CHAPTER II
Performance Audit relating to PSUs

CHAPTER-II:
PERFORMANCE AUDIT RELATING TO PSUs

Section 4: Performance Audit relating to Power Sector PSUs

Performance Audit on implementation of Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY)/SAUBHAGYA schemes by Assam Power Distribution Company Limited

Highlights

The Company did not take up feeder segregation works resulting in non-achievement of the objective of optimum rostering of power between agricultural and non-agricultural consumers. The Company did not keep any documentary evidence on records to show prioritization of deserving project areas for implementation of projects under the Scheme.

(Paragraph 2.13.1 and 2.13.3)

Implementation of the scheme was also characterized by several instances of non-adherence to the scheme guidelines. There were instances of inefficiencies in contract management, execution of works and monitoring. Project implementation was beset with slow execution of works, weak monitoring, non-fulfilment of commitments made in the agreements, delays in award of contracts, irregular award of work, procurement of items of below standard *etc*.

(Paragraph 2.13.2, 2.14.1, 2.14.2, 2.15.1, and 2.17.2)

Monitoring mechanism for ensuring quality though in place, could not keep pace with progress of works and resultantly, there were delays in exercising significant and appropriate checks making the monitoring process largely ineffective. Further, there was lack of monitoring on the part of the SLSC to sort out issues causing delay in completion of projects.

(Paragraph 2.16.1 and 2.18.1)

Despite there being many untraceable beneficiaries, survey however, revealed various benefits of the schemes (i.e., reduction of monthly expenditure, increase in study hours, increased use of electrical gadgets, increase in safety and security, *etc*.) which the beneficiaries availed due to implementation of the schemes.

(Paragraph 2.19.1 to 2.19.9)

2.1 INTRODUCTION

With a view to address the problem of inadequate and unreliable power supply in rural areas and also to strengthen the distribution network in rural areas, Government of India (GoI) launched (December 2014) the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) scheme for rural electrification. The erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme meant for village electrification was subsumed in the DDUGJY scheme and accordingly the new Scheme (DDUGJY) envisaged to complete all the rural electrification works taken up and pending completion under the erstwhile RGGVY Scheme. Subsequently, GoI also launched (October 2017) the Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) to achieve universal household electrification in the Country by providing 'last mile connectivity[76]' and electricity connections to all households (HHs) in both, rural and urban areas.

In Assam, both the Schemes were implemented by the 'Assam Power Distribution Company Limited' (Company) with the financial support received from the Ministry of Power, Government of India (MoP, GoI) and Government of Assam (GoA). To implement the Schemes in Assam, tripartite agreements were signed (24 June 2016 and 24 August 2018) between the Rural Electrification Corporation Limited[77] (REC), GoA and the Company. The role of various authorities in formulation, approval and implementation of two Schemes (DDUGJY and SAUBHAGYA) are shown in ***Appendix 5***. The broad details about electrification of villages and households under the two Schemes are as given in ***Table 2.1***.

Table 2.1: Status of electrification in Assam

Scheme	Electrification of villages			Electrification of households		
	Total (prior to Scheme)	Sanctioned	Completed as on 31.03.2021	Total (prior to Scheme)	Sanctioned	Completed as on 31.03.2021
DDUGJY	26,395*	19,055**	15,894	NA	7,46,250	7,71,088
SAUBHAGYA	-	-	-	24,10,348	19,36,555	13,99,688[78]

**** 2,339 un-electrified (UE) and 24,056 partially electrified (PE) villages; ** 2,339 UE and 16,716 PE villages***

2.2 ORGANISATIONAL SETUP

The Management of the Company is vested with the Board of Directors comprising the Chairman, Managing Director (MD) and Directors appointed by GoA. The day-to-day operations of the Company are carried out by the MD through the help of Chief General Managers, Deputy General Managers and Assistant General Managers in the headquarters and field offices.

[76] The 'last mile connectivity' refers to the connectivity between the main backbone network and the end users.
[77] A central PSU and designated Nodal Agency for implementation of DDUGJY in the Country.
[78] The Company could not electrify 5,36,867 households as funds sanctioned for household electrification was re-allocated for creation of additional infrastructure.

2.3 AUDIT OBJECTIVE

The Performance Audit was undertaken to ascertain whether:

- the Company had evolved proper planning for implementation of the programme effectively within the scheduled time;
- the scheme funds were utilised efficiently and effectively to ensure financial propriety;
- the implementation of the scheme was done to achieve the broad objectives of economy, efficiency and effectiveness; and
- Proper and adequate monitoring mechanism was in place to ensure timely implementation of the scheme and achievement of scheme objectives.

