertaken by the distribution Utilities under the Accelerated Power Development and Reforms Programme could be completed by the projected date, i.e. May 2004. The Utilities could utilise funds to the extent of 66.40 per cent upto March 2007. Failure to utilise full project cost resulted in non availing of central assistance to the extent of Rs. 46.99 crore.

(Paragraphs 2.4.11 and 2.4.16)

Utilisation of funds reported to Government of India was inflated by Rs. 125.86 crore due to inclusion of inadmissible/excess expenditure.

(Paragraphs 2.4.23 to 2.4.26)

The Utilities failed to achieve the target of 15 per cent AT&C losses which ranged between 23.92 per cent to 58.33 per cent except Hissar town during 2006-07. This also impacted the cash losses and the Utilities could not get incentive component as available under the APDRP.

(Paragraph 2.4.33)

Introduction

2.4.1 Union Ministry of Power (MoP) identified Distribution reforms as a key area in power sector and launched Accelerated Power Development Programme (APDP) during the year 2000-01 to bring about efficiency and commercial viability in the working of power Utilities. APDP was rechristened as Accelerated Power Development & Reforms Programme (APDRP) during 2002-03.

APDRP focuses on upgradation of sub-transmission and distribution network in densely electrified zones in the urban and industrial areas and improvement in commercial viability of State Electricity Boards/Power Utilities. Its financing has following two components:

- Investment component for strengthening and upgradation of the sub-transmission and distribution system. Under this component, MoP is to provide funds to the extent of 50 *per cent* of project cost in the form of grant (25 *per cent*) and loan (25 *per cent*) and for balance 50 *per cent*, the Utilities will tie up for counterpart funding with financial institutions (FIs).
- Incentive component to encourage/motivate Utilities to reduce cash losses. Under this component, the MoP will provide incentive upto 50 *per cent* of actual cash loss reduction by power Utilities by taking 2000-01 as base year for calculation of cash loss reduction.

The main objectives of APDRP are to reduce Aggregate Technical and Commercial (AT&C) losses below 15 *per cent*, bring about commercial viability of power sector, reduce outages/interruptions and increase consumer satisfaction.

In Haryana, APDRP is being implemented by Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL).

Scope of Audit

2.4.2 The present performance audit conducted during July 2006 to March 2007 to evaluate the implementation of APDRP during 2002-07 covers nine projects (UHBVNL-three* and DHBVNL-six[#]) with estimated cost Rs. 351.80 crore out of 18 projects (estimated cost Rs. 431.95 crore). Selection of seven projects was made by adopting simple random sampling without replacement method and two[§] projects on cost criterion.

Audit objectives

2.4.3 The audit objectives were to ascertain whether:

- the projects were carefully designed with adequate planning and were efficiently implemented;
- the funding requirement was realistically assessed, the means for providing the same were clearly identified and the funds were sanctioned and released in time by the Government;
- the funds were used efficiently, economically and effectively;
- the extent of increase in revenue collection was commensurate with the expectations from the programme;

* UHBVNL- Karnal circle, Sonipat circle and Yamuna Nagar-Jagadhri town.

[#] DHBVNL- Faridabad Circle, Fatehabad Town, Hansi Town, Hisar Circle, Hisar-II, and Tohana Town.

[§] Faridabad and Sonipat.

- there was an effective monitoring system at the board level; and
- the intended objectives of APDRP have been achieved as per the benchmarks and time frame specified in the Memorandum of Understanding (MoU) and Memorandum of Agreement (MoA).

Audit criteria

2.4.4 The implementation of APDRP was assessed with reference to:

- the guidelines of MoP/State Government/Central Electricity Authority (CEA);
- the terms & conditions of MoU and MoA signed between the Company and the MoP;
- the guidelines issued by MoP for preparation of detailed project reports (DPRs);
- the parameters contained in the detailed project reports (DPRs); and
- the targets fixed for various parameters to achieve objectives of APDRP.

Audit methodology

2.4.5 Audit followed the following mix of methodologies:

- examination of Government guidelines, agenda papers and decisions taken in Board of Directors (BODs)/Whole Time Directors meetings;
- examination of records relating to preparation/approval of DPRs, execution of projects, progress reports, monitoring and evaluation of schemes at Head Office of the Utilities and field offices;
- examination of records relating to sanction/drawal of counterpart funding; and
- analysis of data relating to achievement of objects/targets of APDRP.

Audit findings

2.4.6 The audit findings were reported (May 2007) to the Government/Management and discussed in the meeting (12 July 2007) of the Audit Review Committee for State Public Sector Enterprises (ARCPSE), where representatives of the power Utilities were present. Views of the Management were considered while finalising the review.

The implementation of APDRP in Haryana was found to be ineffective as objectives of the APDRP have not been achieved even after investment of Rs. 286.80 crore upto March 2007 as discussed in the succeeding paragraphs.

Project formulation and planning

2.4.7 On the basis of available technical and commercial data, UHBVNL and DHBVNL in consultation with National Thermal Power Corporation (NTPC) being advisor-cum-consultant, formulated (July/November 2002, May 2003) DPRs for 18 projects covering four circles and 14 towns at a project cost of Rs. 454.31 crore (UHBVNL: Rs. 204.29 crore; DHBVNL: Rs. 250.02 crore) which were sanctioned (August 2002 to June 2003) by the Steering Committee set up by MoP. Due to withdrawal of consultancy charges, the outlay was reduced (October 2005) to Rs. 431.95 crore (loan: Rs. 323.96 crore and grant: Rs. 107.99 crore).

The works under these projects were categorised into category 'A' (priority works targeted to reduce commercial losses*) and category 'B' (system strengthening works targeted to reduce technical losses**). Category 'A' included installation of consumer meters (single phase and three phase), feeder meters, distribution transformer meters, renovation and modernisation of distribution transformers, development of information technology including automation in billing and sub-station. Category 'B' included augmentation, renovation and modernisation of sub-stations, construction of new sub-stations, new lines/changing conductor of existing lines, renovation of existing and addition of new distribution transformers and provision of capacitors.

DPRs envisaged annual financial benefits of Rs. 182.80 crore on account of saving of 623.80 MUs of energy on completion of these projects. For execution of these projects the distribution Utilities entered into a MoA with MoP in December 2002.

Deficient DPRs

2.4.8 APDRP focuses on up-gradation of sub-transmission and distribution network in densely electrified zones in urban and industrial areas. The guidelines for formulation of DPRs on strengthening and improvement of sub-transmission and distribution network provide for physical survey, collection, study and analysis of commercial and technical data of power distribution network of the area to be covered under the projects. DPRs were deficient as brought out in succeeding paragraphs:

* Commercial losses occur on account of non-metering of actual consumption due to theft/defective meters.

