

CHAPTER-IV

4. MISCELLANEOUS TOPICS OF INTEREST RELATING TO GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

GOVERNMENT COMPANIES

Assam Petrochemicals Limited

Infructuous investment

Procurement of synthesis catalyst without considering the declining capacity utilisation of Methanol Unit-I and lead-time required for procurement resulted in infructuous investment of Rs.53 lakh.

4.1 Synthesis catalyst is used by the Company in the production of Methanol (CH₃OH) from natural gas in Methanol Unit-1. The Company procured catalyst from time to time and normally a batch of catalyst (1200 Kg) is consumed in about 18 months depending upon actual capacity utilisation. So, the batch of catalyst charged to production process in February 1997 would have last till August 1998 and beyond as the capacity utilisation was on the decline.

The Company placed an order in August 1997 for procurement of catalyst on M/s Marubeni Plant and Equipment Corporation, Japan, and the same arrived at Kolkata port in February 1998. In the same month, the Company decided to shutdown the plant in view of its continued operating losses.

The catalyst received at a total cost of Rs.53 lakh was declared unserviceable in January 2001 and scrap value was assessed at Rs.0.10 lakh.

Thus, Company's action of resorting to advance procurement was not justified in view of:

Catalyst was declared unserviceable.

The known fact of declining capacity utilisation, and

The fact that lead time required was only six months and hence, the Company could have waited till February 1998, eventually by which time decision was taken to close down the unit.

This resulted in loss of Rs.52.90 lakh net of scrap value.

The Company in their reply stated (2 July 2003) that continuous efforts were being made to increase Methanol production in view of better demand and price prevailing at that time.

The reply was not acceptable as audit observed that the supply order was placed in a normal routine manner without considering declining capacity utilisation and lead-time required for procurement.

The matter was reported to the Government in April 2003; their replies are awaited (September 2003).

Avoidable loss

Delay in taking initiative for reduction of excess load resulted in avoidable expenditure of Rs.18.31 lakh.

4.2 The Company was paying electricity charges to Assam State Electricity Board (ASEB) as an Extra Large Industrial Consumer. The total connected load for the purpose was 6,000 KW*, which was raised to 6,500 KW* from June 1998. The total load of 6,500 KW included 1,621.36 KW* (1,907.48 KVA) required in respect of 21 TPD** Methanol Unit-I and Formalin Unit-I.

Operation of Methanol Unit-I suspended and decided to dispose the plant.

Delay in initiating process for load surrendering.

Scrutiny of the records (April 2002) revealed that the production in these two units was suspended from February 1998 and January 1999 respectively. The Board of Directors of the Company decided to dispose (April 2000) of the Methanol Unit-I, but no decision was taken in respect of Formalin Unit-I though the operation of the unit was never revived thereafter. It was further observed in audit that the Board of Directors in their 207th meeting held in October 2001 accorded approval for surrender of 1,914.54 KVA of load and accordingly the Company applied for load reduction in October 2001. The decision for surrender of load was taken after a delay of 18 months from the date (April 2000) when decision for disposal of the Methanol Unit was taken. However, the ASEB after inspection allowed the load reduction of 1,621.36 KW from 14 February 2002.

* KW: - Kilowatt

** TPD :- Tonne per day.

Revised tariff came into effect.

In June 2001, the ASEB notified realisation of fixed demand charge at 80 *per cent* of connected load (in KVA) at the rate of Rs.150/- per month per KVA effective from July 2001 and the Company was paying this since the date of effect.

The Management, in reply stated (June 2003) that reduction of connected load was lengthy and time-consuming process. Management's reply is not acceptable since, when Management knew that reduction of load was a lengthy process, the initiative for load reduction should have been taken immediately after the decision (April 2000) for closure of Methanol Unit I was taken.

The delay in taking initiative for reduction of excess load resulted in avoidable expenditure of Rs.18.31 lakh, being the fixed demand charges paid on excess connected load.

The matter was reported to the Government in April 2003; their replies are awaited (September 2003).

Assam Gas Company Limited

Excess expenditure.