2.4 AUDIT CRITERIA

The main sources of audit criteria for the performance audit were:

- ✓ Rural Electrification Policy 2006;
- ✓ Scheme guidelines issued by Ministry and additional guidelines issued by REC regarding Quality control and Procurement of Goods and services *etc*.;
- ✓ Bipartite/Tripartite/Quadripartite agreement among REC, State Government, State Power Utilities and CPSUs**;**
- ✓ Minutes of the Monitoring Committee meetings;
- ✓ Sanctions for payment of capital subsidy of MoP along with Utilization Certificates;
- ✓ Instructions/circulars/orders issued by MoP and REC regarding the scheme;
- ✓ Approved DPRs along with vetting comments in REC;
- ✓ Applicable General Financial Rules *etc*. and
- ✓ Contract Agreements

2.5 AUDIT METHODOLOGY

The Audit commenced with an Entry Conference held (22 October 2020) with the Company Management and the officials of GoA wherein the audit methodology, scope, objectives and audit criteria, *etc*. were elaborated.

To assess economy, efficiency and effectiveness of implementation of the Schemes, the audit methodology adopted involved scrutiny and analysis of data/records with reference to the audit criteria, discussion with the Management, issuing of audit queries and obtaining response of the Management before finalisation of the report.

Further, to analyse the perception of the intended beneficiaries about the benefits of the Schemes, Audit also conducted *Beneficiary survey*, in respect of the selected villages with the help of a structured questionnaire.

While finalising the Report, formal replies of the Company (12 January 2021) and the views expressed by the Company's representatives in the Exit Conference (5 January 2022) have been appropriately considered.

2.6 AUDIT SCOPE AND SAMPLING

The present audit covers the implementation of DDUGJY and SAUBHAGYA schemes by Assam Power Distribution Company Limited for the period from April 2014 to March 2020.

In Assam, out of 2,339 unelectrified (UE) and 24,056 partially electrified (PE) villages (prior to the launch of the DDUGJY scheme) spanning across 27 districts (projects) of the State as on 31 December 2014, 2,339 UE and 16,716 PE villages along with 7,46,250 households were sanctioned for electrification under DDUGJY scheme (including RGGVY XII and DDG). In case of SAUBHAGYA scheme, out of 24,10,348 households (not electrified prior to launch of the scheme in October 2017), GoI sanctioned electrification of 19,36,555 households.

For the purpose of present audit, 25 *per cent* of the projects covered under two Schemes (*i.e.,* 7 projects[79]) were selected for detailed scrutiny. The project sample comprised of 'High risk' stratum (limited to 5 *per cent* of the projects), which had high project costs and 'Others' stratum consisting of the remaining projects. While 100 *per cent* of the projects under 'High risk' stratum were taken up for audit, 20 *per cent* sample was drawn for the 'Others' stratum, using Simple Random Sampling without Replacement (SRSWOR) method using IDEA Software.

In each identified project, Blocks and villages were selected by using SRSWOR. Further, three Blocks were selected in each of the sampled projects where the number of Blocks were nine or more while two Blocks were selected in other projects.

Further, in each selected Block, bottom 20 *per cent* villages with 'nil' or 'low' average household power consumption were treated as high risk (based on village-wise average household power consumption data for 2019-20) and selected for audit while 10 *per cent* of the remaining villages were selected using SRSWOR. The villages were selected with a maximum cap of ten and minimum of two[80] from each selected block.

A minimum of five villages from each selected Block were selected for *Beneficiary survey*, covering ten beneficiaries.

2.7 Objectives of the Schemes

The main objectives of the schemes are given in ***Table 2.2.***

Table 2.2

DDUGJY	SAUBHAGYA
Separation of agriculture and non-agriculture feeders facilitating judicious	Providing last mile connectivity and electricity connections to all un-

[79] Kamrup (M), Udalguri, Goalpara, Dhubri, Dima Hasao, Dhemaji and Karbi Anglong district
[80] Except those blocks where one village was available for selection.

DDUGJY	SAUBHAGYA
rostering of supply to agricultural and non-agricultural consumers in the rural areas	electrified households in rural areas and economically poor un-electrified households in urban areas. Non-poor urban households are excluded from this scheme.
Strengthening and augmentation of sub-transmission and distribution (ST&D) infrastructure in rural areas, including metering at distribution transformers, feeders and consumers end	Providing Solar Photovoltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages/habitations, where grid extension is not feasible or cost effective
Provisioning of micro-grid and off grid distribution network	

2.8 Funding pattern

The funding mechanism of both the schemes is depicted in ***Table 2.3***.

