

Set - II

7

HARYANA VIDHAN SABHA
COMMITTEE
ON
PUBLIC UNDERTAKINGS
(1982-83)

(SIXTH VIDHAN SABHA)

SEVENTH REPORT

ON THE
REPORT

OF THE

Comptroller & Auditor General of India for the year 1976 77



Presented to the House on _____

HARYANA VIDHAN SABHA SECRETARIAT,
CHANDIGARH

FEBRUARY, 1983

TABLE OF CONTENTS

	Page(s)
Composition of the Committee on Public Undertakings	(iii)
Introduction	(v)
Report—	

1976-77

Haryana State Electricity Board

1 Paragraphs—

1 3(c) ✓	1—3
6 4 ✓	3—6
6 6 ✓	6—10
6 7 ✓	10—14
6 8 ✓	14—15
6 9 ✓	15—16
6 10 ✓	17—18
6 11 ✓	18—19
6 12 ✓	19—21
6 13 ✓	21—22
6 14 ✓	22—23

2 General Recommendations	23—26
---------------------------	-------

3 Appendix	27—35
------------	-------



(iii)

COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS

(1982-83)

CHAIRMAN

- 1 Shri Sagar Ram Gupta

MEMBERS

- 2 Shri Bahadur Singh
- 3 Shri Bhim Singh Dahiya
- 4 Shri Daya Nand Sharma
- 5 Shri Dharam Bir
- 6 Shri Hari Chand Hooda
- 7 Shri Lachhman Singh Kamboj
- 8 Shri Neki Ram
- 9 Shri Sahab Singh Saini

SECRETARIAT

- 1 Shri Raj Krishan, Secretary
- 2 Shri Satvir Singh Ahlawat, Joint Secretary



(v)

INTRODUCTION

1 The Chairman of the Committee on Public Undertakings on having been authorised by the Committee to submit report on their behalf, present the seventh Report on the Report of the Comptroller and Auditor General of India on the Haryana State Electricity Board for the year 1976 77

2 The Committee for the year 1982 83 undertook the unfinished work of the previous Committee and also examined the representatives of the Board where necessary. A brief record of the proceedings of various meetings of the Committee as also of its inspection of the various units of the Board have been placed in the Haryana Vidhan Sabha Secretariat

3 The Committee feel grateful to the Accountant General Haryana for his valuable assistance and guidance in completing this report. Thanks are also due to the representative of the Finance Department of Haryana Government and to the Joint Secretary Vidhan Sabha Secretariat and his subordinate staff with whose competent assistance the report could be completed on time. The Committee are thankful to the Chairman and other representatives of the Haryana State Electricity Board who extended full co operation in the deliberations of the Committee

Chandigarh

The 23rd February 1983

SAGAR RAM GUPTA

Chairman

REPORT

HARYANA STATE ELECTRICITY BOARD

REPORT OF THE C A G FOR THE YEAR 1976-77

Paragraph 1 3(c)—Arrears in collection of Revenue

The arrears in collection of revenue at the end of March 1977 relating to the Department were—

Nature of revenue and other receipts	Amount (Rs in Crores)
Electricity duty from Haryana State Electricity Board	1 68

When asked to intimate the latest position (year wise) in regard to the recovery of duty, the Haryana State Electricity Board in its written reply stated as under —

The amount of Rs 1 68 crores reported to be outstanding against the Haryana State Electricity Board at the end of 1976 77 actually represents the amounts of Electricity Duty assessed and billed to the consumers but not realised from them as on 31st March 1977. Such outstanding payments are normal and continuing feature since certain grace days for making payment of energy bills including Electricity Duty and payment of bills issued in the second fortnight of each month is allowed.

Electricity duty assessed and billed to the consumers is realised by the Board on behalf of the State Government and the amount so realised is deposited into Government account every month. The Haryana State Electricity Board has already deposited the whole amount of Electricity duty realised from consumers upto and including January 1981.

Amount of Electricity duty collected during February and March, 1981 which was payable to the State Government during 1st quarter of the current year has yet to be paid into the Government account. The State Government is being approached to adjust this amount given out of the loan provided for the current year in the budget. As regards the age wise analysis of the latest figure of Electricity Duty outstanding from the consumers the same is being collected from the field offices and will be forwarded on receipt from them.

When asked to explain the reasons for accumulation of these arrears and the steps taken by them to recover these dues expeditiously the Department in their written reply stated as under —

‘As explained above the outstanding from consumers is a normal

and continuing features, as the Board allows certain grace days for making payment of energy bills including Electricity duty and payment against bills issued in the second fortnight of each month generally outstanding at the end of the month. Certain consumers also default in payment of the energy bills including Electricity duty by the grace date.

The outstanding amount of Rs 1 68 crores on account of Electricity Duty against consumers as on 31st March 1977 represents 24.8 percent of the electricity duty assessed and billed during the year 1976-77 (Rs 6.77 crores). The outstanding electricity duty as on 31st March 1979 has been brought down to 17 percent of the electricity duty assessed during the year 1978-79. Efforts are also being made to bring it down further by realising amounts from defaulting consumers.

During the course of oral examination the representative of the Board stated that the list of defaulters in the payment of electricity charges consisted mainly of industrial units where large amounts of outstanding arrears were involved. As for the concrete steps taken against the defaulters he stated that disconnection of meters was done which was the most effective remedy to recover these charges as it stopped their operation and brought them to book. He further stated that outstanding electricity charges could also be recovered as arrears of land revenue.

The Committee do not feel satisfied with the reply of the Board so far as recovery of the arrears of electricity charges including duty (Rs 1.68 crores) is concerned. The Committee also take this opportunity to point out that the heavy outstanding electricity charges were due from the consumers of various categories at the end of each year: an amount of Rs 3.83 crores was outstanding at the end of 1978-79, Rs 6.20 crores at the end of 1979-80 and Rs 10.33 crores at the end of 1980-81. The Committee feel that in spite of the rising trend in these three years these figures may not reflect the correct magnitude of the outstanding amount due to delayed billing, non billing or the failure of the staff to take regular meter readings. In reply to an oral question the Board also admitted that some of the unpaid bills may have been withheld by the consumers because of incorrectness of disputable meter readings or disputed billings. The Committee was not aware whether these serious problems had engaged the attention of the Board and if so what steps they proposed to undertake to remedy the situation. The Committee view with concern the fact that while on the one hand the Board is experiencing difficulty on account of cash flow on the other large amounts of revenue are left unrealised each year with constantly rising magnitude.

The Committee, therefore, recommend that the following steps inter alia should be taken immediately to accelerate the pace of recovery —

- (i) quarterly review of major defaulters should be made at the Board's level and specific actions taken against habitual defaulters may be intimated,
- (ii) an analysis should also be made to locate particular areas relating to particular functionaries where such defaults are common and action initiated accordingly to weed out such defaulters or inefficient functionaries, and

- (iii) a fast recovery system should be devised so that the outstanding amounts can be realised with speed including recovery as arrears of land revenue for which the Board may consider the desirability of having at its disposal services of some revenue officers to expedite cases of recovery of outstanding amounts as arrears of land revenue

The Committee also feel that there is enough room for modernisation of the billing system and it would be appreciated if the Board examine the feasibility including the cost effectiveness of computerisation of the billing process to the extent it is practicable. If necessary the Board should make an in-depth study of the manner in which the other undertakings like DESU and PSEB have tackled these problems and with what results. The Committee would like that the report on the studies undertaken should be submitted to it within a period of six months.

The Committee further desire that details of the outstanding amount from 1978-79 to-date be intimated to the Committee within a period of three months from the date of the presentation of the Report to the House.

6.4 Capital and Borrowings

The capital of the Board comprises loans obtained from the State Govt and borrowings from other sources. The table below indicates the balances of loans outstanding at the end of 1976-77.