Erroneous evaluation of tenders resulting in excess expenditure of Rs.21.48 lakh.

4.3 The Company listed out 323 items for pipe-laying works between Makum and Doom Dooma (approximately 33.5 KM) as part of modernisation project of Doom Dooma Gas Grid, and the work was to be executed in the form of sub-packages. Company invited item rate tenders for all 323 items from four parties and short-listed on the basis of past performances. Financial evaluation of item rates were carried out for a sub-package of 41 items and based on such evaluation, orders (estimated value: Rs.1.82 crore) were placed (March 2000) on all the aforesaid four parties at the accepted rates of one tenderer, M/s Tiranta Enterprise. This sub-package was completed (January/February 2001) at a total value of Rs.2.59 crore for 93 items.

It was observed that:

Rejection of lowest rate due to incorrect evaluation of tenders resulted in excess expenditure.

- In financial evaluation of the tenders for 41 items, amount of tax to be deducted at source (TDS) under Income Tax Act was also added to the cost in the case of offer from M/s Bordubi Engineering Works (BEW)

and thereby M/s BEW became the second lowest; the lowest item rates quoted by M/s BEW were wrongly rejected;

- Due to erroneous rejection of lowest acceptable rates of M/s BEW, the Company incurred excess expenditure of Rs.21.48 lakh for 93 items.
- Company did not consider the site condition before preparing bill of quantities (41 items) for this sub-package, resulting in increased scope of work (from 41 items to 93 items).

The Company in their reply confirmed (June 2003) the fact of inclusion of income tax in the rates of M/s BEW.

The matter was reported to the Government in April 2003; their replies are awaited (September 2003).

Improper fund Management

Borrowing of funds at higher rate of interest despite having sufficient fund in its own account was unjustified and resulted in avoidable expenditure of Rs.1.26 crore.

4.4 Assam Gas Company Limited (AGCL) obtained a loan of Rs.13.50 crore during the period from June 1999 to July 2001 from Industrial Development Bank of India (IDBI) at interest rate of 16 and 14 *per cent* per annum plus up front fee at 1.05 *per cent* on the sanctioned amount of loan, to meet the cost of laying pipe line from Duliajan to Tinsukia and Makum to Doom Dooma.

Scrutiny of the records of the Company (August 2002) revealed that the Company had met the expenditure of Rs.18.65 crore for this work out of its own funds prior to obtaining of loan from the IDBI. After meeting the said expenditure (Rs.18.65 crore), the Company had a balance of Rs.11.65 crore and Rs.1.86 crore in its fixed deposits and current account respectively in June 1999, which increased to Rs.30.82 crore (June 2002) and Rs.4.91 crore (March 2002) respectively. Moreover, the Company had no other major projects in hand during the said period.

Well before the scheduled date of repayment, the Company refunded the entire amount (Rs.13.50 crore) of loan during September 1999 to April 2002 and incurred an expenditure of Rs.3.12 crore, towards interest (Rs.2.93 crore), 1.05 *per cent* up front fee (Rs.14 lakh) and guarantee commission (Rs.5 lakh) paid to the State Government on this account.

Company was left with sufficient fund even after meeting major portion of expenditure from its own fund.

Avoidable expenditure on borrowed fund compared to what the company had earned from its fixed deposit.

Thus, borrowing of funds at higher rates of interest despite having sufficient funds to meet the requirement from its own account was unjustified and for such improper fund Management, the Company had to incur avoidable expenditure of Rs.1.26 crore (Rs.3.12 crore being interest and other charges paid on loan of Rs.13.50 crore *minus* Rs.1.86 crore being the interest of fixed deposit that would have been foregone had the same been met out of fixed deposits).

The Management in their reply stated (June 2003) that interest on borrowing was added to the project cost in determining the rate of Transmission Charge (TC) and was recovered from the consumers over a period of time and hence there was no loss on account of utilisation of borrowed fund.

The Company, however, failed to justify the drawal of loan amounting to Rs.13.50 crore at a point of time when the requirement of funds for the completion of projects was only Rs.3.36 crore and there was bank balance of Rs.13.51 crore. Had the loan not been taken the Company could have saved Rs.1.26 crore and maximised its profit besides benefiting the consumers by lower tariff.