Table 2.3

Agency	Nature of support	Quantum of support (Percentage of project cost)
Government of India	Grant	85 *per cent*
Government of Assam	Own Fund	5 *per cent*
Rural Electrification Corporation Limited	Loan	10 *per cent*

2.9 Physical Progress of Schemes

As mentioned earlier, there were 2,339 UE villages and 24,056 PE villages in the State as on 31 December 2014 (prior to the launch of the DDUGJY scheme), while the number of un-electrified Households in the State as on 10 October 2017 was 24,10,348 (prior to the launch of the SAUBHAGYA scheme). The status of works sanctioned and completed as on 31 March 2021 under the schemes are given in ***Table 2.4***.

Table 2.4

Particulars	DDUGJY (including RGGVY-XII Plan & DDG)		SAUBHAGYA	
	Sanctioned	Completed (as on 31 March 2021)	Sanctioned	Completed (as on 31 March 2021)
UE Village (Nos)	2,339	996[81]	-	-
Partially electrified Village (Nos)	16,716	14,898	-	-

[81] Out of 2,339 UE villages sanctioned, APDCL electrified 996 UE villages and the remaining 1,343 villages were found to be partially electrified while executing the scheme works.

Particulars	DDUGJY (including RGGVY-XII Plan & DDG)		SAUBHAGYA	
	Sanctioned	Completed (as on 31 March 2021)	Sanctioned	Completed (as on 31 March 2021)
DTRs set up (Nos)	21,598	20,591	8,336	10,824
New & Augmented 33/11 KV sub-station (Nos)	114	111	-	-
33 KV line (ckm)	879.5	589.04	-	-
11 KV line (ckm)	14,361.67	14,650.68	5,926.02	5,580.53
LT lines (ckm)	20,181.22	24,988.76	16,230.36	20,349.09
Household connections (Nos)	7,46,250	7,71,088	19,36,555	13,99,688

It can be seen from the above **Table** that as against the 2,339 UE villages sanctioned under Schemes (DDUGJY, RGGVY-XII Plan & DDG), the Company had electrified 996 UE villages (281 villages under RGGVY-XII Plan, 302 villages under DDUGJY and 413 under DDG off-grid scheme). Remaining 1,343 UE villages sanctioned under the Scheme were found to be PE villages at the time of execution of Scheme works. Further, it can be seen that in respect of DTR set up, construction/ augmentation of 33/11 KV sub-stations and 33 KV lines, the executed parameters were less than the sanctioned parameters. Similarly, in respect of 11 KV lines, LT lines and household connections, the executed parameters exceeded the sanctioned parameters. The above stated facts indicated that the estimates made by the Company in DPRs were not based on actual field requirements.

Further, out of total 19,36,555 households sanctioned under SAUBHAGYA Scheme, the Company could electrify 13,99,688 households (72 *per cent*) till 31 March 2021. The shortfall of 5,36,867 households in Scheme coverage was mainly due to spending higher amount (₹ 1,811.17 crore) on creation of additional infrastructure than sanctioned (₹ 1,493.57 crore). To cover the shortfall, the Company requested (May and June 2021) REC for additional sanction of ₹ 1,815.36 crore towards electrification of 4,83,361 households (including creation of additional infrastructure) based on re-survey report of un-electrified households. GoI, however, sanctioned (July 2021) ₹ 1,718.18 crore for electrification of 4,80,249 un-electrified households. The Company invited (September 2021) tenders for execution of the works, against which it had electrified 3,81,507 households (as on February 2022).

2.10 Financial Progress of Schemes

A summary of amount sanctioned, amount received and payments released by the Company as on February 2022 against the implementation of the projects under the schemes is shown in ***Appendix 6***.

GoI sanctioned ₹ 3,156.34 crore under DDUGJY (including RGGVY-XII plan & DDG). As per funding pattern, the Company was to receive ₹ 2,682.89 crore (85 *per cent*) as grant from GoI, ₹ 315.63 crore (10 *per cent*) as loan from REC and the balance ₹ 157.82 crore as grant from GoA. Against this, the Company received total funds of

₹2,930.69 crore (₹ 2,402.18 crore as grant from GoI, ₹ 267.49 crore as loan from REC and ₹ 261.02 crore (including state taxes) as grants from GoA). Although the grant/loan from REC has been fully utilised, the Company is yet to utilise ₹ 169.09 crore received as grant from GoA.