Source	Amount (Rs in lakhs)
State Government	252,89.81
Public borrowings (by issue of bonds)	33,49.49
Life Insurance Corporation of India Banks and others	58.79.04
Total	345,18.34

When asked to intimate the position of arrears in regard to repayment of these loans years wise and separately for each source and those which could not be paid on due dates the amount of penal interest paid/payable up to date as a result of delay in repayment of loans the Board gave the written reply as under—

- (1) The revenue of the Board after meeting their operation maintenance and management expenses were required to be distributed in the order of priorities which were laid down in Section 67 of the Act *ibid*. This Section assigned ninth priority to the discharge of liability of interest due on Govt loans and tenth priority to the repayment of principal amounts of such loans.

Section 67 of the Act *ibid* has since been amended w.e.f. 3rd June, 1978, so as to make the State Electricity Board's more viable finan

cially and the order of priorities for distribution of operating surplus of the Board has been rearranged. The amended act assigns fifth priority to interest due on Govt loan and 7th priority to the repayment of principal of Govt loans which now carry preference over the provisions for depreciation and general reserve in the amended Act.

- (2) Upto the end of 31 3 77 the loans to the Haryana State Electricity Board from the State Govt stood at Rs 252 90 crores which included Rs 64 24 crores taken over from the Composite PSEB. Repayment of Rs 6 81 crores had become due to the State Govt on account of principal amount of loan at the end of 31 3 77. The year wise break up of outstanding repayments is as under—

Year	Opening Balance	Repayment due	Repay- ment made	Balance
1967 68	—	—	—	—
1968 69	—	—	—	—
1969 70	—	—	—	—
1970 71	—	20 55 309	—	20 55 309
1971 72	20,55 309	30 37 099	—	50 92 408
1972 73	50 92 408	46 51 904	—	97,44 312
1973 74	97 44 312	92 91 984	—	1 89,96 296
1974 75	1 89 96 296	1 32 22 467	—	3 22 18 763
1975 76	3 22 18 763	1 39 52 050	—	4 61,70 813
1976 77	4 61 70 813	2 19 37 894	—	6 81 08 707

Interest of Rs 72 47 crores became due on these loans upto 31 3 77 out of which the Board could provide only Rs 24 34 crores in its accounts thereby leaving a balance of Rs 48 13 crores carried over to the subsequent years as a contingent liability. The reasons for not meeting the interest charges on State Govt loans to the full extent are as under —

- (1) In Other states the State Govt grant subsidy to the State Electricity Board to meet the losses sustained by them on Rural Electrification Schemes. In case the Haryana Govt had granted subsidy to the extent of losses on rural electrification i.e. Rs 61 30 crores the Board would not only have paid the outstanding interest amounting to Rs 48 13 crores to the full extent but also would have repaid outstanding Govt loans amounting to Rs 6 81 crores, leaving a surplus of about Rs, 6 36 crores,

- (ii) In the case of HSEB interest charges due on the loans obtained for projects which are still under construction and have not thus started earning revenues are also required to be met out of revenues. By way of illustration the works in progress amounted to Rs 100.56 crores, Rs 140.44 crores and Rs 157.32 crores against total outlay of Rs 262.34 crores, Rs 320.81 crores and Rs 364.95 crores at the end of 1974-75, 1975-76, 1976-77 respectively. The interest charges on the loans represented by projects under construction worked out to Rs 6.03 crores, Rs 8.43 crores and Rs 9.44 crores during these years. The progressive figure of interest pertaining to projects under construction upto the end of 1976-77 works out to Rs 40.44 crores.
- (iii) The direct contribution of the State Govt. for financing outlay of HSEB is declining from year to year. The percentage of Govt. loans to total loans which stood at 94.4% in 1967-68 has come down to 73% in 1976-77. The board was thus obliged to borrow funds from the open market like Banks and other Institutional Investors at higher rate of interest charged by these Institutions was as high as 10.25%. Haryana State Electricity Board was thus required to meet extra incidence of interest charges and other incidental charges by way of insurance of mortgaged assets. The extra incidence on this account worked out to about Rs 65 lacs during the year 1976-77 alone.

During the course of oral examination the Committee discovered that the loans from the Government at the end of 1980-81 were Rs 414.15 lakhs and the interest thereon had accumulated to the extent of Rs 9912.50 lakhs. When asked to explain the reasons thereof the Board stated as under:

The liability of loans at the level of Board's is increasing and similar is the position of the interest thereon. There are two sources of the collection of the Electricity. One is Hydel source and the other is Thermal. The cost of Hydel source is lesser than Thermal source because of the reasons that cost of fuel in the Thermal source is more. In all the cost of electricity comes to 48 paise per unit to the Board whereas the Agricultural sector is supplied electricity at the rate of 20 paise per unit on an average. Further the Board also supplied electricity to the industrial and domestic sectors. In case we calculate the allround average sale price of the electricity per unit it comes to 32 paise per unit. It is pointed out that maximum subsidy is given to Agriculture sector and electricity from 40% to 45% is supplied to this sector.

The Committee were, however, not satisfied with the above contention of the Board and observed that according to the figures for the year 1979-80, the Board's revenue per KWH comes to 22.46 paise whereas the expenditure per KWH is 14.06 paise. Thus the profit per KWH comes to 8.40 paise. Therefore, the Board's plea that the cost of electricity being much higher than the revenue was one of the factors causing loss is self contradictory.

The Committee further note that though the Thermal Power generation cost is much higher than the Hydel generation everywhere it should not be as much higher as pointed out by the Board. There should have been made a comparison of the cost of Thermal production with other States. The Board

has not been able to convince the Committee as to the reasons for losses in running of the Thermal plants. The Committee feel that effective steps to avoid losses should have been taken much earlier after pin pointing the areas of loss, waste or diseconomy. Alternatively the performance of Thermal Plants running in profit in other States should have been deeply studied. The Board's efforts in this regard are far from adequate.

The Board was also unable to place before the Committee any statistics in regard to the percentage of diverted rakes of poor quality coal as compared to the rakes of the proper quality. Therefore the Committee feel that too much emphasis is being placed on this aspect in general terms without making an in-depth study. This is one particular area in which more sustained exertion by the Board at the technical level can produce worthwhile results. In regards to the Board's finance generally the Committee would like to bring on record the provision of sub-section (1) of section 59 of the Electricity (Supply) Act 1948 which provides as under —

General principles for Board's finance — The Board shall after taking credit for any subvention from the State Government under section 63 carry on its operations under this Act and adjust its tariffs so as to ensure that the total revenues in any year of account shall after meeting all expenses properly chargeable to revenues including operating maintenance and management expenses taxes (if any) on income and profits depreciation and interest payable to all debentures bonds and loans leave such surplus as the State Government may from time to time, specify

The Committee are of the view that due regard should be paid to this provision of the Act and remedial steps should be taken to bring down the cost of generation, of transmission and distribution and of line losses, and to ensure better utilization of capacity in Thermal Plants, and to effect such other economies in the sphere of operation as are feasible. A systematic study in this regard should be undertaken urgently so as to ensure compliance of the above provision of the Act. The Committee also desire that the results of these studies and measures taken thereafter should be reported to the Committee within a period of six months from the date of presentation of the Report to the House.