** Every element in a power system offers resistance to power flow and thus consumes some energy. Cumulative energy consumed by all these elements is termed as 'technical loss'.

Non selection of densely electrified zone

Detailed project reports of Tohana and Fatehabad town did not target densely electrified zones

2.4.9 DHBVNL got nine projects (**Annexure - 14**) approved (August/November 2002) from MoP for strengthening of sub-transmission and distribution network involving project cost of Rs.238.11 crore to be completed by May 2004. It was noticed that the DPRs did not target densely electrified zones in urban and industrial areas as envisaged in the APDRP. Test-check of DPRs of Fatehabad and Tohana towns revealed that these covered Fatehabad Division (comprising Fatehabad, sub urban Fatehabad, Ratia, Bhattu and Badopal sub-divisions) and Tohana Division (comprising Tohana, Bhuna, Jakhal and Uklana sub-divisions) instead of restricting to the towns, as is evident from the following table:

Station	Name of item	Total number on 30.06.02	Already installed	To be replaced/ installed	Cost (Rs. in crore)	Remarks
Data as per DPR						
Tohana town	Single phase consumer meters	50,588	15,647	34,941	4.46	As on 30 June 2002 there were only 11,457 domestic consumers in Tohana town. The figure of 50,588 domestic consumers as indicated in DPR pertains to whole division.
	Feeder meters 11KV	63	2	61	0.04	There were only four feeders in Tohana Town
	33 KV sub-station (New)	-	-	1	1.26	The proposal of new 33 KV sub-station at Karandi does not cater to Tohana town.
Fatehabad town	Single phase consumer meters	53,101	10,500	42,601	5.44	As on 30 June 2002 there were 9624 consumers in Fatehabad town. The data of 53,101 domestic consumers as indicated in DPR pertains to entire division.
	Feeder meters 11 KV	73	Nil	73	0.05	There were only five feeders in Fatehabad town

As the DPRs were not based on empirical data of Fatehabad and Tohana towns, these were not realistic and contained inflated and unrealistic provisions and cost.

Inflated provisions in DPR

2.4.10 DPR of Faridabad circle (approved by MoP in August 2002) contained lump sum quantities of works costing Rs. 118.02 crore. The DPR was revised (June 2003) wherein division-wise details of quantities of works worth Rs. 87.19 crore were given with envisaged financial benefit of Rs. 37.93 crore per annum and balance works amounting to Rs. 30.83 crore were kept under the heading “Balance Works” without division wise details. No financial benefit was envisaged in the DPR from the investment of Rs. 30.83 crore.

Further a provision of Rs. 35.97 crore was made for strengthening of 100 feeders of 11 KV. A random check in audit of estimates of these feeders revealed that in 36 out of 100 cases, the estimates contained provision of Rs. 3.44 crore for tamper proof electronic consumer meters and Distribution Transformer (DT) meters whereas the provision for consumer meters and DT meters had also been made separately in the DPR. This had resulted in excess provision of Rs. 3.44 crore for metering thereby allowing the Utilities to avail excess loan and grant to the extent of Rs. 1.72 crore.

Fund management

Failure of Utilities to complete project as per schedule resulted in non-availment of central assistance of Rs. 46.99 crore.

2.4.11 MoP released Rs. 168.99 crore (loan Rs. 84.50 crore and grant Rs. 84.49 crore) under APDRP during 2002-03 to 2003-04 to the State against approved project cost of Rs. 431.95 crore (loan Rs. 323.96 crore and grant Rs. 107.99 crore). The Utilities[#] got counterpart funding sanctioned from Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) to the extent of Rs. 219.39 crore and availed of Rs. 107.27 crore upto 2006-07. The utilisation of funds was to the extent of Rs. 286.80 crore upto March 2007 (**Annexure-13**). Failure of the Utilities to complete the projects as per schedule and utilise full project cost had resulted in non-availing of central assistance to the extent of Rs. 46.99* crore (Grant: Rs. 23.50 crore and loan: Rs. 23.49 crore).

UHBVNL stated (August 2007) that central assistance could not be availed due to non-completion of IT related works as finalisation of specifications took more time. The Company should have finalised the specifications well in time to avail of the central assistance.

Delay in release of funds by the State Government to the Utilities

Due to delay in release of funds the state government incurred interest liability of Rs. 16.90 crore.

2.4.12 As per guidelines issued (June 2003) by the MoP, the State Government was to release funds to the Utilities within a week of the said amount being credited to its accounts failing which it was to be treated as diversion of funds which attracted 10 *per cent* penal interest to be adjusted in the next installment.

It was, however, noticed that there were delays in transfer of funds to the Utilities ranging between 17 and 71 days. Thus, the State Government incurred an avoidable interest liability of Rs. 16.90 crore.

Delayed release of incentive component

Due to delay in release of incentive of Rs. 105.49 crore by the state Government, the Utilities suffered loss of interest of Rs. 5.81 crore.

2.4.13 MoP provided incentive of Rs. 105.49 crore (Rs. 5.01 crore in March 2003 and Rs. 100.48 crore in March 2004) to the State Government for release to the Utilities for cash loss reduction during the year 2001-02. The State Government released (May 2003 to July 2005) incentive amount of Rs. 45.23 crore and Rs. 60.26 crore to UHBVNL & DHBVNL respectively after delays ranging from 1 to 15 months. This resulted in loss of interest of Rs. 5.81 crore (UHBVNL: Rs. 2.23 crore and DHBVNL: Rs. 3.58 crore). The Utilities did not follow up the State Government for speedy release of their funds.

As per MoP guidelines, (June 2003) incentive for cash loss reduction was to be utilised only for improvement of power sector. The Utilities, however, had not formulated any scheme so far (March 2007) for utilisation of incentive money for improvement of power sector as required under the programme.

[#] Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited.

^{*} Total available grant and loan Rs. 215.98 crore (50 *per cent* of Rs. 431.95 crore) less amount availed Rs. 168.99 crore = Rs. 46.99 crore.

Management stated (July 2007) during ARCPSE meeting that the matter regarding early release of incentive was continuously pursued with the Government and incentive component was utilised for improvement works without preparing any separate/specific scheme. No document showing follow up with the Government was, however, shown to audit (August 2007).

Diversion of funds

2.4.14 The funds provided by MoP were earmarked and scheme specific. The Utilities were required to maintain separate bank accounts for these funds.