Under SAUBHAGYA scheme, REC had approved (November 2021) closure cost of ₹ 2,476.07 crore[82]. Against the total closure cost the Company had received ₹ 1,876.08 crore as GoI subsidy/grant, ₹ 225.72 crore as loan from REC and ₹ 196.23 crore as contribution from GoA. The Company is yet to receive a grant/subsidy of ₹ 61.20 crore from REC and ₹ 96.33 crore from GoA. The main reason for non-release of ₹ 61.20 crore by REC was delay in submission of closure proposal of the scheme. As against the total funds received, the Company had spent ₹ 2,282.43 crore towards payment against the scheme works. As of February 2022, the Company had unspent Scheme funds of ₹ 15.60 crore.

2.11 Details of Sanction, Award and Completion of the works

The project wise details of Sanction, NIT, Award, Expenditure incurred under DDUGJY and SAUBHAGYA are shown in ***Appendix 7 and Appendix 8*** respectively. The summarised details of sanction, award and completion of the works are as shown in ***Table 2.5***.

Table 2.5

Name of Scheme	No. of Districts	Period of Sanction	Sanctioned cost (₹ in crore)	Period of NIT/Award of works	No. of packages	Awarded Cost (₹ in crore)	Payment released (₹ in crore)	Period of completion
DDUGJY	27	December 2013 to September 2018	3,156.34	July 2014 to October 2019	324	3,041.32	2,761.59	January 2017 to December 2021
SAUBHAGYA	27	July 2018 to October 2019	2,598.56[83]	March 2018 to October 2020	153	2,476.07	2,282.43	January 2019 to March 2021

In case of the DDUGJY scheme, all the 324 packages were awarded through tenders. However, in the SAUBHAGYA scheme, 56 packages were awarded through fresh tenders, while 52 packages were awarded to existing DDUGJY contractors and 45 packages were awarded to contractors of SAUBHAGYA, who were already selected earlier against 56 projects. For execution of works through empaneled contractors the LoAs were issued by the Company at the field office level. Hence, details such as date of award, date of completion, name of the vendors *etc*. were not available in the Head Office.

[82] Against ₹ 2,598.56 crore sanctioned by REC
[83] Under SAUBHAGYA scheme the project cost was sanctioned for the state of Assam as a whole and not according to district wise.

2.12 Scheme Outcomes

Prior to implementation of Schemes, Assam had 26,395 villages, of which, 2,339 villages were Un-Electrified (UE) and the remaining 24,056 villages were Partially Electrified (PE). Under the schemes, all 2339 UE and 16,716 PE villages were sanctioned for electrification. Due to implementation of the Schemes, the electrification works were carried out in 996 UE villages[84] (42.58 *per cent*) and 14,898 PE villages (89.12 *per cent*) till March 2021.

As regards household electrification, Assam had total of 51,88,986 rural households as on October 2017, of which 27,78,638 rural households (53.55 *per cent*) were given electricity connections and the remaining 24,10,348 households (46.45 *per cent*) were un-electrified. Due to implementation of the Schemes, the number of household electrification had increased to 45,59,833 households (87.88 *per cent*) in the State till March 2022. Further, during the course of beneficiary survey, the beneficiaries also responded positively towards the Scheme outcome and the benefits they derived from electrification of households. Other outcomes appearing from the beneficiary survey conducted by Audit are discussed in ***paragraph 2.19.***

Audit findings - DDUGJY

The performance under the scheme as analysed in audit is discussed below:

2.13 Observation on planning

2.13.1 Non preparation of Need Assessment Documents

As a part of the planning and project formulation process, the guidelines of the DDUGJY scheme stipulated that the Company should prepare Need Assessment Documents (NAD) containing all relevant information along with justification to substantiate the proposed scope of work and cost estimates and submit the same to REC. After scrutiny and validation of the NAD by REC, the Company was to prepare district/circle/zone wise Detailed Project Reports (DPRs) based on detailed field survey and latest approved schedule of rates. The details of NAD, if any, prepared by the Company and its validation by REC was not made available to Audit. The Company also did not provide any base line data with regard to BPL households, number of agricultural and non-agricultural consumers, data on common feeders requiring segregation, data on ATC losses, load shedding, *etc*. to benchmark the achievements under the Scheme. The Company, however, had prepared[85] the DPRs for all the 27 districts of the State with proposed cost estimate of ₹ 6,435 crore (original DPRs) through engagement of consultants and submitted (April 2015 & January 2016) the same to REC for approval. The Monitoring Committee (MC), Ministry of Power (MoP) approved (August 2015 and April 2016) the DPRs and against the proposed cost estimates (₹ 6,435 crore) sanctioned ₹ 1,274 crore to the State. Accordingly, the Company prepared revised DPRs for 27 districts within the sanctioned amount of