Deploring the fact that neither the State Government nor the Board seemed to have taken any notice of this basic provision and constrain to observe that the State Government has rather been sleeping over the matter, the Committee further specifically recommend that —

- (i) the question of conversion of loans into equity should be studied in all seriousness and a decision in this behalf should be taken as early as possible, and
- (ii) the decision in regard to the payment of subsidy to the Board by the Government in regard to Rural Electrification should also be taken urgently

Generation and Sale of Energy —

The table below indicates the installed capacity for generation of power, power generated power available for sale power sold and lost in transmission and distribution for the three years upto 1976-77

Drop box 26-7-80

	1974-75	1975-76	1976-77
	(in Mkwh)		
(i) <i>Installed capacity—</i>			
(a) Internal Combustion (Diesel)	36 73	36 73	28 01
(b) Thermal	738 47	1 264 07	1 789 67
(c) Hydel	3,532 91	3 532 91	3 532 91
Total —	4 308 11	4 833 71	5 350 59
	1974-75	1975-76	1976-77
	(Mkwh)		
(ii) <i>Power generated</i>			
(a) Internal combustion— (Diesel)	0 61	0 09	0 03
(b) Thermal	474 14	681 00	976 00
(c) Hydel	1 318 54	2 000 99	1 905 31
Total —	1 793 29	2 682 08	2 881 34
(iii) Power used for auxiliaries	40 01	63 07	89 69
(iv) Power purchased	342 54	206 18	286 81
(v) Power available for sale	2,095 82	2 825 19	3,078 46
(vi) <i>Power sold—</i>			
(a) Within the State	1,215 78	1 618 88	1,879 19
(b) Outside the State (Share of power sold by Bhakra Management Board)	483 54	729 32	656 96
(c) Free supply to employees	6 18	5 63	5 24
Total sale	1,705 50	2 353 83	2 541 39
(vii) Loss in transmission & distribution	390 32	471 36	537 07
(viii) Percentage of power gener- ated to installed capacity	41 6	55 5	53 9



(ix) Percentage of loss in transmission & distribution to power available for sale	24 2	22 5	22 2
(x) Average cost of energy sold (including free supply to staff per Mkw) in lakhs of Rs	1 79	1 65	1 84
(xi) Average revenue per (Mkw) in lakhs of Rs	1 83	1 69	1 89

On an enquiry by the Committee as to what steps have been taken by the Board to reduce the losses in transmission and distribution and what was the impact of these steps the department gave the written reply as under —

- (a) A large number of shunt capacitors have been provided on 11 K V buses of various 33 KV Sub-stations
- (b) Shunt capacitors of 40 MVAR capacity have been installed at 220 K V Sub station Ballabgarh to provide re active compensation to the system
- (c) A large number of LT capacitors have been installed on agricultural and Industrial consumers premises
- (d) The existing 11 K V transmission lines have been re routed and a number of 33 K V and above Sub stations have been constructed so as to reduce the overall length of transmission lines

The Board has plans to reduce the transmission and distribution losses at the rate of 0.5% per year. The impact of the measures taken by the Board to reduce the line losses is evident from the following figures —

Year	Line losses percentage
1974-75	23 8
1975-76	22 5
1976-77	22 3
1977-78	21 4
1978-79	21 2
1979-80	21 00 (Tentative)

During the course oral examination, when the Board's representatives were asked to explain the reasons for less generation of power from Thermal and internal combustion sources vis a vis, the installed capacity, they informed the Committee that the method of comparing performance of generating stations with the installed capacity was not correct. Thereupon the Committee observed

that when a project is conceived, the installed capacity of the project is laid down with reference to the plant installed and if it was so, then how did the Board hold that the method of comparing actual performance with the installed capacity was not correct

In reply the Board admitted that no doubt the installed capacity was made the basis of project report its utilization to the full optimum strength was not possible. The Board however assured that the Thermal generation would be increased upto 50 per cent of the installed capacity

The Committee are not satisfied with the actual performance of the Board in regard to Thermal generation. The Committee was, in fact, pained to observe that at present the Board does not have any technical member who is an expert in Thermal Technology

The Committee observe that unplanned forced outages are one of the major factors which adversely affect the generation in Thermal Plants. The reasons brought out by the Board, i.e., technical teething troubles, defects in the equipment supplied by the BHEL and poor quality of Coal necessitating frequent and high injection of fuel did not impress to the Committee as these have been stated in very general terms. The Committee have genuine suspicion that no systematic monitoring of these aspects has been made in the day to day operations. Had this been done, the Committee are sure that by this time these troubles could have been over and the results would have been much better.

The Committee, therefore can do no better than to reiterate the recommendations already made.

The Committee further observe that though there is some decrease in the percentage of transmission and distribution losses and these have come down from 24.2 per cent in 1974-75 to 19.0 per cent in 1980-81, the auxiliary consumption of power generated is however mounting up year after year. It was 40.01 Mkw/h in 1974-75, 89.69 Mkw/h in 1976-77 and 205.34 Mkw/h in 1980-81. The scale of auxiliary consumption also has no rational relation or proportion to power generated or power available for sale. Since the power available for sale is arrived at after deducting auxiliary consumption, the Committee strongly feel that the auxiliary consumption is not being determined on any scientific basis and for that matter the percentage of transmission and distribution losses may not be accurate and may actually be higher if the auxiliary consumption is worked out on the correct basis. The Committee also observe with concern that even on the present basis, out of the power saved on account of reduction in the transmission/distribution losses, about 50% of the incremental energy available for sale is off set by an increase in the auxiliary consumption.

The Committee, therefore, recommend that the basis of arriving at the auxiliary consumption and line losses should be thoroughly investigated and the results of investigation may also be reported to the Committee.

The Committee further feel that (subject to the foregoing observations) even though the losses on transmission and distribution are coming down, they are still on the higher side. The Committee while taking note of the technical steps being taken to control these losses, recommend that all out efforts should be made to bring the transmission and distribution losses to the minimum. These losses, it is felt should be monitored circle wise and suitable action should be

taken in respect of chronically high loss circles areas including administrative action in case of lapses on the part of the staff and report furnished to the Committee

The Committee also feel that the cases of theft of energy or under metering or tampering with meter-reading in favour of the consumers are also included in the head "Line Losses". It will therefore be desirable to identify the functionaries who are working in chronically high loss circles/areas as compared to other similar circles. All such functionaries should be sternly dealt with to discourage such mal practice.

The Committee further feel that another source of loss is that the requirement of periodical site checking of meters is not complied with in some cases. This problem also needs to be looked into urgently. The Committee are sure that the Board will spare no effort to bring such erring officials to book.

6.7 Panipat Thermal Power Project

In view of the acute power shortage in the State, the Board decided (September 1970) to set up the Panipat Thermal Power Project in two stages of 220 MW each. A project report for implementation of the first stage, at an estimated cost of Rs 46.57 crores was approved by the State Govt in February 1971 which was cleared by the Government of India in July 1973. The estimated cost of the project was further revised to Rs 78.00 crores in October 1975. The rise in cost was attributed by the Board to the time gap in taking up the project after sanction due to shortage of funds. The price structure for equipment and wages had considerably gone up in the meantime. An expenditure of Rs 57.88 crores had been incurred on the project upto September 1977 as under —

Item of work	Cost as per the original estimates	Cost as per the revised estimates	Actual expenditure up to 30th Sept 1977
	(Rs. in lakhs)		
Preliminary	10.00	15.00	32.29
Land & Buildings	6.19.00	12.93.00	9.69.33
Plant & Machinery	3,038.00	4,269.00	3,564.08
Electrical equipment	1.25.00	9.00.00	4.42.41
Erection, testing and consultancy charges	3.22.30	4.30.00	1.42.19
Miscellaneous including establishment	5.00.91	5.52.00	1.08.94
Spares and stores	60.00	3.80.00	5.28.81
Total	4,675.21	7,839.00	5,788.05
Less receipt and recoveries	18.00	39.00	0.22
Net	4,657.21	7,800.00	5,787.83

The two units of 110 M·W each of first stage which were expected to be completed by December 1977 and June 1978 are now (August 1977) scheduled to be completed by September 1978 and March, 1979 respectively. Execution of civil works is in progress (January 1978)

In reply to a question of the Committee whether the accounts of the project were closed and if so the item wise expenditure to date vis a vis the estimated cost and the precise reasons for increase in the cost the Board stated as under —

The accounts of the project have not been closed so far as certain residual works are yet to be completed and final payments to certain contractors are yet to be made. As per accounts records the total expenditure on the project is Rs 8853 lakhs. Outstanding liabilities required to be paid while settling the accounts of the firm are likely to be Rs 1471 khs. Thus total cost shall be 9000 lakh of rupees. A statement showing item wise provision made in the original project estimate, revised estimate and the actual expenditure is appended as appendix. The causes of increase in cost have been indicated against each item in the statement.