Audit observed that the Utilities had opened separate bank accounts only for receipt of APDRP funds. Thereafter, the funds were transferred to general account of the Utilities due to which diversion of funds could not be checked in audit.

DHBVNL diverted APDRP funds of Rs. 83.72 crore in violation of MoP guidelines.

DHBVNL, however, had utilised (June 2002 to March 2004) APDRP funds of Rs. 83.72 crore for purchase of power: Rs. 42.71 crore and repayment of loans: Rs. 41.01 crore. Due to diversion of funds, the power utility incurred liability of Rs. 8.37 crore towards penal interest payable to MoP.

During ARCPSE meeting (July 2007), the Management asserted that the funds were kept in a pool for making them available at all times and for their better and instant use. The fact, however, remains that the terms and conditions of the programme as well as central assistance were compromised.

Extra interest burden

2.4.15 UHBVNL got counterpart funding of Rs. 23.29 crore sanctioned (March 2003) from PFC for projects at Rohtak and Sonipat Towns (projected cost Rs. 44.37 crore). These projects falling in National Capital Region (NCR) were eligible for funding from National Capital Region Planning Board (NCRPB) at lower interest rates. Instead of arranging loan from NCRPB at lower rates, the Utility availed of counterpart funding at higher interest rate from PFC resulting in extra interest burden of Rs. 1.14 crore during May 2003 to March 2007.

Similarly, DHBVNL availed (September/October 2003, January 2006) counterpart funding of Rs. 44.31 crore from REC/PFC at higher rates for the projects in Faridabad, Rewari and Hisar instead of from NCRPB at lower rates. This resulted in extra interest burden of Rs. 3.19 crore (October 2003 to March 2007).

During ARCPSE meeting the Management stated (July 2007) that initially the interest rates of financial institutions were lower than those of NCRPB and assured to supply documents showing comparison of rates at different intervals as asked for by Audit. No such documents were, however, shown to Audit (August 2007).

Execution of projects

Slow progress of the projects

The projects have not been completed till March 2007 against the completion schedule of May 2004.

Fund utilisation was reported in excess of actual utilisation by Rs. 125.86 crore.

2.4.16 As per approved DPRs, the projects were to be completed within 18 months i.e. upto May 2004 from the date of approval but none of the projects had been completed so far (March 2007).

As of March 2007 the reported utilisation of funds by both the Utilities was Rs. 286.80 crore (66.40 *per cent*) against projected cost of Rs. 431.95 crore. Project wise utilisation of funds as of March 2007 is given in **Annexure-14**.

It would be observed (**Annexure-14**) that in no project, except Gohana Town, the funds had been fully utilised. Audit scrutiny revealed that actual utilisation of funds for the projects was much less at Rs. 160.94 crore as against the reported figure of Rs. 286.80 crore because inadmissible expenditure/excess reporting of Rs. 125.86 crore (43.88 *per cent* of reported expenditure) was included therein as discussed in the succeeding paragraphs (2.4.23 to 2.4.26). As 43.88 *per cent* of the reported expenditure did not relate to APDRP physical progress was far below the stated financial progress. Resultantly objectives of APDRP were not achieved.

During ARCPSE meeting, the Management attributed (July 2007) the slow progress to shortage of staff. The fact, however, remains that the Management was aware of staff position and should have taken care of this in the interest of work.

Priority works

2.4.17 As per DPRs, the works relating to feeder metering, consumer metering and IT related works were categorised as priority works which were to be completed within six months after approval of DPRs i.e. by March - May 2003. All the project reports were approved during August-November 2002 except DPR of Gohana town which was approved in June 2003. Progress of priority works is discussed below:

Metering chain

2.4.18 Towards Aggregate Technical and Commercial (AT&C[@]) loss reduction, the single most important step is metering through the distribution chain right from the feeders, through DTs and ultimately to the consumers. Annual saving of 220.84 MUs of power valued at Rs. 58.60 crore was envisaged in the DPRs on completion of metering chain. Despite lapse of about four years (March 2007) since approval (August/November 2002, June 2003) of DPRs, and expenditure of Rs. 121.25 crore, projected activities under metering chain had not been

[@] AT&C losses represent the excess of input energy over the energy for which actual revenue is realised.

completed (March 2007) as tabulated below:

Particulars	Projected		Performance		Percentage of performance	
	Quantity	Cost (Rs. in crore)	Physical Nos	Financial (Rs. in crore)	Physical	Financial
UHBVNL						
1. Consumer meters						
(a) Single phase	4,04,000	40.04	3,39,369	32.44	84.00	81.02
(b) Three phase	70,143	17.42	44,439	9.09	63.35	52.18
2. Feeder meters	769	1.98	705	1.03	91.68	52.02
3. DT meters	8,672	13.43	767	0.33	8.84	2.46
4. LT/CT metering	50	0.03	50	0.02	100	66.67
Total		72.90		42.91		58.86
DHBVNL						
1. Consumer meters						
(a) Single phase	5,02,789	62.42	4,10,482	71.07	81.64	113.86
(b) Three phase	74,671	32.02	11,277	2.72	15.10	8.49
2. Feeder meters	496	0.75	372	0.39	75.00	52.00
3. DT meters	8,196	18.37	446	1.16	5.44	6.31
4. LT/CT metering	2,000	4.40	1280	3.00	64.00	68.18
Total		117.96		78.34		66.41

The work of feeder metering and DT metering which were important for identification of theft prone areas through effective energy accounting and audit remained incomplete (March 2007).

During ARCPSE meeting, the management of UHBVNL, without furnishing the reasons for delay stated that the works were in progress and would be completed before the closure of the scheme. DHBVNL assured to furnish the reply which was awaited (August 2007).

Delay in procurement of meters

2.4.19 Against provision for installation of 8,672 DT meters in eight projects at a cost of Rs. 13.43 crore, the UHBVNL invited (November 2005) tenders for procurement and installation of 3,152 DT meters in Karnal and Sonipat circle on turnkey basis. As these were electronic meters, UHBVNL did not decide the type of technology of meters to be installed before inviting tenders. Tenders of three firms were opened (December 2005). While one firm quoted rates of meters with low power radio (LPR) technology, the other two firms quoted rates for LPR and GSM technology. The Utility took about nine months in evaluation of the bids, deciding the technology and finalisation of the contract. Finally, the contract was awarded (October 2006) to Secure Meters, Udaipur for Rs. 5.70 crore for 3,152 DT meters with LPR technology, with completion schedule of six months from the date of LOI (21 September 2006). Though the work was to be completed by 21 March 2007, only 767 meters (24.33 per cent) had been installed (31 March 2007). DHBVNL allowed (May 2006) the circle CEOs to procure DT meters for feeders having heavy line losses. It has installed only 446 DT meters (5.44 per cent) till March 2007 against projected installation of 8,196 DT meters.