[84] Out of 2,339 UE villages, 1,343 villages were found to be partially electrified during execution.
[85] Date of preparation of DPRs were not found on records nor provided by the Company

₹ 1,274 crore for implementation of the scheme. No documentary evidence was, however, found on records to show prioritisation of deserving project areas by the Company for implementation of projects under the Scheme.

2.13.2 Undue benefit to the consultant preparing DPRs

The Company awarded (May-June 2015) the work for survey and preparation of DPRs for 12 districts (including 59 SAGY[86] villages) and 15 districts (including 58 SAGY villages) to WAPCOS Ltd and RECPDCL[87] respectively at the rate of 0.85 *per cent* of the sanctioned DPR cost. The scope of work *inter-alia* included survey of villages/habitation, infrastructures (HT line, LT line and DTR), survey of DTR/Feeder metering, GIS/GPS mapping *etc*. for preparation of the DPRs. It was noticed that WAPCOS and RECPDCL did not carry out any field survey of 117 SAGY villages and DTR/Feeder metering in the rural areas. Despite failure of the consultants (RECPDCL) to conduct the survey of 58 SAGY villages and DTR/Feeder metering, the Company released (January 2022) payment of ₹ 0.23 crore to RECPDCL based on their initial claims against survey of SAGY villages and DTR/Feeder metering works.

In the Exit Conference, the MD stated (January 2022) that the Company had awarded the work of Project Management Agency to RECPDCL as it was a subsidiary of REC (Nodal Agency) for convenience in implementation of the project. The MD further stated that the payment on survey works relating to SAGY and metering was initially withheld but released subsequently on request of the RECPDCL.

The reply is not acceptable as the Company did not release any payment to WAPCOS for survey of SAGY villages and metering works as WAPCOS did not conduct any field survey. Contrary to this, however the Company released payments to RECPDCL ignoring its financial interest although RECPDCL also did not conduct any field survey.

2.13.3 Non-taking up of feeder segregation works

DDUGJY scheme envisaged separating agricultural and non-agricultural feeders so that it would be possible to provide increased hours of power supply to non-agricultural consumers and assured power supply to agricultural consumers. In the original DPRs, the Company proposed for sanction of ₹ 94 crore against feeder segregation works in respect of 92 feeders of nine districts in Assam. It was noticed that neither MC, MoP had sanctioned any funds for feeder segregation works in Assam nor the Company had approached the GoA for the same. Thus, due to non-segregation of agricultural feeders, the objective of optimum rostering of power between agricultural and non-agricultural consumers could not be achieved.

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[86] Saansad Adarsh Gram Yojana (SAGY) is a rural development programme launched (2014) by GoI (Ministry of Rural Development) broadly focusing upon the development in the villages. Under SAGY, each Member of Parliament adopts a Gram Panchayat and guides its holistic progress giving importance for social development at par with infrastructure.

[87] REC Power Development and Consultancy Limited (RECPDCL), a wholly owned subsidiary of REC Limited (Nodal Agency for implementation of DDUGJY Scheme).

In reply the Company stated (January 2022) that Assam being an agricultural state, most of the feeders except town feeders feed power to the agricultural areas in the state.

The reply is not acceptable as feeders feeding power to agricultural areas also cater to the needs of domestic, commercial, industrial consumers which are non-agricultural in nature). Hence, segregation of feeders could have helped judicious rostering of power supply among agricultural and non-agricultural consumers based on their actual needs and availability of power.

2.14 Observations on award of works

2.14.1 Undue benefit to the Project Management Agency (PMA)

GoI sanctioned (August 2015) ₹ 316.28 crore (excluding PMA charges) for 11 districts under DDUGJY works in Assam under the first phase. Accordingly, the Company invited (November 2015) expression of interest (EoI) from 10 firms. Based on the lowest offered rate of 0.29 *per cent* of the project cost, the Company engaged WAPCOS Limited as PMA for the 11 districts under the first phase.

