

Preface

Nuclear Power Corporation of India Limited (NPCIL), a Public Sector Enterprise was formed on 17 September 1987 under the administrative control of the Department of Atomic Energy (DAE), Government of India (GOI). It is responsible for design, construction, commissioning and operation of nuclear power reactors in India. Kudankulam Nuclear Power Project (KKNPP) is being implemented by NPCIL at Kudankulam, Thirunelveli district, Tamil Nadu. Under KKNPP it was planned to set up six units of 1,000 Megawatt (MW) each, in phases, in collaboration with the Russian Federation. In the first phase, it was planned to construct Units I and II.

The performance audit of the KKNPP Units I and II was conducted to assess whether NPCIL exercised prudent financial management in the construction/commissioning of Units I and II and implemented the project in an efficient manner.

This Report highlights a number of deficiencies in the execution and commissioning of Units I and II of KKNPP such as avoidable payment of interest on borrowings, non-transparency in availing loans, lapses in tariff fixation process, extending undue benefits to overseas collaborating partner, non-assessment of required manpower with consequent avoidable expenditure, inadequate monitoring and start of commercial operation before getting the required licence to operate from the competent authority. These, resultantly, ended up in significant escalation in cost of the project and substantial delays in commissioning of the Units.

The Audit Report has been prepared in accordance with the Performance Auditing Guidelines, 2014 and Regulations on Audit and Accounts, 2007 of the Comptroller and Auditor General of India.