Non completion of metering activity resulted in non-achievement of annual reduction in AT&C losses by Rs. 58.60 crore.

Effective energy accounting and energy audit at feeder level was not possible due to non-completion of metering chain right from 11 KV feeder to consumer level. Non completion of metering activity had thus, resulted in non-achievement of envisaged annual reduction in AT&C losses by Rs. 58.60 crore.

Computerisation and information technology related works

2.4.20 As per DPRs, against a provision of Rs. 19.31 crore an expenditure of Rs. 2.71 crore was incurred on computerisation and information technology (IT) related works during 2004-05 to 2006-07. Both the Utilities had not prepared and implemented any integrated programme for execution. Audit noticed that physical and financial progress achieved on these works was insignificant as detailed in **Annexure- 15**.

It would be seen (**Annexure-15**) that out of 15 IT related works in UHBVNL and DHBVNL, only seven works had been taken up so far (March 2007).

During ARCPSE meeting the Management stated (July 2007) that being a new type of work, the desired implementation could not be achieved. UHBVNL stated (August 2007) that all the works except data logging of 33 KV sub-station would be completed by March 2008.

System strengthening works

2.4.21 Upgradation and strengthening of sub-transmission and distribution network is the most important component to minimise technical losses, failure rate of distribution transformers and for improvement in reliability of power supply.

The financial progress of system strengthening works of the Utilities up to 31 March 2007 was as under:

Utility	Project cost	Expenditure	Percentage utilisation
		Rs. in crore	
UHBVNL	111.33	79.34	71.27
DHBVNL	110.47	83.49	75.58

Activity wise position of physical and financial progress of UHBVNL and DHBVNL as on March 2007 respectively is given in **Annexure 16**. It would be seen (**Annexure-16**) that progress of system strengthening works was not satisfactory as the works could not be completed (March 2007) against the stipulated completion date of May 2004.

Slow progress of the works

2.4.22 Following deficiencies were noticed in the execution of these works.

DHBVNL

DPR of Operation Circle, Faridabad approved in 2002-03, had provided for strengthening 100 No.s 11 KV feeders at a cost of Rs. 35.97 crore. These works to be executed by construction and operation divisions were to be completed in 18 months i.e. upto May 2004. Audit analysis of works executed by construction/operation divisions, however, revealed as under:

- issue of work orders was delayed by 7 to 47 months after the approval of the scheme;
- only one work had been completed within the scheduled period stipulated in work order;

- work on 59 feeders had been completed after delays ranging between 4 and 38 months;
- all the 60 works were completed at a cost of Rs. 10.77 crore against estimates of Rs. 16.55 crore. Thus the estimates were unrealistic and inflated;
- works on 15 Nos 11 KV feeders (estimated cost Rs. 10.29 crore) were in progress and expenditure of Rs. 4.99 crore had been booked till March 2007;
- work on three* 11 KV feeders (estimated cost Rs. 68.78 lakh) had not been started so far (March 2007);
- delay/non-completion of works within scheduled period resulted in cost overrun. The cost overrun on transformers alone was Rs. 82.70 lakh on 58 works;
- the works relating to strengthening of 10 feeders of 11 KV capacity started by Operation Division, old Faridabad in 2002-03 and 2003-04 remained incomplete (August 2007) after incurring expenditure of Rs. 63.68 lakh upto March 2005 for want of material as reported (March 2007) by Deputy General Manager of the division.
- status of works of 12 Nos 11 KV feeders executed by the operation division, Ballabgarh (11) and operation division, Palwal (one) was not forthcoming from the records available.

UHBVNL

To avoid delay in execution of works, the Utility adopted turnkey mode of contracting as provided in the scheme guidelines. For execution of works relating to HT portion of augmentation/bifurcation of 12 Nos 11 KV feeders in operation circle, Sonipat, turnkey contract was awarded (December 2001) to JITCO, New Delhi for completion in nine months. The contractor completed (June/November 2003) HT line of nine feeders at a cost of Rs. 1.70 crore against estimated cost of Rs. 1.16 crore. It was observed that the matching work of Low Tension (LT) spur lines and DTs to be done departmentally was in progress (March 2007). Due to non synchronisation of these works, benefits from turnkey execution of HT lines could not be fully achieved. The work of two feeders viz. 11 KV GT Road feeder and 11 KV Rohat feeder was held up (August 2007) due to enroute railway crossing and a court case. The Utility had booked an expenditure of Rs. 70.46 lakh on these works (March 2007) against estimated cost of Rs. 18.96 lakh.

During ARCPSE meeting the Management stated (July 2007) that the work of bifurcation of feeders was awarded on turnkey basis and that of providing transformers taken up departmentally. Due to shortage of staff these works were hampered and later on these were also given on turnkey basis. MoP had now been approached to extend the scheme. The Management, however, did not furnish a copy of this communication.

* 11 KV Dabua city feeder, 11 KV Sector 24 feeder and 11 KV cotton Mill feeder.

Inflated reporting of expenditure

2.4.23 In operation circle, Faridabad, against the expenditure of Rs. 80.85 crore reported (March 2007) to MoP, the actual expenditure on APDRP works as per books of accounts was Rs. 43.70 crore. This had resulted in inflated reporting of expenditure to the extent of Rs. 37.15 crore.

During ARCPSE meeting, DHBVNL stated (July 2007) that lower level staff could not differentiate between APDRP works and other works but they had since been rectifying the figures. The rectification at this belated stage has, however, lost its relevance as the expenditure had already been reported to MoP.

Inadmissible expenditure of interest

2.4.24 The utilisation figures had been inflated by Rs. 15.17 crore by inclusion of interest of Rs. 13.08 crore by DHBVNL during 2006-07 and Rs. 2.09 crore by UHBVNL in respect of Karnal and Yamuna Nagar projects alone during 2003-06.

During ARCPSE meeting the Management stated (July 2007) that the interest had been capitalised as per accounting principles. The plea was not acceptable as the scheme funds were not meant for financing the interest.

Incorrect reporting of metering

2.4.25 Scrutiny of records of sub-divisions/divisions revealed, that the actual progress of replacement of consumer meters in respect of one circle of UBHVNL and one circle of DHBVNL was less than the reported progress to MoP (**Annexure-17**). Audit observed that inflated figures had resulted in excess reporting of fund utilisation by Rs. 23.64 crore in these circles/towns.