Further the increase in cost did not have an adverse impact on the return due to the reasons that financial forecast was earlier prepared on the basis of guidelines laid down by the Central Electricity Authority. To bear additional burden of capital outlay the Board has revised its tariff upward in 10/74, 7/76 and 6/78. At the time of original project estimate average selling unit rate was 9.5 paise/KWH, the average selling unit rate has risen to 20 paise in 1978-79 and accordingly the revised financial forecast was prepared on the basis of enhanced unit rate. The rate of return during the first five years of operation works out as under —

	Percentage return as per original project	Percentage return on the basis of enhanced capital out- lay
1st year of operation	7.21	8.6
2nd year of operation	7.25	8.9
3rd year of operation	7.35	10.0
4th year of operation	7.43	10.2
5th year of operation	7.60	10.5

The revision in tariff rate has obviously offset the adverse impact on the rate of return.

During the course of oral examination the Board's representatives stated that there are two units at Panipat. The first unit was started in November 1979 and the second in January 1980. The reasons for not completing these units by the target dates viz. December 1977 and June 1978 as per the original time schedule put forth by the Board were that the projects of such importance generally take more time throughout the country as a lot of time is consumed in procuring machinery and other equipments and in other preliminary processes.

The Committee are not convinced by the projections made by the Board in regard to the impact of cost escalation on percentage return on capital invested. The Board have stated in their reply that there have been increases in tariff in October, 1974, July, 1976 and June, 1978 and that they would obtain the return of 10 percent in the 3rd year of operation on the basis of enhanced capital outlay, as compared to 7.35 per cent envisaged as per the original project report. Further the return on enhanced capital outlay was expected to increase to 10.2 per cent and 10.5 per cent in the 4th and 5th year of operation. The Committee would like the Board to actually work out the percentage of return in respect of Pampat Thermal Plant from first year of operation onward and give specific reasons for variation in projection based on these enhanced outlay.

The Committee are not satisfied with the Board's reply with regard to the acquisition of land for the Pampat Thermal Plant.

The Committee, therefore, desire that appropriate detailed reply in this regard may be supplied to the Committee indicating inter alia the price of uncultivable land prevalent at that time in Haryana with special reference to Pampat, the findings of the Land Acquisition Officer in regard to the quality and category of land and the basis adopted for compensation.

The following points were noticed in regard to execution of the work

(i) *Consultancy Services*

In order to seek advice on the major aspects of the first stage of the project such as design planning, procurement of equipment, execution and operation of the power plant etc. tenders were invited from consultants. In all five tenders were received which were opened on 17th August, 1971 and the offer of firm 'A' was found to be lost (Rs. 26.72 lakhs in lump sum) conforming to the Board's requirements. Necessary approval to engage firm 'A' as consultants was accorded by the Board on 14th September 1971. The firm was accordingly informed (October 1971) that its offer for consultancy services had been accepted in principle but since the project was awaiting clearance from the Govt. of India no financial liability should be incurred on the Board's account by them and that the firm order would be placed as soon as the project was cleared by the competent authority.

The draft agreement for the consultancy services was approved by the Board on 31st December 1974 and the Formal agreement was signed in March 1975 effective from January, 1973 at a fee of Rs. 26.72 lakhs payable as detailed below —

- (i) First 30 months at the rate of Rs. 77,000 per month from 1st April, 1973
- (ii) Next 17 months @ Rs. 13,000 per month
- (iii) Next 17 months @ Rs. 7800 per month
- (iv) Last instalment of Rs. 8,400 payable on the expiry of 72 months from the effective date of agreement.

There was no stipulation in the agreement relating the amounts payable.

able to the consultants with reference to the progress of work. The project authorities in their meeting held on 27th June 1975 to review the progress reports of the consultants observed that whereas bulk of the payment had been made to the consultants up to March 1975 the total progress achieved by them was 37.7 percent on design and engineering side & 2.83 percent on construction side. The monthly progress report for October 1977 submitted by the consultants showed (by which time the payments made to the consultants amounted to Rs 25.65 lakhs) the progress achieved on construction side at 58.7 percent.

(u) *Procurement of COLES Mobile Crane*

In May 1973 firm B offered to supply one Coles mobile crane (Cost Rs 3.91 lakhs) a proprietary item with the stipulation that the price was subject to variation at the time of supply based on its principal's price. The crane was to be supplied ex works at the principal's factory by the end of October, 1973 subject to force majeure clause, provided the order was placed immediately.

Though the Thermal Standing Committee approved the purchase of the Crane alongwith connected vehicles and other handling machinery on 2nd August 1973, the order for the same was placed in November 1973 without specifying the date of supply. The crane was received in January 1975, at the enhanced rate of Rs 5.86 lakhs resulting in additional expenditure of Rs 1.95 lakhs.

The matter was reported to the Board in November, 1976 reply is awaited (January 1978).

(v) *Consultancy Services*

During the course of oral examination the Committee were informed that the consultancy fee agreed to be paid to the Central Water & Power Commission for Unit I of Faridabad Thermal Plant was Rs 13.63 lakhs. Their consultancy was further extended to the Second Unit and for this an additional sum of Rs 8 lakhs was agreed to be paid in August, 1971. For the third Unit of the Faridabad Thermal Plant the Central Electricity Authority agreed to charge the consultancy fee on time and on cost basis with a ceiling of Rs 20 lakhs. In respect of Panipat Project Stage I, the Board availed of the services of a private consultancy firm i.e. M/s Tata Consultancy Engineers and the fee was negotiated to Rs 26.72 lakhs in lump sum in August, 1971. For the Stage II another private firm namely M/s Design Private Limited New Delhi was engaged and the fee to be paid was a sum of Rs 32.50 lakhs as stated during the oral examination by the representatives of the Board but the total charges actually paid were not indicated. According to the written reply furnished the Board utilized the services of both Central Electricity Authority and M/s Design Private Limited New Delhi for Stage III and fee for the same was agreed to be paid was Rs 42.50 lakhs. In the written reply however the amount paid in this regard is shown as Rs 5.43 lakhs to M/s Design Private Limited New Delhi and Rs 1.62 lakhs to the Central Electricity Authority.

The Committee observe from the foregoing that complete information desired by the Committee was not furnished. Further, the Committee had desired that the relevant correspondence alongwith the copies of agreement, on

the basis of which these charges were agreed upon may also be submitted so that the Committee could examine the reasons for wide differences between the consultancy charges agreed upon from time to time for identical units

The Committee, therefore, once again desire that the entire relevant information and documents pertaining to these consultancy charges both for Faridabad and Panipat Thermal Power Projects, which would enter-also bring out the reasons (i) for non-continuance of contract with the Central Water & Power Commission Central Electricity Authority after obtaining this Consultancy for Faridabad Unit I & II (ii) the reasons for retaining the private parties for consultancy services and (iii) the basis on which the Board considered the offers of the private firms reasonable and acceptable

In this connection the Committee took note of the fact brought out during the oral examination that Maharashtra State Electricity Board did not avail of the consultancy service of any outside agency and that they are self sufficient in this regard. The Committee, therefore, desire the Board to study the method and organisation adopted by the Maharashtra State Electricity Board in this respect and submit their findings to the Committee after due examinations as early as possible. The Committee feel that the Board since has now been well conversant with the setting up of Thermal Plants for more than 12 years, it should be possible for the Board to develop its own expertise in the field

(ii) *Procure of Coles Mobile Crane*

At the time of placing order for purchase of Coles Mobile Crane on the firm the delivery date was not mentioned by the Board and consequently the cole mobile crane was received sufficiently late. The Board could not justify the delay for the supply and much time for placing the order on the firm. The Committee observe that the placing of order at very late stage makes the Board responsible when the firm had agreed to supply the material on receipt of the order.

