

OVERVIEW

This Report contains two Compliance Audits, one on ‘Electricity Tariff, Metering, Billing and Collection System in Puducherry Electricity Department’ and other on ‘Management of Jails in Union Territory of Puducherry’ and four compliance audit paragraphs.

The overall receipts and expenditure of Union Territory of Puducherry for the year 2019-20 was ₹ 8,753 crore¹ and ₹ 8,732 crore² respectively.

Audit observations on Compliance Audit

We observed several deficiencies in critical areas, which had adverse impact on effective functioning of Government Departments, key audit findings on compliance issues are as under:

Compliance Audit on Electricity Tariff, Metering, Billing and Collection System in Puducherry Electricity Department

Electricity Department (ED) of the Government of Union Territory (UT) of Puducherry is a deemed licensee under Section 14 of the Electricity Act, 2003, engaged in the business of retail supply of electricity in the four regions of the UT of Puducherry viz., Puducherry, Karaikal, Mahe and Yanam.

The Electricity Act, 2003 directs to maintain a healthy balance of interest between power utilities and the consumers. However, audit of tariff, metering, billing and collection by ED revealed that such a balance was not maintained as the gap between revenue and cost of power supplied to consumers had increased from ₹ 97.57 crore to ₹ 375.89 crore during three years ending 2019-20. There were delays in finalisation of Annual Accounts with consequent delay in submission of True-Up petition which resulted in the ED losing the opportunity of early adjustment of revenue gap.

Instances of short claim and non-claim of applicable tariff resulting in loss of revenue were also noticed. The value of transmission and distribution losses amounted to ₹ 69.51 crore during 2017-20. An amount of ₹ 69.22 crore was disallowed by JERC due to non-payment of interest on Security Deposit. There were delays in replacement of mechanical meters and defective meters; further, non-replacement of defective meters was significant upto 25 years. In addition, ED was yet to replace 45,627 electro mechanical meters with static meters as required.

¹ Revenue receipts - ₹ 6,781 crore; Recovery of Loans and Advances - Nil; Public Debt receipts - ₹ 1,044 crore and Public Account receipts - ₹ 928 crore.

² Revenue expenditure - ₹ 6,836 crore and Capital expenditure (inclusive of Public Account Disbursements) - ₹ 1,896 crore.

The existing billing system was not efficient as there were several weaknesses in the software being used.

Poor collection efficiency resulted in accumulation of arrears of revenue to the extent of ₹ 709.60 crore as of March 2020. The smart grid project of Government of India was partially implemented. The recovery under RR Act was not effective as only ₹ 4.88 lakh was collected during the last three years ending March 2020 against the pendency of ₹ 25.01 crore.

The poor performance of Anti Power Theft Squad (APTS) covered only upto 0.05 *per cent* of the total consumers during 2017-20. Moreover, ED had not taken follow-up action on 82 *per cent* of the cases reported by APTS which defeated the basic objective of inspection by APTS.

(Paragraph 2.1)

Compliance Audit on Management of Jails in Union Territory of Puducherry

The Compliance Audit on Management of Jails revealed instances of non-adherence to Prisons Act, Prison Rules and Model Prison Manual. Separate Fund Accounts were not maintained for various Funds.

Guarding personnel were not properly trained. Separate yards for accommodating young prisoners were not available. The X-ray baggage scanner installed to ensure prohibition of entry of banned items was not functional. The e-Prison project could not be implemented due to delay in finalisation of tenders.

The jail hospital lacked adequate medical professionals and facilities, hence majority of cases were referred to outside hospitals for treatment.

Key posts were operated with persons from non-correctional services. Board of visitors was not constituted. Shortage of trained staff compromised the ability of jail administration to effectively develop the required skills of inmates for future rehabilitation. Majority of prisoners were not engaged in any work and wages for the work done were also not paid.

State Level Committee has not been constituted to review premature release of appropriate life convicts in violation of the provisions of Model Prison Manual.

(Paragraph 2.2)

Audit Paragraphs

Interest for the compensation for acquisition of land was paid without considering the earlier part payments of compensation which resulted in excess payment of interest of ₹ 5.91 crore.

(Paragraph 2.3.1)

Injudicious decision of the Project Implementation Agency to establish Effluent Treatment Plant of 1 mld capacity disregarding the actual requirement of effluent sillage to be treated resulted in unfruitful expenditure of ₹ 3.41 crore.

(Paragraph 2.4.1)

Non-selection of beneficiaries before construction and subsequent non-allotment of tenements led to unfruitful investment of ₹ 1.54 crore.

(Paragraph 2.5.1)

The Ice plant and storage plant created for preservation of fish at a cost of ₹ 3.09 crore in December 2015 has not yet commenced its commercial operation even after five years of completion due to defective implementation of the project.

(Paragraph 2.5.2)