It was further noticed, that, the Utilities had reported the expenditure on metering at higher rates than the actual rate in respect of one circle and eight towns. As a result, UHBVNL and DHBVNL reported excess expenditure of Rs. 16.56 crore up to 31 March 2007 (Rs. 10.60 crore by UHBVNL in six* projects and Rs. 5.96 crore by DHBVNL in three** projects) on replacement of single phase consumer meters.

Inadmissible expenditure

2.4.26 Inadmissible expenditure of Rs. 33.34 crore was shown as APDRP expenditure by the Utilities while responding to MoP as discussed below:

UHBVNL

- In Operation circle, Karnal, an expenditure of Rs. 15.46 crore had been booked (2002-07) on works (system strengthening: Rs. 6.57 crore and release of tubewell connections and replacement of transformers: Rs. 8.89 crore) not covered under the DPRs resulting in diversion of APDRP funds to that extent.

* Ambala town, Bahadurgarh town, Karnal circle, Rohtak town, Thanesar town and Yamunanagar and Jagadhri town.

** Bhiwani town, Rewari town and Sirsa town.

During ARCPSE meeting (July 2007) and in the reply UHBVNL stated (August 2007) that entire Karnal circle was covered in APDRP and all the works executed in the circle were considered in the scheme. The fact, however, remains that there was no provision of the expenditure in the DPR.

- In Operation division City and Sub-urban division, Sonipat, an expenditure of Rs. 37.05 lakh had been incurred (2002-07) on various works viz. purchase of pickup vans (tempo trax), providing of link lines, providing 63 and 100 KVA Transformers (TFs) for segregation of tubewell load, providing dedicated TFs on tubewells of farmers and deposit works of lines etc., which had not been approved in the DPRs.
- In Operation circle, Sonipat, there was excess reporting of Rs. 73.97 lakh on LT capacitors (Rs. 28.91 lakh), HT capacitors (Rs. 24.64 lakh), new 11 KV lines/changing conductors of 11 KV lines (Rs. 20.42 lakh) during 2002-06.

DHBVNL

- Operation circle, Faridabad reported (2003-04 to 2005-06) expenditure of rupees one crore for renovation and modernisation of 450 DTs. The progress could not be verified as neither the work registers for the year 2006-07 had been completed nor any separate details for this activity were maintained by the divisions. Based on DPR the actual expenditure for 450 DTs works out to Rs. 18 lakhs. Thus excess expenditure of Rs. 82 lakh was reported to the MoP.
- As against reported expenditure of Rs. 1.09 crore as of 31 March 2006 on 33 KV sub-station Barwala Road, Hansi, the actual expenditure as per record of Operation Division, Hansi was Rs. 75.74 lakh. As such, Rs. 33.26 lakh had been reported in excess of the actual expenditure.
- As per works register of operation and construction divisions under Hisar circle, an expenditure of Rs. 10.04 crore was incurred (2006-07) on various works not approved in DPR. This resulted in diversion of APDRP funds to the extent of Rs. 10.04 crore and excess reporting of expenditure to MoP.
- As per works register of Operation and Construction divisions Faridabad circle, an expenditure of Rs. 5.58 crore had been incurred (2002-07) on various works which had not been approved in DPRs resulting in reporting of excess expenditure to the MoP.

Energy accounting and audit

2.4.27 One of the most important measures to ensure reduction of commercial losses, with relatively lower capital investment, is comprehensive energy accounting, which would enable quantification of losses in different segments of the system and their segregation into commercial and technical losses for

taking specific corrective measures. Following deficiencies were noticed in the energy accounting and audit.

Both the Utilities failed to complete the works relating to replacement/installation of consumer meters, feeder meters and DT meters as planned. Resultantly, the purpose of correct energy accounting and effective energy audit could not be achieved.

- UHBVNL had one division of energy audit at its head office and DHBVNL had two divisions (Hisar and Faridabad). However, there was no schedule of energy audits prepared or to be conducted. The energy audit cells could not provide details of energy audit conducted during 2001-06. In response to audit query, it was stated (February 2007/June 2007) that regular energy audit was not being done due to shortage of staff (UHBVNL) and non-availability of vehicles (DHBVNL).
- In UHBVNL the energy audit cell was compiling the sub-division wise T & D losses on the basis of data received from the field offices. The T & D losses in all the four sub-divisions of Gohana Division in Operation Circle, Sonipat ranged between 48 *per cent* to 54 *per cent* during 2006-07. As energy audit cell had not compiled feeder wise losses and identified reasons for high losses, corrective action to contain the high T & D losses was not taken.
- In DHBVNL, energy audit cell had compiled feeder wise losses to identify feeders with high losses. In the absence of effective energy audit and corrective measures, the distribution losses on 154 feeders in Hisar Circle (82) and Faridabad Circle (72) covered under APDRP remained above 40 *per cent* up to March 2007. During ARCPSE meeting the Management stated that DT metering would be provided for reducing losses.

Due to ineffective energy audit T&D losses were abnormal in Gohana division of Sonipat circle of UHBVNL and in 154 feeders of Hisar and Faridabad circles of DHBVNL.

Non-implementation of administrative interventions

2.4.28 As per MoU/Agreement entered (13 February 2001/5 December 2002) into by State Government/Utilities with MoP for implementation of APDRP, the 11 KV feeders were to be operated as business units with Junior Engineer (JE) as feeder manager. The distribution circle was to be operated as profit centre and as an independent administrative unit with adequate delegation of technical and financial powers for operation, maintenance and project implementation. Though the JEs had been designated as feeder managers, the 11 KV feeders were not being operated as business units and adequate technical and financial powers were not delegated to circle Chief Executive Officers (CEO) for project implementation. The circles were not being operated as profit centres for fixing accountability for poor performance and taking remedial measures for improvement.

UHBVNL stated (August 2007) that CEO's have now been empowered with more financial powers.