The Committee, therefore, does not absolve the Board of the responsibility of unnecessary delay in placing the order on the firm which in turn, delayed the supply of the equipment and observe that such delays should be avoided in future.

6.8 *Supply Erection of lifts*

An order for supply erection and commissioning of one electric passenger lift (cost Rs 1.23 lakhs) and one electric goods lift (cost Rs 1.03 lakhs) at the Faridabad Thermal Power Station was placed on a firm in December, 1972.

The supply and erection was to be completed upto the dates indicated below —

	Supply	Erection
Passenger lift	December 1973	May/June 1974
Goods lift	October 1973	February 1974

Dropped
26-7-1972

Both the lifts were despatched by the firm on 31st July, 1975. The passenger lift was erected and commissioned in March 1976.

On verification of the consignment of the goods lift it was noticed by the Power Station Authorities (June 1976) that most of the items were not according to the specifications many of them required replacement due to defect and some parts were missing. The firm was asked in June 1976 to make the necessary replacements which have not yet been done (December, 1977). Erection of the goods lift has also not been taken up owing to change in site of conveyor system of coal handling plant which would necessitate change in the site of machine room where the lift was to be hoisted.

During the course of examination it was found that the goods lift was not up to the mark that most of the items were not according to the specifications that many of them required replacement due to defects and that some parts were missing.

The Board pleaded that articles of lift were received through railway and breakage occurred in loading and unloading of the material and that they had also lodged a complaint with the firm. They further stated that 10% payment had not so far been made to the firm.

The Committee observe that the items of lift should have been thoroughly inspected before the despatch of the material by the firm so that shortage/breakage which were noticed after the receipt of the material could have been detected and made good.

The Committee, therefore, recommend that the responsibility for all this lapse be fixed that suitable action is taken against the erring employees(s) and that intimation be sent to the Committee.

During the course of oral examination, it was also stated by the Member Technical (Operation) of the Board that the lift had been commissioned in December, 1981. The Committee cannot ignore the fact that the equipment which was purchased in July 1975 could be brought into use after a lapse of six years. This certainly reveals the manner in which the Board tackles the day to day operational problems. The Committee feel that there is ample scope for an around improvement at the operational level.

6.9 Extra Expenditure

The Dhulkote Workshop of the Board manufactures transformers. For this purpose an order for supply of 5926 Kg of core laminations at rates ranging between Rs 8.79 and Rs 9.34 per Kg for Dhulkote was placed on a firm A in May 1973. The supplies were to be completed within five months. The rates on which order was placed were declared firm though the supplier in its offer quoted the rates as subjects to price variation. The only other firm B which quoted against the tender offered the rate of Rs 9.77 per Kg (equated rate Rs 10.45 per Kg). F.V.
26.7.90

Between May 1973 and March, 1974 21375 Kg of core laminations were supplied out of which only 11558 Kg costing Rs 1.08 lakhs were accepted and the balance quantity was rejected being rusty and defective. The remaining 47706 Kg were not supplied as the price variation clause was not



accepted. However no action would be taken against firm A' as the legal Advisor of the Board was of the opinion (November 1974) that on the facts and circumstances of the case it could not be considered that a legally binding agreement had come into existence as the terms and conditions included in the order were at variance with those offered by the firm.

In order to meet the requirement of core laminations for the manufacture of transformers 47 550 Kg of the material was purchased during January, 1975 to March 1975 from firm B at the rate of Rs 15 28 per Kg for Ex works Bhandup). The above prices were exclusive of excise duty sales and other taxes and insurances. The involved extra expenditure amounting to Rs 3 14 lakhs when compared with the (educated price of Rs 10 45 per Kg) offered by firm B against the original enquiry.

The Board stated (January 1977) that as per its reading of the tender of firm A the offer did not contemplate price variation in the event of the order having been placed within the validity period of the offer and that the supplies were received in the best interest of the Board even though a formal agreement had not been entered into. As already indicated, the rate quoted by firm A was subject to price variation.

While examining the Board it was discovered that orders for the supply of laminations for transformers were placed with one firm of Hyderabad but the firm complied with only a part of the order presumably for the quantity which suited them within their price variation stipulation. Thereafter for the balance quantity reinvitation of tenders was resorted to and an order was placed with firm B at Rs 15 28 per Kg which at the time earlier tenders had quoted the rate of Rs 10 45 per Kg. Thus the Board had to incur an avoidable expenditure of Rs 3 14 lakhs. The Committee are not satisfied with the plea of the Board that in their reading of the matter the offer of firm A was not subject to price variation. This view of the Committee has been confirmed by the opinion tendered by the Legal Advisor of the Board that the offer of the firm was in fact only subject to price variation.

During the course of oral examination, the Board's representative also stated that the order in the first instance was not placed on firm B as they did not have the necessary capacity and that this was based on the inspection note recorded by the S E concerned. In spite of the request of the Committee, a copy of this note was not laid before the Committee and the fact remains that for the balance quantity an order was in fact placed on the same firm B.

From the foregoings, the Committee are constrained to conclude that tenders were not properly scrutinised and evaluated. Obviously, the question of suitability of firm 'B' was dealt with in a casual manner as if the officer concerned had already made up his mind to make purchases from firm 'A' causing unnecessary loss and delay in the purchase of the material. The Committee therefore desire that the matter should be looked into in detail and the findings for fixing the responsibility in the matter submitted to it within a period of three months after the presentation of the Report to the House.

6 10 *Site Checking of Meters*

According to the Board's rules site checking of meters in respect of medium supply connection is required to be conducted once in three months by the Sub Divisional Officer and once in a year by an Executive Engineer

It was noticed that the meter of consumer who was given connection on 17th May, 1962 was not checked between June 1968 and May 1972. Finding steep fall in the consumption of energy since June 1968 the Sub Divisional Officer checked the installation in June 1972 and found that the polarity of one of the current transformers was reversed. For accurate measurement of consumption of energy, a check meter was installed in June 1972 and it was found that the original meter was recording less consumption by 65.22 percent. Based on these results a supplementary bill for Rs. 0.46 lacs (energy Rs. 0.39 lacs electricity duty Rs. 0.07 lacs) relating to period from June 1968 to June 1972 was issued in June 1972 to the consumer for payment.

Instead of making the payment the consumer moved an application (June 1972) for arbitration in the Court of Senior Sub Judge Gurgaon under the Indian Arbitration Act. The Chief Electrical Inspector in his capacity as Arbitrator awarded on 19th January 1973 that the basis adopted by the Board for the assessment of charges was justified but the charges could be levied only for a period of six months immediately preceding the date of inspection (22nd June, 1972) under the Indian Electrical Act 1910. The award was made the rule of the Court on 29th April 1979. Decision on an appeal filed in the High Court by the Board against the arbitration award and the lower court's order is awaited (January 1978).

Government stated (December 1977) that instructions regarding site checking of meters were issued in April 1971 and all the meters could not have been checked immediately. According to the prevalent orders prior to the issue of above instructions the Executive Engineers were required to check/inspect such connections at least once a year.

During the course of oral examination the Board stated that it had lost the case in the court and therefore the recovery could not be made. The Board further pleaded that the case concerned the Ice Factory and could not be noticed earlier than four years as the relevant records were not readily forthcoming and it took time to trace them out. The Board also informed that the supply of electricity was stopped to the Ice Factory and that the explanation of the two officers involved had now been called as this could not be done earlier for these officers had been transferred.

The Committee is opposed to this sort of laxity on the part of the Board and is constrained to observe that no effective and timely action was taken by the Board against the defaulters

During the course of oral examination the Member Technical (Operation) stated that two officers were responsible for belated action for meter checking and consequential loss of revenue amounting to Rs. 46,000. It was further stated that these two officers had been transferred and their explanation have now been called for belatedly after a lapse of more than four years only a month before the examination by the Committee.