The matter was brought to the notice of the Government in December 2002 and May 2003; their replies are awaited (September 2003).

Discrimination in assessing the performance

Awarding of works at higher rates led to extra expenditure of Rs.83 lakh.

Both the offers were technically acceptable and rate of M/s KWH was the lowest.

4.5 The Company invited (November 1997) tenders for execution of work of supply, installation, testing and commissioning of pipeline network of High Density Poly Ethylene (HDPE) for supply of natural gas to various tea garden in the district of Dibrugarh and Tinsukia. In response to this six firms offered their rates, of which two firms *viz.*, M/s National Organic and Chemical Industries Limited (NOCIL) and M/s KWH Pipe (India) were found technically acceptable and the rate quoted by M/s KWH Pipe (India) in their commercial bid was the lowest.

Board of Directors in its 178th meeting held on 14 September 1998 decided to allot work of two tea gardens to M/s KWH Pipe (India) and work of four tea gardens to M/s NOCIL at the quoted rates of the firms on the ground that M/s KWH Pipe (India) was a new party to the Company.

Awarding of subsequent works without inviting fresh tender.

Thereafter, the Company took up, in succession, work of Doom Dooma Gas Grid Project, Tinsukia Gas Grid and pipe laying work of some new tea factories and on every occasion, Management proposed to the Board of Directors to allot the works to M/s NOCIL on the ground that fresh tendering

might cause delay in completion of the work, rates might go up, and also that performance of M/s KWH Pipe (India) could not be assessed/was not up to the mark.

Scrutiny, however, revealed (August 2002) that except for delay in execution, which occurred in case of both the firms, there was nothing on record to show that performance of M/s KWH Pipe (India) was not satisfactory.

Awarding of works at higher rates resulted in extra expenditure.

Thus, allotment of work to M/s NOCIL for execution of six orders, during the period from September 1998 to March 2000, at higher rates led to extra expenditure of Rs.83 lakh as detailed below:

Value of works executed by M/s NOCIL	Value of work as per quoted rates of M/s KWH	Difference being extra expenditure
(Rupees in lakh)		
490.52	407.57	82.95

In reply to audit observation Management stated (June 2003) that work was allotted to M/s KWH Pipe (India) on trial basis, as the party had no experience in execution of work in N.E.Region. The Management also narrated the extent of delays occurring in case of M/s KWH Pipe (India) .

Discrimination in assessment of performance.

The reply of the Management is not tenable because experience in N.E.Region was not a pre-condition set out in the NIT and that delay of four to five months occurring in case of M/s KWH Pipe (India) might not be accepted as a valid ground for non-awarding of orders to the firm while delay in execution by M/s NOCIL ranged from 5 to 12 months.

The matter was brought to the notice of the Government in December 2002; their replies are awaited (September 2003).

STATUTORY CORPORATIONS

Assam State Electricity Board

Non-realisation of revised load security and loss of interest

Non-realisation of revised load security (Rs.2.60 crore) resulted in loss of interest of Rs.0.58 crore.

4.6 Clause 7 (c) of the Terms and Conditions of Supply (TCS) 1988 and 1998 of the Assam State Electricity Board (ASEB/Board) stipulates that before releasing power supply to a consumer, he/she shall deposit a load security against the connected load to ensure payment of monthly energy bills as per Schedule of Tariff (SOT) applicable from time to time. The ASEB revised and enhanced (July 2000) the rate of load security to the extent of three times of the average billed amount during a calendar year irrespective of existing and new consumers. This was also circulated (August 2000) to all field offices for implementation with immediate effect.