Vigilance measures to check theft of energy

2.4.29 Prevention of theft plays a critical role in reduction of AT & C losses. To detect theft of energy, the premises of consumers are checked by vigilance wing and operations wing of the Utilities. Audit examination of data relating to theft of energy in respect of Sonipat Circle (UHBVNL) and Faridabad circle (DHBVNL) revealed that in Sonipat Circle, checking of consumer connections due for checking ranged between 14.34 to 21.38 *per cent* during 2002-07. Shortfall in checking had resulted in potential loss of revenue estimated at Rs. 20.29 crore (based on the average penalty recovered as a result of checking). The recovery performance of penalties imposed had also decreased from 46 *per cent* in 2002-03 to 38 *per cent* in 2006-07. In Faridabad circle the number of connections checked increased from 14,619 in 2003-04 to 23,611 in 2005-06 but decreased to 17,825 in 2006-07. Shortfall in checking had resulted in potential loss of revenue estimated at Rs. 89.91 crore (based on the average penalty recovered as a result of checking). The recovery performance of penalties imposed had decreased from 54 *per cent* in 2003-04 to 37.49 *per cent* in 2006-07.

Internal control

2.4.30 Internal control is a management tool used to provide reasonable assurance that the Management's objectives are being achieved in an efficient, effective and orderly manner. Audit scrutiny of records revealed the following deficiencies in the internal control system of the Utilities which led to wrong reporting and ultimate slow progress of the works.

- Activity wise/package wise work register in respect of APDRP works had not been maintained to watch progress of expenditure as per provision in DPRs.
- In order to minimise delays the revenue centres i.e. sub-divisions had not maintained records to monitor the replacement of defective energy meters showing the dates when meters became defective and replacement thereof.
- Contractor ledgers had not been maintained by the construction and operation divisions to exercise control over payments to contractors for works and various recoveries to ensure control over payments and recoveries from contractors.
- Quantity account of consumer meters, DT meters and feeder meters had not been maintained by the divisions (DHBVNL) to ensure correct reporting to MoP.
- Fixed asset registers in respect of assets created out of APDRP funds had not been maintained feeder wise/sub-station wise showing quantity of poles, conductor, transformers and other equipments. In the absence thereof, control over assets could not be exercised.
- Registers regarding theft of energy maintained by sub-divisions to monitor the progress of theft cases was deficient as it did not contain the required information like checking report (LL-1) serial numbers,

amount of penalties imposed and recovered, action taken in case of non-recovery. Data reported to circle office was not matching with the registers maintained by sub-divisions.

- Registers to monitor cases referred to revenue authorities for recovery had not been maintained properly by the divisions to monitor recovery effected by the revenue authorities.
- Absence of system regarding verification of reported expenditure.
- Absence of monitoring of APDRP works by the Board of Directors of the Utilities

Evaluation of APDRP

2.4.31 APDRP would continue till the end of XIth Five Year Plan i.e. upto 2012. Parliamentary Standing Committee on Energy in its Ninth report recommended (November 2005) that States/Utilities should prepare more and more schemes under APDRP. The MoP forwarded (November 2005) these recommendations to State Utilities for necessary action. The Utilities had not formulated any schemes for other cities/circles so far (March 2007).

Utilities failed to achieve objectives of APDRP even after investment of Rs. 286.80 crore.

The Utilities had selected (July/November 2002, May 2003) only four circles and 14 towns for implementation of APDRP projects. Not only the Utilities failed to take up other circles but also failed to complete the works taken up despite expenditure of Rs. 286.80 crore and lapse of over two years from expiry of scheduled completion period. Resultantly the Utilities could not achieve the objectives of APDRP as discussed in the following paragraphs:

Transmission and distribution losses

2.4.32 As per DPRs, T & D losses were to be brought down to around 10 per cent by 2005-06. These targets had not been achieved as is evident from the table given below:

Circle/town	T&D Losses (in per cent)						Average
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	
UHBVNL							
Karnal circle	25.54	25.40	28.54	29.72	28.67	26.67	27.54
Yamunanagar & Jagadhri town	36.32	30.74	26.69	24.25	24.57	22.93	27.20
Sonapat circle	33.18	30.88	29.67	23.68	29.78	28.68	29.18
DHBVNL							
Hisar circle (Town)	29.35	30.97	28.17	27.29	18.89	12.02	22.44
Hisar-II	44.02	43.80	45.08	49.40	44.12	42.93	44.76
Tohana town	38.95	40.80	44.50	45.00	50.00	41.30	43.63
Fatehabad town	34.68	27.89	30.59	30.15	32.00	31.93	31.17
Hansi town	46.28	37.47	38.75	40.79	36.48	33.05	38.68
Faridabad circle	28.05	30.05	29.94	29.01	26.93	24.53	27.96

As at the end of 2006-07 against 10 per cent T&D losses, the average for the period 2001-07 ranged between 27.20 to 29.18 per cent in three circles/ towns under UHBVNL. The average of T&D losses of six circles/towns under DHBVNL ranged between 22.44 to 44.76. Thus there was negligible impact in respect of both the utilities on the T&D losses despite 66.40 per cent implementation of APDRP.

Aggregate technical & commercial losses

2.4.33 It was expected by MoP (January 2006) that when implementation of APDRP reached more than 25 per cent, the AT&C losses would be below 15 per cent. Though more than 66 per cent of APDRP has been implemented by the Utilities, target of A T & C losses at 15 per cent had not been achieved

in any of selected towns/circles (except Hisar Town) as is evident from the table given below:

Circle/town	A T & C losses (in per cent)						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Average
UHBVNL							
Karnal circle	25.77	20.90	28.82	31.36	35.75	32.36	29.74
Yamunanagar & Jagadhri town	38.20	31.29	25.44	25.65	26.26	23.92	28.08
Sonipat circle	36.25	34.89	32.92	31.42	33.84	32.53	33.49
DHBVNL							
Hisar circle (Town)	29.90	31.24	32.05	29.65	19.57	12.59	23.75
Hisar-II	46.82	50.28	49.67	53.66	48.69	49.55	49.33
Tohana town	48.11	47.99	52.87	53.32	56.96	58.33	53.46
Fatehabad town	42.76	30.33	36.87	39.98	40.66	38.81	38.33
Hansi town	45.19	38.10	40.60	41.98	38.39	33.41	39.50
Faridabad circle	28.11	34.07	33.95	33.48	31.56	28.48	31.63

As at the end of 2006-07 against 15 per cent AT&C losses, the average for the period 2001-07 ranged between 28.08 to 33.49 percent in three circles/ towns under UHBVNL. The average of six circles/towns under DHBVNL ranged between 23.75 to 53.46.

Due to non-achievement of target of 15 per cent AT & C losses, the Utilities had suffered loss to the extent of Rs. 792.02 crore (UHBVNL: Rs. 383.22 crore; DHBVNL: Rs. 408.80 crore) during 2005-06 and 2006-07 in above circles/towns alone which also impacted the cash losses. Thus due to non reduction in cash losses, the Utilities could not get incentives from the MoP after 2001-02 as available under the APDRP.

