Chapter-3

Thematic Audit

Punjab State Power Corporation Limited

3.1 Loss due to non- installation of lightning arrestors

Failure of the Company to review its injudicious decision of discarding the installation of lightning arrestors on distribution transformers resulted in loss of ₹ 4.20 crore on account of damage of 722 distribution transformers due to lightning during 2009-12.

The distribution of power in the State is carried out by the Punjab State Power Corporation Limited (Company). Rule 92 of Indian Electricity Rules, 1956 *inter alia* provided that the owner of every overhead line which was so exposed as to be liable to injury from lightning should adopt efficient means for diverting to earth any electrical surges due to lightning. Further, Clause 14.1 of Rural Electrification Corporation's specifications of Construction Standards also provided that a set of lightning arrestors should be mounted on the transformers, clamping it securely to the tank. The Chief Electrical Inspector, Punjab had also insisted on provision of lightning arrestors on individual pole mounted distribution transformer, when the same was put for inspection to him before energisation. In view of these mandatory provisions, it is essential to safeguard the distribution network for providing uninterrupted power supply to the consumers by installing adequate safety equipments on the distribution network. Since the State of Punjab is a lightning prone area so lightning arrestors[1] were required to be provided to protect the 11 KV lines and the equipment (i.e. distribution transformers) from lightning.

The Company had been providing lightning arrestors on the distribution transformers prior to December 1999. However, on the plea that there was no damage to distribution transformers on account of lightning, the erstwhile Punjab State Electricity Board decided (December 1999) to discard the installation of lightning arrestors on new pole-mounted distribution transformers for a period of two years on experimental basis. Thereafter, the decision was to be reviewed depending upon the rate of damage to distribution transformers due to lightning. In order to review the position as per decision, the Company sought (January 2002) information on damaged transformers from the concerned Chief Engineers from time to time. However, it did not gather the requisite information from its field offices in ten years and the issue of providing/non-providing lightning arrestors could not be decided (March 2012).

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[1] A lightning arrestor is a device used on electrical power systems to protect the insulation and conductors of the system from the damaging effect of lightning.

During the test check of records for the period of April 2009 to March 2012 of eleven[2] operation divisions out of 103 operation divisions of the Company, it was noticed that lightning arrestors to protect the distribution network from lightning were not installed on the 11 KV lines and distribution transformers. Consequently, 722 distribution transformers of various capacities (as detailed in ***Annexure 15***) valuing ₹ 4.20 crore were damaged due to lightning during 2009-12. The loss calculated is in respect of eleven divisions only and it could be immense in respect of the Company as a whole.

We observed that the decision of the Company to discard the installation of lightning arrestors in a lightning prone area like Punjab did not prove to be judicious and its non-review proved to be costly. Failure of the Company to collect the requisite information, regarding damage of distribution transformers due to lightning, even in ten years to review its decision indicated poor monitoring on the part of the Company. The loss on account of damage of distribution transformers could have been avoided had the Company reviewed its decision and lightning arrestors installed on the distribution transformers.

The matter was reported to the Government and the Company (January 2012); their replies were awaited (December 2012).

Punjab State Grains Procurement Corporation Limited, Punjab State Civil Supplies Corporation Limited

3.2 Loss due to non compliance of instructions of Food Corporation of India

Failure of the Companies to comply with the instructions of FCI regarding direct delivery of wheat from mandis to its godowns resulted in loss of ₹ 90.93 lakh.

Punjab State Grains Procurement Corporation Limited (PUNGRAIN) and Punjab State Civil Supplies Corporation Limited (PUNSUP) procure wheat for the central pool on behalf of Food Corporation of India (FCI). The wheat stocks are moved either directly from mandis to FCI godowns/ railheads for further transportation or to the Company's godowns and the same are taken over by FCI from time to time. FCI reimburses the procurement price of wheat i.e. the minimum support price (MSP) and incidental charges[3] to the procuring agencies for the services rendered at the rates fixed by the Government of

[2] Anandpur Sahib, Kharar, Samrala, Khanna, Doraha, Mandi Gobindgarh, Sangrur, Dirba, Rajpura, Sub-Urban Division, Patiala and West Division, Patiala.

[3] Statutory Charges (Market Fee, Rural Development Cess, Infrastructure Development Cess, Purchas Tax/ Value Added Tax), Dami, Mandi Labour Charges, Transportation and Handling Charges, Custody and Maintenance Charges for 15 days, Interest Charges for 15 days (on the sum of MSP, Statutory Charges, Mandi Labour Charges and Transportation Charges) and Cost of gunny bags.

India for the wheat delivered upto 30 June of the Rabi Marketing Season (RMS) and carry over charges[4] are also paid by FCI on the wheat stocks delivered thereafter. Further, as per instructions of Government of India (GOI), no carry over charges (COC) were to be paid by the FCI when delivery of wheat was to be made directly from the mandis of the procuring agencies to FCI.

During RMS 2010-11, Area Manager FCI at Faridkot informed (April 2010) District Managers, Mukatsar of PUNGRAIN and PUNSUP that purchase centre Malout has been withdrawn from FCI and instructed to deliver 10,000 MT and 15,000 MT of wheat respectively directly from mandis in FCI godowns from this centre, failing which the carry over charges would not be paid as per GOI's instructions.

The district offices, Mukatsar of PUNGRAIN and PUNSUP delivered only 4,292 MT and 4732 MT of wheat stock directly from the mandis in FCI godowns from Malout centre. We observed that the District Offices Mukatsar of the PUNGRAIN and PUNSUP without assigning any reason on record, did not deliver 5,708 MT and 10,268 MT of wheat stock directly from mandis in FCI godowns upto 30 June 2010. This was despite the fact that PUNGRAIN and PUNSUP were holding 46,275 MT and 56,125 MT of wheat purchased for FCI in their godowns. Resultantly, FCI deducted carry over charges of ₹ 90.93 lakh (₹ 39.49 lakh[5] + ₹ 51.44 lakh[6]) from the subsequent delivery of 5,229 MT and 5,213 MT of wheat stocks of PUNGRAIN and PUNSUP respectively from their Malout centre (PUNGRAIN: 2,602 MT in December 2010 and 2,627 MT in February 2011 and PUNSUP: 2,353 MT in January and 2,860 MT in February 2011).

Thus, failure of PUNGRAIN and PUNSUP to comply with the instructions of FCI regarding direct delivery of wheat from mandis to its godowns resulted in loss of ₹ 90.93 lakh.

The matter was referred to the Government and the Companies (May and June 2012), their replies were awaited (December 2012).

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4 Carry over charges includes inventory carrying cost and storage charges for wheat.

5 Bill No. 81 dated 13 January 2011: ₹ 6.83 lakh, Bill No. 81A dated 13 January 2011: ₹ 5.51 lakh and Bill No. 83 dated 28 February 2011: ₹ 27.15 lakh (in respect of PUNGRAIN).

6 Bill No. 141 dated 7 February 2011 for ₹ 21.36 Lakh and Bill No. 151 dated 9 March 2011 for ₹ 39.08 Lakh. (in respect of PUNSUP)