GoI again sanctioned (April 2016) ₹951.48 crore[88] (excluding PMA charges) for carrying the project works (second phase) in 27 districts. On request (May 2016) of the Company, WAPCOS expressed (May 2016) its willingness to act as PMA for second phase in the same 11 districts where it was working as PMA under the first phase at the same rate and terms & conditions.

The Company thereafter invited (July 2016) EoI from 10 firms for engagement as PMA for the remaining 16 districts. The EoI was, however, subsequently cancelled (August 2016) without any recorded justification and the Company, instead of awarding the work to WAPCOS, requested (November 2016) RECPDCL to submit its offer for carrying out PMA works in respect of all the 27 districts in the second phase. Based on the offered rate, the Company issued (December 2016) LoA to RECPDCL at one *per cent* of the project cost of ₹ 951.48 crore for carrying out PMA works in all 27 districts.

Thus, due to injudicious/arbitrary decision of the Company to award the work to RECPDCL at higher rates although WAPCOS was willing to take up the work in the 11 districts of the second phase at their offered rate of 0.29 *per cent* of the project cost, the Company had to incur an avoidable expenditure of ₹ 4.43 crore[89].

In reply, the Company stated (January 2022) that it had allotted the work of PMA to RECPDCL at one *per cent* of the project cost as per the BoD's approval and REC had also increased PMA charges to one *per cent* of the project cost at later stage.

The reply lacked justification as the Company failed to protect its financial interest and avoid extra burden on Government exchequer by awarding PMA works to RECPDCL at higher rate instead of getting the works executed through WAPCOS at lower rate.

[88] ₹ 623.46 crore (additional sanction for 11 districts covered under first phase) plus ₹ 328.02 crore (sanction for remaining 16 districts)

[89] ₹ 623.46 crore x (1.00 - 0.29) *per cent* = ₹ 4.43 crore

Further, despite increase of PMA charges to one *per cent* of the project cost, the additional cost could have been avoided.

2.14.2 Undue favour to contractor by allowing different rates for similar items.

As per the Pre-contract Integrity Pact[90], *the bidder undertakes that it has not supplied/ is not supplying similar product/systems or sub-systems at a price lower than that offered in the present bid in respect of any other Ministry or Department of the GoI or PSU. If it is found at any stage that similar product/systems or sub systems was supplied by the bidder to any other Ministry/Department of the Government of India or a PSU at a lower price, then that very price, with due allowance for elapsed time, will be applicable to the present case and the difference in the cost would be refunded by the bidder to the buyer, if the contract has already been concluded.*

Audit observed that 8 contractors had quoted different rates for similar items (*viz.* Poles, conductor, DTRs *etc.*) in 30 packages awarded to them. The Company, however, did not apply due diligence in enforcing the aforesaid clause while evaluating tenders. This resulted in additional cost of ₹ 10.48 crore, which was neither refunded by the contractors nor claimed by the Company.

In the Exit Conference, the MD stated (January 2022) that the Company compared the rates quoted by the contractors for similar items within a package, but not across the packages. Further, there might be difference in rates of similar items due to delivery of the same at different locations.

The reply is not acceptable as the Standard Bid Document does not restrict the price comparison of similar items within the package concerned. Further, the question of difference in ex-works rates did not arise as contractors were entitled to Freight & Insurance charges separately.

2.15 Observations pertaining to execution of works

Audit observed following irregularities in the implementation of contracts:

2.15.1 Procurement of distribution transformers below standard

As per the Standard Bidding Documents (SBD)[91] circulated (June 2015) by REC, each Distribution Transformers (DTRs) must contain minimum 4-star label which meets the criteria of Energy Efficiency Level-2 and above as specified in IS 1180 (Part-1):2014 for all kVA ratings of DTRs. However, the word 3-star was mentioned inadvertently along with the DTRs in Volume-II Section-III Price Schedule of SBD issued by REC. REC thereafter issued (March 2017) a clarification that DTRs should be as per Energy Efficiency Level-2 and above as specified in IS 1180 (Part-1):2014 (equivalent to earlier 4-star rating).