Collection efficiency and average revenue realisation

2.4.34 The targets for collection efficiency in percentage of revenue assessed and average revenue realisation (ARR) in rupees per unit as per DPRs and achievement there against are given below:

Circle/town	Components	Base year (2001-02)	Achievement					
			Target	2002-03	2003-04	2004-05	2005-06	2006-07
UHBVNL								
Karnal circle	Collection efficiency	85.23	96.39	106.4	99.61	97.67	90.07	92.23
	ARR on billed energy	3.45	3.63	2.26	2.09	2.12	1.98	2.05
	ARR on input energy	2.23	2.82	1.69	1.49	1.49	1.41	1.50
Yamunanagar & Jagadhri town	Collection efficiency	96.86	99.00	99.21	101.70	98.14	97.763.3	98.72
	ARR on billed energy	3.88	3.97	3.62	3.59	3.42	6	3.49
	ARR on input energy	2.53	3.37	2.51	2.63	2.59	2.53	2.69
Sonipat circle	Collection efficiency	95.40	NA	94.20	95.38	89.86	94.22	94.60
	ARR on billed energy	3.08	NA	2.99	2.96	2.61	2.73	2.79
	ARR on input energy	2.05	NA	2.07	2.08	1.99	1.92	1.97
DHBVNL								
Hisar (town)	Collection efficiency	99.23	98	99.60	94.60	96.75	99.15	99.35
	ARR on billed energy	4.25	3.88	4.08	3.99	3.96	3.96	3.81
	ARR on input energy	3.00	3.37	2.82	2.87	2.88	3.20	3.35
Hisar-II	Collection efficiency	94.98	97	86.92	91.65	91.59	91.82	88.40
	ARR on billed energy	3.28	3.35	3.23	3.56	3.38	2.41	3.23
	ARR on input energy	2.42	3.01	1.85	1.79	1.71	1.35	1.84
Tohana town	Collection efficiency	97.52	NA	88.00	85.00	85.00	88.00	70.98
	ARR on billed energy	0.97	NA	3.43	3.20	3.20	3.16	2.21
	ARR on input energy	1.01	NA	2.03	1.78	1.76	1.58	1.29
Fatehabad town	Collection efficiency	94.59	NA	96.62	90.95	85.92	87.27	89.89
	ARR on billed energy	1.32	NA	1.15	1.07	1.01	1.03	2.30
	ARR on input energy	0.87	NA	0.83	0.74	0.71	0.70	1.43
Hansi town	Collection efficiency	68.40	NA	99.00	97.00	98.00	97.00	99.47
	ARR on billed energy	2.40	NA	3.88	3.87	3.88	4.10	3.88
	ARR on input energy	1.36	NA	2.43	2.37	2.30	2.60	2.60
Faridabad circle	Collection efficiency	99.91	96	94.26	94.28	93.70	93.66	94.76
	ARR on billed energy	3.72	4.07	3.70	3.71	3.73	3.73	3.83
	ARR on input energy	2.68	2.79	2.59	2.60	2.65	2.72	2.89

It would be seen from the table above that the targets of collection efficiency and ARR set in DPRs had not been achieved during the year 2005-06 and

2006-07 in respect of Karnal circle and Yamunanagar and Jagadhri town and were less than the base year in Sonipat circle during 2005-06 and 2006-07 of UHBVNL. In DHBVNL targets of collection efficiency and ARR were not achieved in Hisar II and Faridabad circle during 2005-06 and 2006-07. Collection efficiency in Tohana and Fatehabad towns was far less than the base year.

Further analysis of collection efficiency revealed the following deficiencies:

- In order to enhance collection efficiency, the field offices had not made effective use of statutory measures available for recovery from defaulting consumers. In Sonipat circle and Yamunanagar and Jagadhri town of UHBVNL, against default of Rs. 47.69 crore from 50,986 disconnected consumers, recovery notices had been issued in 1,630 cases only involving recovery of Rs. 5.45 crore during 2002-07. During the same period, only 135 cases (Rs. 32.01 lakh) had been sent for recovery to revenue authorities. No recovery could be made thereagainst, reasons for which were not on record.
- In Faridabad and Hisar circles of DHBVNL, against default of Rs. 156.84 crore from 1,23,564 disconnected consumers, notices had been issued in 4,753 cases involving recovery of Rs. 21.21 crore during 2002-07. Recovery of only Rs. 9.48 lakh had been made against these notices. During the same period, only 303 cases involving recovery of Rs. 170.94 lakh had been sent for recovery to revenue authorities and recovery of Rs. 33.66 lakh only had been made thereagainst.

UHBVNL stated (August 2007) that targets could not be achieved due to short realisation from Government departments and Court cases and that efforts were being made to improve the collection efficiency by settlement of defaulting cases.

Consumer satisfaction

2.4.35 The Utilities did not conduct any survey in order to assess the improvement, if any, in the level of consumer satisfaction. It was, however, noticed that the level of consumer satisfaction had not improved as the reliability and quality of power failed to improve as is evident from the following:

Excess damage of transformers

2.4.36 The Distribution Transformer (DT) is a key component of the distribution network and its failure not only results in financial loss to the utility but also adversely affects consumer satisfaction due to interruption in supply. DT failure norm of less than 1.5 *per cent* was fixed by MoP to ensure reliability of power supply.

It was noticed in audit that despite heavy damage rate of DTs, the Utilities assigned low priority to works relating to DT renovation. As the progress of DT renovation was as low as 21.89 *per cent* in UHBVNL and 5.36 *per cent* in DHBVNL upto March 2007, target of 1.5 *per cent* damage rate of DTs had

not been achieved as tabulated below:

Circle/Town	Damage rate in per cent						Average
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	
UHBVNL							
Karnal circle	21.41	20.28	39.70	34.00	32.24	32.03	30.23
Yamunanagar & Jagadhri town	12.38	10.69	11.05	11.95	13.67	13.91	12.33
Sonipat circle	20.24	20.22	29.99	31.76	33.73	30.25	28.17
DHBVNL							
Hisar town	7.06	6.39	9.42	11.74	11.83	5.57	8.68
Hisar-II	14.10	8.97	11.96	15.31	13.73	12.62	12.82
Tohana town	15.26	13.35	21.41	15.00	16.48	17.00	16.47
Fatehabad town	20.38	19.12	18.20	20.31	15.60	12.29	17.33
Hansi town	3.35	2.17	4.35	4.81	8.29	9.41	5.49
Faridabad circle	N.A.	17.30	18.93	21.60	18.45	18.07	18.88

Due to excess damage rate of transformers the Utilities suffered loss of Rs. 20.85 crore in 2005-06 & 2006-07.

