

Executive Summary

About this Report

Rural Electrification has been identified as a critical programme for the development of rural areas by policy makers at regional and national levels. In order to strengthen the sub-transmission and distribution infrastructure (ST&D) and to ensure reliable and quality power supply in rural areas, the Ministry of Power, Government of India launched (December 2014) Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY). The prime objectives of DDUGJY were:

- segregation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agricultural and non-agricultural consumers in the rural areas;
- strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering at distribution transformers, feeders and consumer's end; and
- rural electrification, as per the targets laid down (August 2013) under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY).

This Audit Report presents significant audit findings arising out of the performance audit undertaken by the Comptroller and Auditor General of India on implementation of this scheme by the DISCOMs in the State of Rajasthan.

Purpose for undertaking the audit

As per 2011 Census data, 56.67 *per cent* of rural households in Rajasthan had access to electricity. Further, as on 31 March 2015, there were 110.47 lakh rural households in Rajasthan, of which, 43.64 lakh rural households (39.50 *per cent*) were un-electrified. Keeping in view the prime objectives of DDUGJY and rural electrification being identified as a critical programme for development of rural areas, evaluation of implementation of the scheme has become vital.

The performance audit on Implementation of DDUGJY in Rajasthan has been carried out during 2020-21, covering the period 2015-20. Audit evaluated adequacy of requirement of infrastructural works and formulation of Detailed Project Reports (DPRs), efficiency in execution of the projects economically, adequacy of monitoring mechanism and fulfilment of the scheme objectives in an efficient and effective manner.

Audit coverage

Ministry of Power, Government of India has also issued separate guidelines for implementation, quality control mechanism and project management agency (PMA) under DDUGJY. As provided in DDUGJY guidelines, DISCOMs formulated 33 DPRs *i.e.* one for each district/circle of the State/ DISCOMs. The total sanctioned cost of these 33 projects was ₹ 2,819.41 crore.

Nine districts/circle offices (three circle offices from each DISCOM representing 27.27 *per cent* of total 33 districts), having sanctioned cost of

₹ 1,026.53 crore (36.41 per cent of total sanctioned cost), were selected for detailed evaluation of implementation of the scheme in the State.

What have we found and what do we recommend?

The audit findings are broadly covered in five chapters *viz*; project formulation and execution; contract management; monitoring & quality assurance mechanism; funding mechanism; and beneficiary survey. Major findings are highlighted below:

Project Formulation and Execution

- Need Assessment Document (NAD) was not prepared and hence DISCOMs failed in identifying the need of feeder separation and critical gaps in sub-transmission and distribution network.

(Para 2.3, Page 7)

- Supplementary DPRs, prepared by the DISCOMs as per sanctioned amount, were not placed before the State Level Standing Committee (SLSC) for its approval before uploading on the web portal.

(Para 2.5, Page 9)

- Despite having provision under DDUGJY, DISCOMs did not take initiative to connect their Grid Sub-Stations (GSSs) and Billing/ other offices with optical fibre network under National Optical Fibre Network.

(Para 2.6, Page 10)

- There was significant delay ranging between 164 to 276 days, 276 to 331 days and 185 to 352 days in award of projects {issue of LOA after six months from approval of the Monitoring Committee (MC)} by Jaipur, Ajmer and Jodhpur DISCOM respectively.

(Para 2.8, Page 11)

- None of the 33 projects awarded under DDUGJY were completed within the originally stipulated time period and there was considerable delay ranging between 367 to 857 days, 697 to 752 days and 19 to 604 days in Jaipur, Ajmer and Jodhpur DISCOM respectively.

(Para 2.9, Page 11)

- There was significant curtailment in the feeder segregation work than what was envisaged and approved in the DPRs. In the selected projects, only 271 feeders against 541 feeders envisaged for segregation in DPRs, were segregated. Further analysis of segregated feeders disclosed that 182 feeders were segregated virtually by diverting the load on new feeder without separation.

- Even after taking up feeder segregation work long back in the year 2008 and incurring an expenditure of ₹ 2,083.95 crore and ₹ 329.29 crore in XIth & XIIth plan and under DDUGJY respectively, DISCOMs could not complete the work of separation of agriculture and non-agriculture feeders.