**Unrealised
load security.**

Test check of records of the Executive Engineer, Dibrugarh Electric Supply Undertaking, Sibsagar Electrical Division, Dibrugarh Electrical Division of the ASEB revealed (June and August 2002) that against realisable amount of revised load security to the tune of Rs.2.78 crore, revised load security bills for Rs.18.31 lakh could be served and realised but the balance bills for remaining amount of Rs.2.60 crore, as detailed below, could neither be preferred so far (June 2003) due to non-availability of records relating to realisation of load security from the consumers at pre-revised rate nor the position could be explained to audit:

Name of the Division	Non-realisation of revised load security assessed	Existing security	Revised load security realisable	Revised load security bill preferred/realised	Revised load security bills not preferred
(Rupees in lakh)					
Dibrugarh Electric Supply Undertaking	103.06	29.09	73.97	6.11	67.86
Sibsagar Electrical Division	147.10	0.00	147.10	8.92	138.18
Dibrugarh Electrical Division	76.55	19.78	56.77	3.28	53.49
Total:	326.71	48.87	277.84	18.31	259.53

Loss of interest on unrealised load security charges.

Thus, non-realisation of load security from all the consumers was not only in violation of the provision of TCS and against the financial interest of the Board, but also resulted in loss of interest of Rs.58 lakh on un-realised amount of load security (calculated *at the rate of 9.5 per cent per annum* for the period from September 2000 to March 2003).

The ASEB did neither investigate the reason for non-availability of records and non-preferring of revised load security bills nor fixed any responsibility for such lapses.

While confirming the fact, the Management also stated (July 2003) that load security was being charged at revised rates from all new customers, and efforts were on to collect load security at the revised rates from the existing customers.

The matter was brought to the notice of the Government/Management (October 2002 and April 2003); their replies are awaited (September 2003).

Undue benefit to a consumer and non-levy of compensation charge

Limitation of compensation period to three days instead of six months resulted in loss of Rs.45.53 lakh and in another case assessment bill could not be preferred even after lapse of more than three years for malpractice—Rs.1.31 crore.

Compensation was payable by consumer for malpractice.

4.7 Clause 21 (ii) (i) of the Terms and Conditions of Supply (TCS) 1998 provided that interfering and tampering with the meter and metering system, shall be generally treated as malpractice. Clause 22 (c) and (d) of the TCS further provide that, if interference with the meter and metering system is detected, the ASEB may, without prejudice to any other legal action that may be taken against the consumer, ask him to pay compensation to be assessed on the basis of demand factor, load factor and connected load for a period of six month prior to the date of detection and will bill at the rate of twice the existing tariff. Clause 22 (f) (i) (a) also provides that a consumer aggrieved by such assessment may, appeal to the appropriate authority within a period of 15 days from the date of issue of compensation/assessment bill/notice after depositing 50 *per cent* of the assessment bill served.

A scrutiny of records (December 2001) in the office of the Area Manager (AM), Industrial Revenue Collection Area (IRCA), Tinsukia revealed the following:

- After detection (13 July 1999) of interference and tampering with the metering system (CT Secondary Plastic Seal) by the inspecting squad

Appeal was accepted without realising 50 per cent of compensation bill.

Appellate Authority reduced the period of assessment to 3 days as against 6 months as per TCS.

of the ASEB, a compensation bill for Rs.46.30 lakh was preferred (August 1999) to the consumer, M/s Ganapati Ispat Private Limited (Consumer No. IND-3/32) in terms of Clause 22 (d) *ibid*. The consumer made an appeal to the higher authority, which was accepted even though 50 per cent of the assessment bill, a pre-requisite for acceptance of any appeal/petition was not deposited. The higher authority decided (September 1999) to restrict the period of assessment bill to three days (from 10 July 1999 to 13 July 1999) instead of six months on the ground that the Meter Testing and Investigation (MTI) Sub-Division, Tinsukia had checked the meter on 10 July 1999 and found all seals intact. So, a revised compensation bill for Rs.0.77 lakh was served and paid (October 1999) by the consumer. The decision of the higher authority was not in consonance with the provisions of TCS, as the TCS did not confer any discretion to the higher authority to reduce the period of compensation from six months to three days where the malpractice had been established. Stipulation in the TCS for assessment/recovery of penalty for six months was a measure deterrent to such malpractice and therefore, limiting the period of compensation to three days contrary to the Board's terms and conditions was injudicious.

Management in their reply (July 2003), accepted the facts but it did not comment on the action of the appellate authority, which was contrary to the provisions of TCS.

