

## CHAPTER IV : MINISTRY OF COAL

### Coal Mines Provident Fund Organisation

#### 4.1 Avoidable expenditure of energy charges

**Despite clear directions of Ministry of Coal in May 2007, Coal Mines Provident Fund Organisation did not take initiative for installation of electric meters in its residential quarters at Headquarters, Dhanbad and continued to supply electricity to its employees at nominal rate which resulted in under recovery of energy charges to the tune of ₹ 2.16 crore during the period from 2010-11 to 2014-15.**

The Coal Mines Provident Fund Organisation (CMPFO), an autonomous body, having its Headquarters at Dhanbad, was established under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.

The electricity requirement of CMPFO for its office building and residential quarters, located at Headquarters, Dhanbad, is met from Jharkhand State Electricity Board (JSEB) through High Tension (HT) electric connection of 350 KVA, which was enhanced (October 2013) to 408 KVA. The power load for office and residential purposes had been assessed at 19.41 and 80.59 *per cent* respectively. Since there is no separate meter for recording energy consumption at residential quarters, JSEB raises electricity bill on composite energy consumptions which includes consumption for office building as well as for residential quarters. CMPFO, in turn, recovers the energy charges from its employees for their residential consumption as per the fixed rates applicable to different types of quarters. CMPFO also provides power backup facility to its residential quarters through its own DG sets of 500 KVA during interruption of power supply from JSEB.

Audit observed (March 2015) that for effective recovery of electricity charges from its employees; CMPFO never initiated any fruitful action for installation of meter for recording actual consumption of electricity in the residential quarters. Further, no assessment was conducted by CMPFO till date for determining the electricity consumption for common facilities. Upto January 2010, electric charges of its residential quarters were collected at nominal rates of ₹ 4 to ₹ 15 per month for different types of quarters. Subsequently, CMPFO revised (March 2010) the fixed rates of recovery of electricity charges which

ranged between ₹ 250 and ₹ 700 per month for different types of quarters retrospectively from February 2010.

Despite such enhancement in the fixed rate of recovery of electricity charges, there was wide gap between energy charges paid to JSEB for residential consumption and recovery of the same from its employees over the years. Records revealed that during the last five years ended 2014-15, CMPFO paid ₹ 3.33 crore to JSEB towards consumption of electricity for office and residential quarters. Taking into consideration the power load of 80.59 per cent for residential purpose, the expenditure made for the consumption of electricity in residential quarters was ₹ 2.68 crore (80.59 per cent of ₹ 3.33 crore) for the above years. However, CMPFO actually collected ₹ 0.52 crore from its employees during 2010-11 to 2014-15 for their residential electricity consumption, based on fixed rates of recovery effective from February 2010. Thus due to non-installation of electric meter for recording residential consumption of energy and consequent collection of energy charges at nominal fixed rates, CMPFO incurred an avoidable expenditure of ₹ 2.16 crore (₹ 2.68 crore - ₹ 0.52 crore) during the last five years ending 2014-15.

Audit had highlighted the issue on several occasions, objecting such avoidable expenditure through Audit Reports (No. 4 of 2005(Civil) and CA 15 of 2008-09) laid before the Parliament with the expectation that suitable action would be taken to stop recurrence of the same. In the light of such audit observations, Ministry of Coal also instructed (May 2007) CMPFO to fix the electricity meters in residential quarters and directed that the organisation should not bear the expenditure on electricity used by its own staff and officers. JSEB in January/February 2012 also requested CMPFO to apply for separate meter for domestic purpose in prescribed application form with requisite application fee. However, till date, CMPFO could not adhere to the above requirements of JSEB for installation of electric meter at its residential quarters and thus under recovery of energy charges from its employees is still being continued.

While admitting the facts, the Management stated (December 2015) that CMPFO had approached (November 2015) the JSEB, Dhanbad for prescribed application form for installation of separate power watt electric meters for all the 243 residential quarters for staff/officers of CMPFO colony.

Thus, inaction on the part of CMPFO Management over the years to install electric meters in the residential quarters at Dhanbad and thereby failure to

recover the actual energy charges from its employees resulted in avoidable expenditure of ₹ 2.16 crore on consumption of electricity from 2010-11 to 2014-15.