(Para 2.12, Page 16)

- Load flow studies for new Sub-Stations (SSs)/augmentation of 33/11 Kilo Volt (KV) or 66/11 KV SSs were not conducted to identify critical gaps in sub-transmission and distribution network. Rural Electrification Corporation (REC) sought (September 2016) the load flow studies from DISCOMs, but the same were not provided.

(Para 2.13.1, Page 18)

- Non-adherence with the prescribed norms coupled with non-involvement of Planning wing while formulating DPRs and lack of coordination among various wings of DISCOMs resulted in inclusion of unviable SS in DPRs which led to change in location of 91 SS (43.75 per cent of the total 208 envisaged SS).

(Para 2.13.2, Page 18)

- The DISCOMs did not follow the diversity factor determined by the DISCOMs Coordination Forum (DCF) for installation of DTs and incurred an extra expenditure of ₹ 53.15 crore towards transformer capacity in excess of requirement.

(Para 2.13.4, Page 21)

- DISCOMs, instead of creating separate feeder for agriculture and non-agriculture load, kept mix load on 182 newly constructed feeders under selected projects.

(Para 2.13.6, Page 23)

- None of the three DISCOMs made provision for installation of meters on distribution transformers. Further, 3,626 defective feeder meters were not replaced despite sanction of fund under DDUGJY.
- Jaipur and Ajmer DISCOMs did not replace any defective consumer meter despite sanction of fund worth ₹ 97.10 crore under DDUGJY. Further, Jodhpur DISCOM did not make any provision for replacement of 2.08 lakh defective meters.
- DISCOMs also passed a rebate of ₹ 50.37 crore during 2016-20 on account of non-replacement of defective meters within stipulated time period.

(Para 2.13.7, Page 24)

- All the 104 UEVs envisaged for electrification under DDUGJY were already electrified/ electrified through other means which indicated that electrification of UEVs considered under DDUGJY was not realistic.

(Para 2.14, Page 25)

- DISCOMs envisaged providing electricity connection to 20.58 lakh rural households (13.36 lakh under 12th Plan and 7.22 lakh under DDUGJY), of which 15.20 lakh electricity connections (9.35 lakh under 12th Plan and 5.89 lakh under DDUGJY) were provided upto 31 March 2021.

(Para 2.15, Page 27)

- DISCOMs could not ensure power to all till March 2018 as they could release only 19.74 per cent of the targeted connections. The DISCOMs could provide connections only to 81.65 per cent un-electrified rural

households by March 2021. Further, DISCOMs could provide only 15.90 *per cent* and 85.52 *per cent* of Below Poverty Line (BPL) connections till March 2018 and March 2021 respectively.

(Para 2.15.1, Page 28)

- DISCOMs incorrectly declared the un-electrified villages as electrified as parameters prescribed under new definition were not completely accomplished because 10,320 schools situated in rural areas were un-electrified till November 2020. Thus, even after implementation of DDUGJY, DISCOMs failed to achieve the target of 100 *per cent* village electrification in the State.

(Para 2.15.4, Page 30)

- There was an increase in the number of Permanently Disconnected Consumers (PDCs) in BPL category in rural areas of DISCOMs.

(Para 2.18, Page 32)

- DISCOMs could not achieve the targeted reduction of AT&C losses. The major reasons attributable to non-achievement of targets were declining trend in collection efficiency and theft of power.

(Para 2.20, Page 33)

Contract Management

- The DISCOMs did not comply with the provisions of Rajasthan Transparency in Public Procurement (RTPP) Act/ Rules and directions/guidelines issued by the Central Vigilance Commission (CVC) while procuring services of consultants/ PMA and awarding turnkey contracts for implementation of DDUGJY projects.

(Para 3.6, Page 40)

- Ajmer DISCOM irregularly allowed ₹ 8.45 crore on Price Variation (PV) despite non-existence of provision for allowing PV on copper wound DTs in the Standard Bidding Document issued by REC and approved by SLSC.

(Para 3.11, Page 45)

Monitoring & Quality Assurance Mechanism

- DISCOMs did not submit progress of executed works to SLSC after October 2018.