FO
26790

The Committee are not satisfied by the plea taken by the Board nor by the line of action they have adopted in calling for the explanations of the officers concerned which is not enough. After all, the officers do owe the responsibility to the Board to safeguard its revenue and there is no reason why the lapse on their part which resulted in such a loss should not entail recovery or attachment as the case may be. This aspect should be examined at the highest level in consultation with the Government so that some deterrent check could be devised to prevent such losses to the Board caused either by negligence of the officials or by their, in connivance with the consumers.

Apart from this general issue involved, the Committee strongly recommend atleast in the case of these two officers where the loss of revenue has resulted directly due to lack of due performance of duty, a sum of 46,000 should be recovered from them.

During the course of oral examination it was stated by the Member Technical (Operation) that S D Os X E Ns and S E are required to carry out periodical spot checking of meters. The Committee observe that the latest instructions in this regard are contained in the Board's circular letter No CH-190/SS/RG-6/Main dated the 4th November 1980. According to these instructions, the report of checking carried out are to be sent in a prescribed proforma by the S E Operations of the respective circles by the 15th of each month for onward submission to Member Technical (Operation) of the Board. In this connection the Committee would like to have the following information within a period of three months —

- (i) The total number of meters of medium/large supply undertakings functioning as on 31st March, 1982;
- (ii) the actual number of meters checked by the respective functionaries subsequent to 31st March, 1982,
- (iii) the number of meters of each category which were found defective separately indicating the cases of each category which lead to under-charging, and
- (iv) the amount of revenue involved in each case of undercharging and the amount recovered to date along with the reasons for non recovery if any.

In order to have a sample review of the matter, the Committee would like that the above information should be submitted only in respect of Faridabad, Bahadurgarh, Sonapat, Gurgaon, Hissar, Panipat and Yamuna Nagar circles,

6 11 Idle Line

FO
27-2-90

One 33 KV Line of 3.5 Km length was laid in October 1972 at cost of Rs 0.92 lakh from a 66 KV Sub station at Govindpur to a 33 KV Sub station in the factory premises of a paper mill at Yamuna Nagar. The transformer at Govindpur Sub station was damaged on 31st December 1972 due to manufacturing defect within the warranty period. Since another transformer of similar capacity was not available power supply to the factory was shifted on 11 KV by installing on 27th August 1973 another transformer of 7.5 MVA capacity through an alternative 11 KV line laid from another sub station at a cost of Rs 0.40 lac. The 33 KV line has been lying idle since

January 1973 Intimation about repair of the damaged transformer was awaited from repair Workshop to which the same was shifted (November, 1977)

The Board authorities had stated in December 1975 that the 33 KV line had not been dismantled because another transformer of 66 /33 KV was expected to be installed soon at the sub station at Govindpuri otherwise the idle 33 KV line would be converted into 11 KV to release additional pending load to the paper mill The matter is pending decision (January 1978)

In reply the department stated as under —

The idle-33 KV line has since been converted into 11 KV for release of load of paper mill but could not be energised due to non availability of load at 66 KV Sub station Govindpuri This 11KV feeder could not be energised due to non permitting of dispersal of power at 11 KV from 220 KV Sub station Khera (Jagadhari) by B B M B Authorities The additional load of 1500 KVA of the paper mill has been released from 66 KV Sub station Yamunanagar through the existing paper mill feeder The total load of paper Mill has been proposed to be shifted at 66 KV Sub station Govindpuri on the 11 KV Line (Converted from idle 33 KV line) after shifting of load of 66 KV Sub station Govindpuri to 220 KV Sub station Khera at 11 KV This has been proposed to afford the relief to 66 KV Sub station Yamunanagar and to release the additional load of 1.5 MVA of the Railway Workshop Jagadhari lying still pending It is not considered advisable to dismantle this line since fragile material like insulators etc do get broken while many other items become unserviceable

The Committee are not satisfied with this reply of the Board and observe that the fact remains that 33 K V line having not so far been put to use by the Board the expenditure on it is thus infructuous

The Committee noticed from the written reply given by the Board that information regarding non recovery of repair charges amounting to Rs 75,219 of the Transformer, which was damaged during warranty period but was repaired by the Board out of its own funds, is still awaited from the field offices Such evasive and vague replies from the Board are not only unacceptable but also cast serious reflection on the operational working of the Board even in such vital areas,

The Committee desire that the Board may fix the responsibility for non recovery of the repair charges from the supplier and also ensure expeditious recovery of the amount involved The responsibility should also be fixed for delay in repair and recovery

6 12 Misappropriations Defalcations etc

Droppee
27-7-80 The details of cases of misappropriations, defalcations, etc of the

Board's money upto the end of March 1977 for which final action was pending at the end of August 1977 are as follows —

	Number of cases		Amount	
	Values	Value not known	Total	(in lakhs)
Cases pending action as on 31st March, 1976	921	472	1,393	31 24
Additions during April 1976 to March 1977	70	207	277	2 29
Total	991	679	1 670	33 53
Cases closed between April 1976 to August 1977	97	27	124	2 37
Balance	894	652	1 546	31 16

Of these 754 cases (amount 10.40 lakhs) were more than three years old

When asked to intimate the latest position of these cases pending with the Board and the difficulties experienced in their settlement the department stated as under —

The latest position of misappropriations and defalcations cases etc shown in the para as on 31st August 1982 is given below —

	Number of cases			Amount (in lakhs)	
	Value	Amount	Value not known	Total	
1 Cases pending as on 1st September 1977	894	31 16 521	652	1546	31,16 521
2 Cases of without value investigated and value ascertained	315	7 96 252	315	—	7,96 252
3 Net cases /amount	1209	39 12 773	337	1546	39 12 773
4 Clearance during 1st September 1977 to 31st August 1982	242	5,23,564	128	370	5,23 564
5 Balance outstanding on 31st August, 1982	967	33,89,209	209	1176	33,89 209

It will be worthwhile to state here that such cases are valued by the concerned field office in whose jurisdiction these happen. The cases where value could not be assessed at the first instance these are grouped under the Head Value not known cases till their value is ascertained.

Most of these cases are processed by the Police authorities in Court and also through departmental investigations. The pace of finalisation depends upon the finalisation of these cases by the Police or the Courts. The process is lengthy and it resulted in delay in settlement/finalisation of such cases. However every effort is being made at each stage to expedite finalisation of the cases.

The Committee observe that 1546 cases shown outstanding on 1st September, 1977 and 1176 cases shown outstanding on 31st August, 1982 reveal that in the span of five years only 370 cases were cleared. This is too slow a pace of clearance. The Committee feel that while employees of private firms settle such like disputes immediately, the Public Undertakings tend to prolong such cases on one pretext or another, with the result that the cases of misappropriations and defalcations are increasing every year.

The Committee strongly recommend that for the settlement of these cases expeditiously, the Board should form a separate cell to conduct enquiries and allied processes so that these cases do not keep accumulating.

6.13 Store Accounts

(i) The value of stores as on 31st March 1977 amounting to Rs 2 473 98 lakhs against Rs 1 948 42 lakhs held as on 31st March 1976. Out of the above, stores worth Rs 24 27 lakhs had been declared obsolete and unserviceable.

(ii) The value of excesses and shortages of stores detected during the three years upto 1976-77 were as under —

Year	Excess	Shortages (in lakhs of Rs)
1974-75	5 21	0 48
1975-76	0 83	0 77
1976-77	2 60	0 79

The above excesses/shortages were awaiting adjustment at the end of 31st March, 1977.

(iii) Maximum and Minimum limits of various items of stock have not been fixed. The reserve stock limit of stores and stock has not been fixed (January 1978).