#### **4.2 Failure to utilise vacant office space and residential complex in Hyderabad which was lying idle for more than eight years**

**Since shifting of office from Hyderabad to Godavarikhani in July 2007, Coal Mines Provident Fund Organisation did not take any initiative for gainful utilisation of its vacant office space and residential complex located at a prime location in Hyderabad. They lost the opportunity to earn rent of ₹ 66.46 lakh from unutilised space for the period from March 2014 to December 2015.**

The Coal Mines Provident Fund Organisation (CMPFO), an autonomous body, was established under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948. Its main function is to administer schemes to provide social security, inculcate a spirit of savings and make provision for the future of coalmine workers on retirement, or for their dependents, in case of early death. CMPFO is governed by a Board of Trustees and functions under the administrative control of Ministry of Coal, Government of India. CMPFO having its Headquarters at Dhanbad is operated through 24 Regional Offices situated across the country.

The Regional Office of CMPFO in Hyderabad started functioning from its permanent office building and staff quarters, comprising 51,230 sq.ft. of covered space, constructed during 1995 at Kothapet, a prime location in Hyderabad. CMPFO spent an amount of ₹ 4 crore for construction of the said facilities.

In order to facilitate quick settlement of claims and other matters of the employees of Singareni Collieries Company Limited (SCCL) working at Godavarikhani and Ballampalli regions, CMPFO subsequently decided (March 1999) to shift the Regional Office from Hyderabad to Godavarikhani. For operation of Regional Office at the new place, SCCL handed over the required infrastructure for office space and residential quarters on rental basis to CMPFO in July 2007 and since then the Regional Office of CMPFO has been functioning from Godavarikhani.

Audit observed (April 2015) that after shifting of Regional Office from Hyderabad to Godavarikhani, CMPFO had been using only 10,000 sq.ft. of office space for running the operation of National Electronic Data Processing

Centre, a unit of CMPFO, out of 20,000 sq.ft. of office space available in Hyderabad and balance 10,000 sq.ft. office space remained unutilised. Similarly, out of 31,229 sq.ft. available for 46 residential quarters, only 6 quarters (7663 sq.ft.) were occupied and the balance 23,566 sq.ft. remained vacant since occupants were transferred to Godavarikhani. Though, after shifting of office, a major portion of the above infrastructure was not required and remained unutilised, CMPFO did not envisage any plan for their utilisation. As a result, despite a lapse of more than eight years, it failed to make any gainful utilisation of the above vacant space for its own purpose nor did it explore the opportunity to let out the vacant space inspite of the fact that the same was situated at a prime location in Hyderabad. Even the proposal of Central Government Health Scheme received in June 2014 for use of 2434 sq.ft. was not pursued vigorously. Audit scrutiny further revealed that the higher management of CMPFO also never considered the possibility for gainful utilisation of idle office and residential space since shifting of office in July 2007 and the same was never discussed in the meetings of Board of Trustee of CMPFO till date. During the last five years ended 2014-15, CMPFO had incurred an expenditure of ₹ 108.09 lakh for maintenance, security, electricity and water charges, municipal tax etc. for the office and residential complex in Hyderabad and during the same period CMPFO paid ₹ 25.63 lakh as rent to SCCL for occupying office and residential space at Godavarikhani. Thus, the office space and residential complex in Hyderabad constructed by CMPFO was lying idle without serving any purpose to the organisation for more than eight years, foregoing possibility of recouping some portion of the maintenance expenditure. Besides, considering the available records of reasonable rent of the property as assessed by Central Public Works Department in March 2014, by the most conservative estimate, CMPFO lost the opportunity to earn rent of ₹ 66.46 lakh<sup>1</sup>, calculated for the last 22 months from March 2014 to December 2015 from the vacant space lying unutilised at the prime location in Hyderabad. The foregone rent for the earlier period is not quantifiable in absence of fair rent schedule.

While accepting the audit observations, the Management stated (November 2015) that the building of Hyderabad office would be developed as a training centre and a detailed proposal for the purpose would be placed in the next meeting of Board of Trustees.

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<sup>1</sup> Vacant office and residential space (10000 sq.ft + 23566 sq.ft) ₹ 9 per sq.ft x 22 months.

The contention of the Management is not convincing as the office and residential complex in Hyderabad was lying vacant since 2007 and no fruitful action was taken for gainful utilisation of vacant space in Hyderabad complex during the last eight years. Further, no documentary evidence in support of the initiative taken by CMPFO for gainful utilisation of the facilities as training centre could be made available to audit.

Thus, due to lack of initiative on the part of CMPFO for gainful utilisation of its office space and residential complex lying vacant for more than eight years, CMPFO deprived itself from the benefits of having the infrastructure located at a prime place in Hyderabad and also lost the opportunity to earn rent of ₹ 66.46 lakh from unutilised space for the period from March 2014 to December 2015.