It is to be mentioned that the energy losses of 3-star rated DTRs (both 25 KVA and 63

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[90] Volume II, Section II, Clause 7.1 of the Standard Bid Document
[91] Clause E (6) of Volume-1 Section VII

KVA) were about 10 *per cent*[92] higher than that of 4-star rated DTRs. Considering this, the Company should have sought clarification from REC regarding the technical specification of DTRs to be procured under DDUGJY. The Company, however, did not seek any clarification from REC in this regard and mentioned (September 2015) the technical specification of DTR as 3-star in Volume-I of its own SBD while inviting tenders for execution of works under 22 packages. As a result, the Company ended up procuring 2,328 DTRs (costing ₹ 25 crore) with 3-star rating energy efficiency.

In the Exit Conference, the MD stated (January 2022) that the Company modified the technical specification of DTRs as 3-star while tendering due to inconsistency in SBD. Further, the Company procured 3-star rated DTRs and made payments against 3-star DTRs only as per the condition of the bid.

The reply is not acceptable as the Company failed to apply due diligence by procuring DTRs with higher energy losses which was against the spirit of installing energy efficient equipments under the scheme works.

2.15.2 Decentralised Distributed Generation (DDG): Solar Standalone System

Monitoring Committee, MoP sanctioned (12 January 2016) ₹35.87 crore for electrification of 305 un-electrified villages (UEVs) of Assam covering 7,174 households (HHs) at the rate of ₹50,000 per HH through installation of solar standalone systems. In this respect, the Company received (25 January 2016) a proposal from Indian Institute of Technology, Madras (IITM) expressing its willingness to execute the work as Project Implementing Agency (PIA) on behalf of the Company at the rate of ₹46,300 (excluding state taxes) per standalone system. The Chairman cum Managing Director, REC, citing the success of work executed by IITM in Rajasthan and Bihar, requested (3 February 2016) the Chairman of the Company to consider execution of off-grid standalone village electrification works through IITM as PIA. The proposal for engagement of IITM was approved (19 June 2016) by the BoD of the Company. Accordingly, the Company entered (22 July 2016) into a bipartite agreement with IITM and awarded (3 August 2016) the work to IITM for electrification of all 305 UEVs covering 7,174 HHs at a cost of ₹33.22 crore[93] including operation and maintenance of standalone systems for five years after commissioning. Later on, based on actual field requirement, the Company increased (March-December 2017) the scope of work from 7,174 HHs (305 villages) to 26,822 HHs (367 villages) of which REC accorded (April 2017 to September 2017) approval for electrification of 24,098 HHs[94] (348 villages). As regards execution of work, IITM claimed (August 2021) to have installed (March 2017 to December 2020) standalone systems in 26,822 HHs[95] (348 villages). Against

[92] For 25 KVA DTR: Energy losses at 100 *per cent* load: {695 watt (3 star) minus 635 watt (4 star)} i.e., 9.45 *per cent*
For 63 KVA DTR: Energy losses at 100 *per cent* load: {1250 watt (3 star) minus 1140 watt (4 star)} i.e., 9.65 *per cent*

[93] at the rate of ₹46,300 per HH excluding State tax

[94] Approval for remaining 2724 HHs (19 villages) though accorded in January 2018, the same was subsequently withdrawn by REC in September 2018 without assigning any reason.

[95] 22,466 HHs in 304 villages sanctioned by REC + 4356 HHs in 44 villages not sanctioned by REC

this, the Company had released payments amounting to ₹ 111.77 crore[96] (*i.e.,* 90 *per cent* of ₹ 124.19 crore) to IITM during the period from September 2016 to February 2019.

With reference to the above, Audit observed the following irregularities:

A. Award of work without inviting tender

As per sanction letter (Clause-4) issued (January 2016) by REC for electrification of 305 un-electrified villages using Standalone systems, the Company was to implement the approved project in accordance with the Guidelines issued by Ministry of Power, Government of India[97] and any amendment thereto. Clause-13.6 of the aforesaid guidelines required the Company to invite open tender on Build, Operate, Maintain and Transfer (BOMT) basis and award work. Further, the Government of Assam[98] also directed all the administrative departments and their subordinate offices/agencies to resort to e-procurement[99] with effect from 1 August 2015 for all tenders of value ₹ 1.00 crore and above. The Company, however, did not invite any tender for implementation of standalone solar project and awarded contract amounting to ₹ 33.22 crore to IITM on request of REC which was subsequently enhanced to ₹ 124.19 crore (almost 3.73 times) by increasing the scope of work from 7,174 HHs to 26,822 HHs. By doing so, the Company not only violated the conditions stipulated in the guidelines, but also deprived itself of the opportunity to explore lower prices through competitive bidding process.