The Committee note that stores worth Rs 24 27 lakhs had been declared obsolete and unserviceable and were disposed of through auctions but their realised value together with the book value has not been shown nor action has been finalised relating to the shortages pertaining to years 1974-75, 1975-76 and

1976-77 and the recovery in these case This is a clear instance of mismanagement

The Committee, therefore, recommend that appropriate steps should be taken to effect the recoveries in all these cases of shortages and the progress intimated to the Committee quarterly

The Committee feel that the inventory of Rs 2473 98 lakhs as on 31st March, 1977 is rather on the high side, which certainly affects the financial position of the Board apart from blocking its funds. The Committee, also observe that in a single year the inventory has gone up from Rs 1948 42 lakhs to Rs 2473 98 lakhs registering the increase of 26% approximately

The Committee feel that this rate of increase is very high and needs to be arrested. The Committee would like the Board to intimate if any systematic study has been made or is proposed to be made to keep the inventory in check and what steps have been taken as a result of any such study undertaken

Para 6 14 Outstanding Audit Objections

As on 31st August 1977 22 381 audit objections (Rs 35 60 crores) raised by the Chief Accounts Officer of the Board pertaining to the period upto 1976 were outstanding as per the details given below —

Droped 27.7.80

	Earliest year since out standing	Amount (in crores of Rupees)
(i) Want of sanctions	1967-68	24 70
(ii) Want of detailed contingent bills	1967-68	1 93
(iii) Want of Payee s receipts	1970-71	2 40
(iv) Want of agreements/purchase orders	1968-69	6 57
		<hr/> 35 60 <hr/>

During the course of oral examination it was revealed that internal audit objections have been outstanding since 1967 68 mainly for want of sanctions from the competent authorities, which were required to be accorded by the Board's officers of the rank of Superintending Engineers and Chief Engineers

The Committee are astounded to observe that many years go by before such formalities as according of sanctions are completed by the Board, particularly when it is their internal matter entirely

The Committee further observe that an amount of Rs 24 70 crores held in objections for want of sanctions has swelled to Rs 111 96 crores as on 30th September, 1981. The Committee are alarmed at this manifold increase without any adequate clearance because even formalities like according of sanctions ex-post-facto are still to be done and may cancel such great irregularities as unauthorised expenditure on works, execution of unauthorised works, unreasonable and unjustified excess over estimates and other irregularities on the part of

the staff and officers concerned in the field. Therefore, the Committee are not only inclined to record it as paper matter but feel that there is considerable scope of strengthening the financial control and the administrative supervision which are the basic aims of these formalities

The Committee feel that this is a matter of concern not only for the Board but also for the State Government who may conduct an investigation into the matter and plug the loop holes either in the procedure or in formalities, which may prevent the occurrence and accumulation of such irregularities from year to year

So far as the past cases are concerned it was stated during the oral examination by the representatives of the Board that they propose to create a special cell for the purpose and will clear the past cases within six months. While it does not disapprove of the proposal the Committee certainly feel that the proposed venture should not involve any extra expenditure on the additional staff and that this cell should be from within the existing strength of the staff

The Committee desire that the results obtained in clearance of the older items may be reported to the Committee every month beginning April, 1983

2 GENERAL RECOMMENDATIONS

During the course of oral examination as well as from the written replies submitted by the Board's authorities to the Committee, a number of important issues have arisen which are dealt with as under —

1 Transformers

Dropped 27-80
The Committee have gathered from the replies explanations given by the representatives of the Board that frequent breakdown of Transformers is one of the major causes for the disruption of supply and the consequent loss of revenue. Very often the transformers are burnt out or otherwise damaged and their repair replacement is not undertaken promptly. The complaints regarding defects in Transformers are not attended to very promptly and the time taken for removing the defects is inordinately long in many cases even at the peak seasons. During the course of oral examination it was stated by the representatives of the Board that they have already set up a Transformers manufacturing Unit at Dhulkot and a few repair workshops in the field. While this effort of the Board should be welcomed, in the absence of any data given by the Board, the Committee are not able to appreciate whether the action taken in the matter is adequate and is yielding any better results. The Board may therefore submit the following information to the Committee within a period of three months in respect of heavier circles in the districts of Kurukshetra, Karnal and Yamuna nagar —

- (i) the total number of medium/large connections as on 1st June, 1981,
- (ii) the number of defective/burnt out Transformers in each circle found every month
- (iii) month of complaint of damaged/burnt out Transformers,

- (iv) the date of replacement of damaged/defective Transformers, and
- (v) the date of repair/restoration of the damaged defective Transformers

2 Meters

FO
27-7-90
It was brought out during the oral examination that non availability of meters or availability of defective meters adversely affect the revenue of the Board and also cause inconvenience to the consumers

The Committee are not satisfied with the written reply that in the present system the meters are always in short supply as these have to be purchased from the open market. The Committee feel that a study should be undertaken immediately to consider the feasibility of setting up a meter production unit either adjacent to the Transformer Factory at Dhulkot or at any suitable place which would minimise the cost of erection of the unit, of its infrastructure and supervision. It is felt that this Meter production unit can be manned by the diversion of existing surplus man power available elsewhere. The Committee, strongly recommend that the feasibility of setting up of a Meter production unit should be examined urgently at the Government level and a decision taken in the matter communicated to the Committee within a period of six months after the presentation of the Report to the House.

3 Over staffing

Droped
27-7-90
During the course of oral examination the Board's representatives conceded that there was considerable overstaffing in the Board generally. The Committee also observed that in Thermal Plants the staff employed is far in excess of the strength envisaged in the project report. Therefore there would be very slight disagreement on the basic problem that the over staffing does exist in various units and at various levels of the Board. However the Committee was not apprised of the action that the Board had initiated on their own any action to remedy the situation. It was further pointed out during the course of oral examination that the Finance Department had also pointed out as early as June, 1981 the need for pruning the excess staff. But it appears that no action has yet been taken in the matter by the Board's authorities. The Committee, therefore, regard it as very urgent that an indepth study should be made by the Board to determine the extent of excess staff at various levels so that the recruitments against new posts can be stopped.

Considering the urgency of the problem and the financial repercussions on the working of the Board as well as of efficiency of the units. The Committee desire that the follow up report on the subject should be submitted to it within a period of three months after the presentation of the Report of the House.

4 Foreign Tour of the Officers of the Board

Droped
27-7-90
The Committee had desired to know the purpose of foreign tours undertaken by the officers, the expenditure incurred thereon and the period for which they remained on tour together with the period for which they worked in the Board after their return from foreign tour. The Committee regret to note that the information given by the Board in the written reply is totally inadequate. It mentions the names of 17 officers, and the countries visited. Even in respect of the expenditure, it has mentioned in seven out of these 17 cases that the figures

are not available. The remaining information called for by the Committee is not contained in the reply. The manner in which the information has been furnished, the Committee cannot help but conclude that either the Board has taken the matter very casually or the information supplied is deliberately vague and evasive. For instance, the Committee are unable to accept the position that in 7 cases the expenditure incurred on foreign tours is not available. This can only indicate that either the advances given to the officers have not been settled or they have not submitted their T A detail/bills after the return from foreign tour. The clarification on this subject should be furnished to the Committee in addition to the information already called for.

In addition, the Committee would like to know the procedure prescribed for obtaining permission to proceed on foreign tours, ceiling on the number of days for which the foreign tour lasted and other restrictions, if any, which should particularly bring out the purpose or objective justifying the foreign tour, the various authorities involved in granting permission for foreign tours and the release of foreign exchange.

In respect, of the 17 officers mentioned in the reply, it may be indicated as to whether these officers submitted any report, etc., of their foreign visit with regard to the purpose for which they were sent abroad.

Pending receipt of the information and further examination by the Committee, it is recommended that all foreign tours irrespective of the status of the officer involved should be sanctioned at the Government's level.

5 Austerity

During the course of examination it was brought out that all general rules and regulations of financial nature also apply to the Government Undertakings. The Committee presume that this holds good also in respect of the instructions issued by the Government from time to time emphasising the need for economy and austerity in public expenses.