Thus, acceptance of appeal without realising 50 per cent (Rs.23.15 lakh) of the compensation bill (Rs.46.30 lakh) contrary to the provision of TCS amounted to extension of undue privilege to the consumer. More so, due to limitation of compensation period to three days instead of six months in contravention to Clause 22 (c) of the TCS, the ASEB had to suffer revenue loss of Rs.45.53 lakh (Rs.46.30 lakh being original compensation bill less Rs.0.77 lakh being revised compensation bill realised).

Compensation bill not served.

In another case, the Inspection Squad of the ASEB detected (July 1999) interference with the metering system by M/s Dirok Tea Estate (Consumer No. T/6/15). Though the malpractices were detected and reported (July 1999), the claim for compensation/assessment bill for Rs.1.31 crore as per clause 22 (c) & (d) could not be preferred till date (March 2003) for reasons not on record.

In reply, Management stated (July 2003) that in conformity with the objection raised (December 2001) by audit, assessment bill for an amount of Rs.1.31 crore has been claimed (April 2002) from the consumer. As the consumer refused to pay the bill, the case has been referred to the Board's Standing Counsel in March 2003 for legal opinion, which is still awaited. Thus, the fact emerged from the reply that due to lack of proper initiative, revenue to the tune of Rs.1.31 crore remained unrealised (July 2003).

The matter was reported to the Management/Government in April 2002 and April 2003; their replies are awaited (September 2003).

Loss of revenue

Unauthorised release of power and inaction on the part of the Management to initiate appropriate action against the consumer and the delinquent official led to revenue loss of Rs.33.31 lakh.

Board is empowered to serve and realise assessment bill.

4.8 Clause 23 (e) of the Terms and Conditions of Supply (TCS), 1998 of the Assam State Electricity Board (Board) empower the Board to disconnect supply of power for malpractices viz., theft of energy etc. Clause 22 (d) of the TCS further provides that when a consumer indulges in the theft of energy, the Board may, without any prejudice to its right, assess the quantum of energy loss on the basis of demand factor, load factor and connected load for a period of six month prior to the date of detection of malpractice and will be billed at the rate of twice the existing tariff.

Area Manager to release service connection.

The Board also stipulated (June 1998) that for release of service connection to consumers with connected load above 50 KW, the concerned Meter Testing and Investigation (MTI) Sub-Division/Division on completion of the work of metering, testing and sealing thereof in co-ordination with concerned sub-division/division should intimate the Area Manager (AM) to arrange release of service connection.

Unauthorised release of service connection.

Scrutiny of records of the Area Manager, Industrial Revenue Collection Area, Tinsukia (IRCA) revealed (December 2001) that an inspecting team of the Board detected (12 April 1999) theft of power by M/s Green Gold Tea Industry. The consumer was availing power through a 315 KVA transformer without installation of any metering system. Records produced to audit also revealed that after execution of an agreement between the ASEB and the consumer on 23 April 1999, power was released on 5 May 1999 and accordingly, monthly bill for energy charges was also preferred from May 1999 only. Scrutiny further revealed that the Assistant Executive Engineer, Margherita Sub-Division without the knowledge of the higher authority/concerned AM, IRCA and in violation of the Board's directive (June 1998) referred to above, unauthorisedly released the service connection to the consumer.

Temporary injunction from the Court against disconnection not against realising compensation.

On the basis of inspection report (April 1999) an assessment bill for Rs.33.31 lakh along with a disconnection notice was served (June 1999) to the consumer. The consumer obtained (June 1999) temporary injunction from the Civil Court of Tinsukia only against disconnection. There was nothing in the Court order which refrained the Board from realising the compensation bill from the consumer as per provision of the TCS, yet the same could not be

realised (March 2003). The Board also did neither cause any investigation to ascertain as to how and from which date actual service connection was released nor fix responsibility for unauthorised release of service connection.

Loss of revenue.

Thus, due to unauthorised release of power and inaction on the part of the Management to initiate appropriate action against the consumer and the delinquent official, Board had to suffer revenue loss of Rs.33.31 lakh.