As at the end of 2006-07 against 1.5 per cent damage rate of DTs, the average for the period 2001-07 ranged between 12.33 to 30.23 per cent in three circles/towns under UHBVNL. The average of six circles/towns under DHBVNL ranged between 5.49 to 18.88 per cent. Thus, UHBVNL and DHBVNL suffered loss to the extent of Rs. 10.25 crore and Rs. 10.60 crore respectively during the years 2005-06 and 2006-07 in the above circles/towns alone due to excess damage rate of DTs.

UHBVNL stated (August 2007) that steps were being taken to check high damage rate.

In APDRP review meeting (31 August 2006) MoP had observed that DT failure rate in Sonipat and Faridabad towns was very high and showed that quality checks of DT procurement and installations practices were not proper which needed to be improved. MoP advised the Utilities to furnish the DT failure report of new transformers, repaired transformers with details of manufacturers/repair agencies, history of DTs, root cause analysis of DT for further review and corrective action. No such report was, however, prepared.

Feeder reliability

2.4.37 As the Utilities had failed to complete the works relating to changing conductors, bifurcation/trifurcation of feeders, the feeders remained overloaded and in poor shape and the target of less than one interruption per feeder per month fixed by the MoP had not been achieved as tabulated below:

Circle/Town	Number of monthly interruptions per feeder						Average
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	
UHBVNL							
Karnal circle	15	14	14	16	16	16	15.10
Yamunanagar & Jagadhri town	10	9	7	8	7	8	8.10
Sonipat circle	19	21	20	17	18	17	18.70
DHBVNL							
Hisar town	10	10	11	11	10	9	10.10
Hisar-II	7	11	9	9	11	10	9.50
Tohana town	13	14	13	18	19	18	15.80
Fatehabad town	4	13	11	11	10	10	9.80
Hansi town	8	19	20	21	21	18	17.80
Faridabad circle	13	8	6	7	5	5	7.30

As at the end of 2006-07 against less than one interruption per feeder per month, the average for the period 2001-07 ranged between 8.10 to 18.70 interruptions per feeder per month in three circles/towns under

UHBVNL. The average of six circles/towns under DHBVNL ranged between 7.30 to 17.80. Audit analysis revealed that excessive interruptions were mainly on account of overloading, poor operation and maintenance of lines and sub-stations.

Imbalance in Low Tension/High Tension ratio

2.4.38 As the Utilities had failed to complete the works for new HT lines and bifurcation/trifurcation of 11 KV feeders, the LT/HT ratio had not been brought upto the level of 1:1 (except for Fatehabad Town) prescribed by CEA to reduce technical losses as is evident from the following table:-

Circle	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Average
UHBVNL							
Karnal circle	2.25:1	2.31:1	2.34:1	2.25:1	2.23:1	2.19:1	2.26:1
Yamunanagar & Jagadhri town	2.33:1	2.33:1	2.27:1	2.26:1	2.25:1	2.21:1	2.27:1
Sonapat circle	1.72:1	1.81:1	1.70:1	1.66:1	1.62:1	1.57:1	1.68:1
DHBVNL							
Hisar town	1.34:1	1.33:1	1.35:1	1.37:1	1.35:1	1.33:1	1.35:1
Hisar-II	1.12:1	1.12:1	1.13:1	1.14:1	1.13:1	1.12:1	1.13:1
Tohana town	2.39:1	2.39:1	2.35:1	2.32:1	2.31:1	2.31:1	2.35:1
Fatehabad town	0.94:1	0.93:1	0.93:1	0.87:1	0.82:1	0.81:1	0.88:1
Hansi town	1.89:1	1.86:1	1.82:1	1.70:1	1.68:1	1.67:1	1.77:1
Faridabad circle	2.56:1	2.56:1	2.60:1	2.58:1	2.25:1	2.25:1	2.40:1

As at the end of 2006-07 against LT/HT ratio of 1:1, the average ratio for the period 2001-07 ranged between 1.68:1 to 2.27:1 in three circles/ towns under UHBVNL. The average of six circles/towns under DHBVNL ranged between 1.13:1 to 2.40:1 except Fatehabad town. Due to non achievement of above parameters, the consumers satisfaction level had not improved.

During ARCPSE meeting the Management stated (12 July 2007) that the ratio of 1:1 of HT/LT was not possible. It was being brought down and further new connections were being released on HT.

Thus there were not much gains from APDRP despite investment of Rs. 286.80 crore and annual interest liability estimated at Rs. 18.21 crore.

In APDRP review meeting (31 August 2006) MoP had also observed that:

- Haryana was in the forefront of reforms process in 2001 but it slipped on performance over the years;
- there was deterioration of all key performance indicators;
- the high AT&C losses indicated management failure of Utilities;
- investments in the State had failed and results were not forthcoming;
- ARR was deteriorating in towns;
- review, accountability and responsibility were missing and Management policies had been harmful to the reforms process; and
- in such a scenario MoP would find it difficult to support the Utilities.

During ARCPSE meeting the Management agreed (12 July 2007) that the improvement was not up to the levels of targets fixed by MoP.

Conclusion

Execution of APDRP by the Power Utilities was slow and none of the projects was completed even after a lapse of more than two years after the projected dates. The implementation of the APDRP was marred with deficient detailed project reports, diversion of funds, non synchronisation of related works, non-implementation of Information Technology related works. Due to non-completion of the projects the Utilities could not avail full grant available under APDRP. The circle offices were not declared as profit centre for proper accountability. As a result, objectives of the scheme to bring down Aggregate Technical and Commercial losses, increase in consumer satisfaction by providing reliable and quality power could not be achieved and Utilities could not get incentive available under the programme for cash loss reduction.

Recommendations

- The Utilities should regularly monitor and expedite APDRP works at the highest level if full benefits are to be derived for ensuring uninterrupted quality supply of power to consumers;
- Schemes for other circles/towns should also be formulated to avail of central assistance for strengthening the over all power network in the State;
- There should be regular coordination of various ongoing works to remove bottlenecks and optimise envisaged benefits;
- The circles should be declared as profit centres to have proper accountability;
- Implementation of Information Technology works should be expedited; and
- Internal control system should be strengthened.

The matter was referred to the Government and the Utilities in May 2007; reply of the Government and Dakshin Haryana Bijli Vitran Nigam Limited had not been received (September 2007).