(Para 4.3, Page 50)

- Ajmer and Jodhpur DISCOMs failed in ensuring timely compliance of non-conformities observed by PMA of these DISCOMs, as 86.70 *per cent* and 47.00 *per cent* of the non-conformities were pending rectification for a period ranging between five months and 35 months.

(Para 4.10, Page 55)

- The performance of DISCOMs/PMAs was not satisfactory as REC Quality Monitors (RQM) detected large number of critical/major defects in each type of executed works.

(Para 4.11, Page 57)

Funding Mechanism

- DISCOMs have taken significant time ranging between 532 days and 939 days in furnishing the claims for release of first instalment of grant from the date of approval of the projects by the MC.

(Para 5.2, Page 64)

- As the parameters were not found completed, the MoP, while releasing the third instalment of grant, deducted ₹ 181.61 crore on account of non-rectification of quality defects, non-utilising 90 *per cent* of grant released under initial two instalments and towards State Goods & Service Tax (SGST) claimed by the DISCOMs.

(Para 5.3, Page 65)

- System of calculating/claiming of grant was deficient as claims were lodged inclusive of SGST (₹ 214.91 crore) despite its inadmissibility and thus, deprived of grant worth ₹ 128.95 crore.

(Para 5.4, Page 65)

- Jaipur DISCOM executed ineligible work of underground cable worth ₹ 48.22 crore without prior approval of the SLSC and the MC.

(Para 5.5, Page 66)

- Financial closure of completed projects was not undertaken which led to delay in receipt of the final tranche of grant to that extent.

(Para 5.6, Page 67)

- DISCOMs failed to achieve the prescribed milestones to become eligible for an additional grant *i.e.* 50 *per cent* of loan component.

(Para 5.8, Page 68)

- DISCOMs management was not vigilant in avoiding the cost overrun as a result 19 projects could not be completed within the awarded cost.

(Para 5.9, Page 69)

Beneficiary Survey

Results of the beneficiary survey in the surveyed sample revealed (i) absence of detailed survey prior to formulation of DPRs; (ii) Lack of adequate awareness program; (iii) providing broken kit items; and (iv) instances of incorrect billing and non-redressal of beneficiaries' grievances.

(Para 6.3, 6.4, 6.5, 6.7 and 6.8, Page 73 to 81)

Recommendations

In order to implement public centric scheme more effectively/efficiently and to utilise the available resources more optimally, the State Government/DISCOMs may consider the following recommendations:

- *Evolve a mechanism to identify system strengthening requirements in regular manner;*
- *Formulate strategic and operational planning as per the Scheme based on duly updated system strengthening requirements;*

- *Evolve a mechanism to conduct detailed field survey before formulating Scheme specific DPRs to identify the beneficiaries so that benefits of scheme reach intended and targeted beneficiaries;*
- *Develop a system to avoid delay in award and execution of projects;*
- *Ensure completion of the works in future projects within the stipulated time frame to achieve the intended benefits;*
- *Build up a mechanism for proper energy accounting by ensuring metering arrangement at each level;*
- *Take effective steps to reduce the AT&C losses by focussing on energy audit to curb the theft with a targeted approach;*
- *Strengthen its procurement process to ensure compliance of provisions laid down under the RTPP Act/Rules, CVC's directions/guidelines, GoI Scheme and other mandatory norms;*
- *Ensure disciplinary action against the officers responsible for violating tendering norms and releasing extra payment towards price variation;*
- *Critically examine the existing monitoring mechanism and take suitable steps to strengthen it;*
- *Ensure that there is sufficient deterrence, by fixing accountability and responsibility at each level, more specifically for grave lapses like use of CTL failed material;*
- *Evolve a mechanism to ensure rectification of deficiencies in executed works in time;*
- *DISCOMs may institute a mechanism to ensure completion of all formalities in a real time manner to avail the schemes benefits and receipt of funds timely;*
- *Evolve a mechanism to identify the beneficiaries prior to implementation of schemes;*
- *Institutionalise and strengthen the system to avoid incorrect billing and non-redressal of grievances; and*
- *Take immediate steps to rectify the deficiencies of works executed.*