Management in their reply stated (July 2003) that the consumer had filed a suit in June 1999 before the Civil Judge, Senior Division, Tinsukia and the same was still pending. Action had been initiated to dispose of the case in favour of ASEB so that blocked revenue could be realised. Reply is not tenable since Court in its order dated 28 June 1999 issued *ad-interim* injunction to maintain *status-quo* in respect of the supply of energy and electrical connection and directed the Board to appear before the Court on 14 July 1999 and to show-cause as to why the said order of *status-quo* should not be made absolute. There was nothing in the Court Order, which refrained the Board from realising the compensation bill from the consumers. Moreover, Management's reply is indicative of its apathy to safeguard Board's financial interest.

The matter was brought to the notice of the Management/Government in (April 2003); their replies are awaited (September 2003).

Short realisation of energy charges and non-levy of surcharge

Incorrect recording of multiplying factor and absence of periodic meter testing resulted in short-realisation of energy charges (Rs.29.27 lakh) and non-levy of surcharge (Rs.21.83 lakh).

4.9 Scrutiny of records of the Area Manager (AM), Industrial Revenue Collection Area (IRCA), Tinsukia revealed (December 2001) that the Meter Testing and Investigation Sub-Division, Dibrugarh installed (December 1997) a Current Transformer/Potential Transformer (CT/PT) set and metering system in replacement of the defective set in the premises of M/s Diroi Tea Estate (TE) for measuring actual energy consumption of the consumer.

Multiplying factor of the set was recorded as 1000* based on which energy consumption was assessed. Whereas, as per inspection conducted (April 2000) by the Executive Engineer of the Meter Testing and Investigation (MTI) Division, Jorhat, the multiplying factor in the set was found as 2000 (1 unit in the meter = 2000 KWH). It was, however, recorded in the inspection report (April 2000) that the meter reading could not be taken during installation due to non-availability of power, which was not true due to the fact that

Detection of incorrect recording of Multiplying Factor.

* 1 unit in the meter = 1000 KWH.

performance of the set was found to be satisfactory during installation as recorded (December 1997) in the inspection report.

Recovery could not be made from the consumer inspite of specific instruction from the Chief Engineer (Commercial).

Thus, due to wrong recording of multiplying factor during installation, the energy bill was raised for half of the actual energy consumed by the consumer from December 1997 to March 2000. So, the IRCA, Tinsukia preferred revised bill for Rs.29.27 lakh after adjusting the amount already realised from the consumer for the period from December 1997 to March 2000. But the consumer appealed (June 2000) for restricting the bill for six months from the date of detection (4 March 2000) of error, which the Chief Engineer (Commercial) did not accept and directed (April 2001) to recover the entire amount along with the surcharge. But, no recovery could be made so far (March 2003) for reasons not on record nor stated to audit.

Short realisation of energy charge and non-levy of surcharge.

Thus, wrong recording of multiplying factor during installation and absence of periodic meter testing system resulted in short realisation of energy charges of Rs.29.27 lakh. In addition, surcharge of Rs.21.83 lakh (at the rate of two *per cent* on Rs.29.27 lakh for the period from June 2000 to March 2003) was also not levied.

The matter was brought to the notice of the Management/Government in April 2002; their replies are awaited (September 2003).

Injudicious expenditure

Injudicious decision of the Assam State Electricity Board to take up renovation and modernisation works of Chandrapur Thermal Power Station without ensuring future operation of the plant led to blockade of borrowed fund of Rs.1.11 crore and additional financial burden of Rs.51 lakh towards payment of interest and other charges.

4.10 In order to undertake renovation and modernisation (R&M) works of Chandrapur Thermal Power Station (CTPS) during the 9th Plan period, the Assam State Electricity Board (ASEB/Board) requested (July 1998) the Power Finance Corporation Limited (PFCL) for sanction of loan of Rs.12.30 crore.

Board was aware that the operation of CTPS would be uneconomical due to high cost of fuel.