The Committee are of the view that apart from the expenditure on the administrative side, for instance on staff and amenities, there is considerable room for austerity and the expenditure could be curtailed on such items as furniture, fittings and furnishings of offices and rest houses of the various units. The Committee would like to be apprised whether any monetary limit has been fixed on incurring of such expenditure and whether this is being adhered to. In case no monetary ceiling has been laid down, has this idea been taken up by the Board to pay more attention to these items and prescribe the necessary limits both in physical and in financial terms so that all expenditure incurred on furnishing and furniture, etc., is within the scale and within the financial limits prescribed.

The Committee also observe that another area where the economy can easily be effected is the use of transport by the officials/officers of the Board, purchase of new cars and their maintenance, etc. The Committee would like to be apprised of the instructions issued by the Board to effect the economy in this area and how far such economy are ensured.

6 Unauthorised Connections

During the course of oral examination it was revealed that in some cases, out of turn connections have been given to the consumers by certain

officials of the Board. It was further stated that those consumers were billed by the Board very heavily who had got out of turn connections but the officials of the Board have gone scot free and no punishment had been awarded to them by the competent authority. It appears that there is no punishment clause for these guilty officials who give out of turn connections to the consumers. The Committee view this entire episode very seriously and recommend that the Board should take necessary steps to prevent the recurrence of such irregularities in future and those officials should also be brought to book who gave unauthorised connections to the consumers. Such type of cases are particularly available in Kurukshetra district.

The Committee have very strong feeling that red tapism continues in the Board's working unabated. The Board is highly over staffed. The expertise required for different functioning of the Board are absenting in some of the cases and not always forthcoming in others. The financial position of the Board is far from satisfactory. The social purpose for which the Board is meant to achieve has also not been performed satisfactorily, so much so that the consumers domestic, agricultural and industrial, are always complaining about the services made available to them by the Board, which has in turn adversely effected the growth of agriculture as well as Industry in the State, notwithstanding the achievements already made. In the matter of tariff and financial viability, the performance of law are as good as forgotten by both the Government as well as the Board. The Board's functioning is also deficient in the matters of economising and maintaining of austerity as well as optimising generation and distribution.

Keeping all these aspects in view, the Committee feel it desirable for the State Government to consider whether the Board's Chairman should not be a technocrat with high qualification, experience and of unquestionable integrity. The Committee have been told that this experiment has been made by some other State Electricity Boards, whereas in Haryana, the Chairmanship has always been vested in a non technical Senior officer since its inception.



APPENDIX



APPENDIX

(Reference Paragraph 6 7 Page 11)

Provision in Project and Actual expenditure

Sr No	Nature	Original Provision in Project	Ist Revision in 1975	Ind Revision in 1979
1	2	3	4	5
1	Preliminary expenses			(Rupees in
	(i) Survey and investigation	10	15	30
	(ii) Land (including site grading and improvement)	12	25	60
	(iii) Roads	22	35	140
	(iv) Railways	44	125	230
2	Buildings			
	(i) Temporary Buildings	160	400	430
	(ii) Permanant Buildings	160	400	430
3	(a) Civil Works			
	(i) Foundation for plant & Equip	—	100	98
	(ii) R C C Piling	—	65	63
	(iii) Steel & Structure	300	300	315
	(iv) Special Substation & General Civil Works	—	125	200
		300	590	676
	(b) Raw water supply & treatment plant			
	(i) Water Supply drainage & Sanitation (I B)	—	60	125
	(ii) Cooling water system and including water system	—	60	110
	(iii) Cooling Towers	125	230	300
	(iv) Chimeney	—	13	14
	(v) Miscellaneous Civil works	—	60	234
		125	423	783

Actual Expenditure	Reasons for increase in cost
6	7
lakhs)	
30	Due to increase in cost
60	(i) Against 750 acre originally provided land measuring 1450 acre was acquired
118	(ii) Due to poor marshy and uneven soil expenses on site grading improvement has to be incurred
208	
	Due to increase in cost & provision of additional roads
490	The railway track has to be extended to meet with requirement of stage II & III
490	(i) Steep rise in prices
	(ii) Increase in cost of cement & steel
	(iii) Increase in rate of Excise Duty & Sales
97	
64	(i) Steep rise in prices
	(ii) Increase in cost of Steel & Cement
310	(iii) Poor bearing capacity of soil
	(iv) High cost due to use of low hot cement
186	(v) Heavy SUB SOIL water level needed under ground structure to be extensively water proof
657	
108	(i) Steep rise in prices
	(ii) Increase in cost of Steel & Cement
105	(iii) Poor bearing capacity of soil resulted in longer piles and bigger foundations
274	
12	(iv) Due to sulphate contents in soil more cement has to be used as per Indian standard
224	(v) Use of sulphate resisting cement in under ground works resulted in higher cost
723	(vi) Due to high subsoil water level under ground works were made extensively water proof



1	2	3	4	5
4 Plant & Machinery				
(i) Boiler		940	1640	1750
(ii) T G		1300	1125	1175
(iii) Instrumentation		—	225	340
(iv) Coal handling plant		398	555	585
(v) Insulation		—	—	22
		2638	3545	3872
5 Erection Charges				
BHEL Erection		322	355	424
other erection				
6 Spares (BHEL & OTHERS)		60	380	359
7 Electrical Equipment				
(i) Transformers		80	280	300
(ii) Switchgear		10	350	397
(iii) Bus duct				58
(iv) Power & Central Cable		35	150	200
(v) Central Panel		—	35	45
(vi) Misc Electrical equip		—	85	120
		125	900	1120
8 General facilities				
(i) Fuel Oil tank			45	70
(ii) Water Treatment Plant				
(iii) Chemical dosing Plant				
(iv) Misc C W Pumps & tanks			95	122
(v) Air conditioning			10	30

- 1762 (i) Steeprise in prices
 (ii) Increase in rate of statutory levels
 1092 (iii) Sales Tax and Excise duty
 301 (iv) Insulation which was not provided originally has been
 provided in revised proposal as safety measure

591

20

 3766

426

- 299 Provision for 3/5 years requirement of spares had to be
 provided in the project.

- 313 (i) The original provision in the project was under estimated

- 401 (ii) Many items of electrical equipment were provided -

52

- 241 (iii) Steeprise in the cost of electrical goods

- 45 (iv) Statutory increase in excise duty/sales tax

127

 1179

65

98

19



1	2	3	4	5
(vi) Wire fighting system			5	45
(vii) Valves and Piping	400		10	125
(viii) Oil system			17	18
(ix) Air Compressor			3	18
(x) Works of facilities			25	30
(xi) Diesel Loco			80	82
(xii) Ash Handling			190	200
(xiii) E O T & Others crane			24	40
(xiv) Diesel generating set			10	15
(xv) Misc items			—	18
		400	494	813

9 Contingency

Establishment
Consulting Service

500

627

307

Audit & Accounts
Charges

500

627

307

10 Receipts & recoveries

(—)18

(—)39

(—)8

(—)18

(—)39

(—)8



33

6

7

19

108

45

8

28

81

173

40

13

68

765

261

261

(—)4

(—)4

1	2	3	4	5
Abstract				
1 Preliminary Expenses on survey and investigation	44	125	230	
2 Buildings	585	1413	1889	
3 Plant & Machinery	2638	3545	3872	
4 Erection Charges	322	355	427	
5 Spares	60	380	350	
6 Electrical Equipment	125	900	1120	
7 General Facilities	400	494	813	
8 Contingency and audit & Accounts & consulting services	500	627	307	
9 Receipts & recoveries cost of cement	(—)18	(—)39	(—)8	
	4656	7800	9000	

6

7

208

1870

3766

426

299

1179

766

261

(—)4

8853

12831—HVS—HGP Chd



Handwritten scribbles and marks in the upper left quadrant.

© (1983)

Published under the authority of the Haryana Vidhan Sabha and Printed
by the Controller, Printing & Stationery, Haryana, Chandigarh