The PFCL, on the basis of observations made by its Loan Committee, intimated (September 1998) the Board that the generation cost of CTPS was very high due to low thermal efficiency and high cost of fuel oil, which would bring negative financial return to the Board. The Board also was aware that after dismantling of administrative price mechanism in September 1997, the price of Low Sulphur Heavy Stock (LSHS) and Low Sulphur Furnace Oil (LSFO) which were primary fuel of the station, had increased from Rs.3,045 to Rs.6,793 per MT and Rs.3,540 to Rs.5,768 per MT making the operation of CTPS economically unviable. The Board, however, informed PFCL that

sufficient fund would be generated through revision of tariff and persuaded PFCL to accord sanction of loan. So, PFCL sanctioned (November 1998) loan for Rs.4.28 crore at 14.5 *per cent* interest for R&M work of Unit-I of the CTPS against which Rs.1.67 crore was actually drawn by the Board during the period from October 1999 to February 2000.

Procurement of materials for R&M works and suspension of operation of CTPS.

During the period from June 1998 to January 2000, the Board incurred an expenditure of Rs.1.11 crore on procurement of machinery required for R&M works. However, the installation/commissioning work had to be suspended from March 2000 due to prohibitive fuel cost. As there was no possibility of CTPS resuming generation in foreseeable future, the Board surrendered (December 2001) Rs.2.61 crore being unavailed amount of loan and refunded (June 2002) the unutilised amount of Rs.56 lakh, out of Rs.1.67 crore actually drawn by them.

Refund of unavailed and unutilised loan.

Blockade of fund and additional financial burden.

Thus, decision of the Board to take up R&M works of CTPS without ensuring future operation of the plant and against the professional advice of PFCL was injudicious, which led to blockade of borrowed funds of Rs.1.11 crore from January 2000 and additional financial burden towards payment of interest and other charges amounting to Rs.51 lakh till March 2003.

The matter was brought to the notice of the Management/Government in July 2002; their replies are awaited (September 2003).

Unrealised revenue against disconnected consumer

Failure to take appropriate timely action resulted in accumulation of arrears of Rs.1.88 crore, which remained unrealized.

4.11 Clause 23 (a) of the Terms and Conditions of Supply (TCS), Assam State Electricity Board (ASEB/Board), 1988 & 1998 stipulates that if a consumer fails to pay his electricity bill within 30/15 days, as applicable, of its being presented to him, the Board may disconnect the supply of electricity to the consumer after giving him not less than seven clear day's notice in writing without prejudice to its right to recover the amount of bill by suit. Further, Board reserves the right to appropriate the load security towards the payment of charges due to Board at any time after 30 days of disconnection if the consumer fails to clear the outstanding dues against which the disconnection has been carried out under Clause 7 (c) (ii) of TCS 1998.

Scrutiny of records of three divisions under the control of Sibsagar Electrical Circle, Dibrugarh Electrical Supply Undertakings (DESU), Dibrugarh Electrical Division (DED) and Industrial Revenue Collection Area (IRCA) Tinsukia revealed (during December 2001 & September 2002) that during the period from March 1992 to July 2002 service connection of 3,122 consumers

No legal action could be taken to recover the outstanding dues.

having accumulated dues of Rs.1.88 crore were disconnected permanently by the Board. The dues remained outstanding till the date of audit (September 2002). The Board could not take any legal action to effect recovery from the concerned consumers due to non-availability of proper records of the consumers in the field offices.

Accumulation of arrears against disconnected consumers.

Despite Board's instruction, to restrict outstanding dues within the load security, the concerned authority failed to take appropriate action to keep the arrear dues within the limit of load security. It was also observed in audit that in few cases supply of power was disconnected after a lapse of 12 to 124 months of default in payment of dues and in some cases service connections were permanently disconnected after 7 to 77 months of temporary disconnection against the usual provision of six months. In no case, load security was adjusted towards the outstanding dues.

Dues accumulated due to inordinate delay in disconnection.

Thus, Board's failure to initiate appropriate timely action to realise the outstanding dues from permanently disconnected consumers resulted in accumulation of huge arrears of Rs.1.88 crore over the years.

In accepting the audit contention, Management stated (July 2003) that efforts were on to realise such dues. But, the fact remains that despite such efforts, arrears of Rs.1.88 crore remain unrealised so far (July 2003), which proved Board's failure to initiate effective measures.

The matter was brought to the notice of the Management/Government in April 2002 to October 2002; their replies are awaited (September 2003).

Loss of revenue

Acceptance of part payment of bills contrary to the provision of tariff led to non-realisation of surcharge and allowing undue benefit of rebate resulted in loss of revenue of Rs.47.67 lakh.

Consumer unauthorisedly adjusted Rs.1.20 crore against energy bills.

4.12 The Honourable High Court, Guwahati ordered (October 1999) for supply of power at subsidised rate of 30 paise per unit for the first three years of commercial operation (July 1990 to June 1993) to M/s Vinoy Cement Limited (Consumer) as allowed by the State Government under incentive scheme. The scrutiny of records revealed (February 2002) that the consumer while making payment of the monthly bills of April, May and June 2000 adjusted an amount of Rs.1.20 crore for the excess payment made in earlier bills. Determination of excess payment was a pre-requisite condition of the Court's order. Board's tariff does not provide any scope for part payment of the bills served. Thus, adjustment of Rs.1.20 crore by the consumer was not in order. The State Government was to compensate the Board for the benefit of concessional rate allowed to the consumer. Accordingly, the Board adjusted

Two per cent surcharge amounting to Rs.42.79 lakh not levied

(January 2002) Rs.1.20 crore towards the compensation from the amount received from the Government of Assam. The consumer should have been billed for surcharge of two *per cent* for the amount deducted by him for the period (April 2000 to December 2001) up to which Board was not compensated by the Government of Assam. The Board by not doing so did not realise Rs.42.79 lakh towards surcharge. Further, for the month of July 2001 also surcharge of Rs.1.64 lakh was not charged and undue benefit of Rs.3.24 lakh towards rebate for timely payment was also extended to the consumer though the payments were not made by him in time (June 2001 to November 2001).

Undue benefit of one per cent rebate for timely payment

Thus, acceptance of part payment against bills served was contrary to the provision of tariff, which resulted in non-levy/non-realisation of delayed payment surcharge (Rs.44.43 lakh) and allowing undue benefit of rebate (Rs.3.24 lakh) led to loss of revenue to the tune of Rs.47.67 lakh.

Accepting the audit observation, Management stated (July 2003) that steps for realisation of the unrealised surcharge of Rs.42.79 lakh as pointed out by audit were being taken. Management's reply is however, silent about non-levy of surcharge (Rs.1.64 lakh) and undue benefit of one *per cent* rebate (Rs.3.24 lakh).

The matter was brought to the notice of the Government (April 2002); their replies are awaited (September 2003).

Loss due to delay in preferring claim

Delay in preferring claim for compensation resulted in loss of Rs.18.55 lakh.

27 claims were time barred due to delay in preferring claim for non-delivery of goods by Railway.

4.13 Section 106 B of Indian Railways Act, 1989 stipulates that a claim against the Railways for non-delivery of goods booked for carriage has to be preferred within six months from the date of entrustment of the goods.

It was observed in audit (SAR 1997-1998, 1999-2000 and May 2002) that out of 221 claims amounting to Rs.7.48 crore lodged by the Board with the Railway authorities during the period from March 1990 to March 2002 against missing coal wagons consigned to Bongaigaon Thermal Power Station (BTPS), Salakati, 27 claims against undelivered/missing wagons of coal valued at Rs.18.55 lakh, pertaining to February 1989 to September 1997, were repudiated (December 2001) as time barred since the claims were not preferred within the specified time limit.

Thus, the delay in preferring the claims for compensation (27 cases) resulted in loss of Rs.18.55 lakh. The Board did not investigate the reasons for delay in preferring claims and fix the responsibility for such negligence/lapses.

The matter was brought to the notice of the Management/ Government in July 2002; their replies are awaited (September 2003).

GUWAHATI

(J.M.R. MARAK)

THE

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Assam**

Countersigned

NEW DELHI

(VIJAYENDRA N. KAUL)

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