In reply, the Company stated (January 2022) that the work was awarded to IITM on request of REC. Further, the Company entrusted the responsibility of bidding process to IITM through bipartite agreement.

The reply is not acceptable, as REC sanctioned Scheme funds in favour of the Company with condition to award work on tender basis and thus, entrusting the responsibility of bidding to IITM was in violation of sanction conditions. Since IITM had outsourced the project execution and supply of major project equipment (*viz.* Solar Panel, Battery, charge controller, *etc.*) to a private party (M/s Cygni Energy Private Limited), there is every possibility that the benefit of higher cost might have been passed on to the private party due to absence of competitive bidding.

B. Lack of assurance on actual execution of works due to faulty work agreement

As per Clause-1 of the contract agreement/ Clause-7 of the LoA, the Company was to release payment to IITM in following manner:

- first instalment of 30 *per cent* of project cost on signing of agreement;
- second instalment of 30 *per cent* of project cost on placement of purchase orders

[96] Excluding entry tax of ₹0.45 crore
[97] vide Order No. 44/1/2007-RE dated 12.01.2009
[98] vide its office memorandum No. FEB (eGU).03/2015/61 dated 5 August 2015
[99] through State NIC e-procurement portal *i.e.* www.assamtenders.gov.in

by IITM to vendors and utilisation of 80 *per cent* amount of first instalment;

- third instalment of 30 *per cent* of project cost on submission of bank guarantee equivalent to 20 *per cent* of the order value by vendors to IITM valid till 5 years and utilisation of 80 *per cent* amount of first and second instalments; and

- Fourth and final instalment of 10 *per cent* of project cost on utilisation of 100 *per cent* amount of first, second and third instalments.

As seen from above, the Company committed (July 2016) to make payments to IITM merely based on purchase/ supply orders, fund utilisation certificate, bank Guarantee *etc*. There was no enabling clause in agreement/LoA for submission of Material Receipt Challans/Materials Inspection and Clearance Certificate (MICC)/Material Utilisation Certificate (MUC)/ Physical Work Done Statement (PWDS) duly certified by an authorized officer of the Company for admissibility of claim raised by IITM as stipulated in respect of other DDG projects[100]. As a result, the Company released payments to IITM without proper verification of actual delivery and installation of the project materials.

Secondly, as per Clause 4.3 of the agreement, IITM was to provide details of individual installations through actual photographs. IITM was also to submit signed certificate in local language from each household where system was installed and commissioned. Further, IITM was also to provide GPS data one point per village to ascertain the location of the village.

The Company, however, did not incorporate any penal provision in the agreement/LoA for taking any action against IITM in case of any default in submission of the aforesaid data/ documents. As a result, the Company could not initiate any action against IITM though the latter (IITM) failed to submit/ provide any of these data/documents to the Company as a proof of actual installation of standalone systems in the villages.

C. Non-installation of systems costing ₹ 7.55 crore by IITM

As per claim, IITM had installed 26,822 standalone systems in 348 villages during the period from March 2017 to December 2020. On inspection of 346[101] out of 348 villages, REC Quality Monitoring Agency[102] (RQM) found that IITM had actually installed standalone systems in 25,026 HHs[103] only against 26,631 HHs (in 346 villages) as claimed by IITM. The Company, however, could not enforce IITM to install 1,605 systems[104] in absence of any Contract Performance Guarantee (CPG) clause in the LoA/

[100] Five micro/mini grid projects awarded (June and July 2016) to M/s North East Agency, M/S N.K. Power & Infrastructure Private Limited, M/s Purbanchal Enterprise, M/s Shakti Trans Infra and M/s T & T Projects Limited

[101] Excluding Punihowar FV (CC 299695) being untraceable and Apsara (CC 289300)-villagers did not allow to inspect.

[102] TUV SUD South Asia Private Limited

[103] 22,067 (physically verified) + 224 (inspection not allowed) +2,715 (migrated) + 20 (sold by beneficiaries) = 25,026 standalone systems

[104] 26,631-25,026

agreement. Despite non-installation of 1,605 systems by IITM, the Company, while submitting closure proposal to REC, accepted (March 2022) the claims amounting to ₹126.10 crore[105] of IITM against installation of entire 26,822 standalone systems (including 1,605 systems not installed) and admitted to pay ₹ 7.55 crore[106] to IITM for 1605 systems, which were not actually installed.

In reply, the Company stated (January 2022) that IITM had submitted beneficiary list (indicating system serial number and month of installation) verified by the concerned AGM (RE) for all 26,822 systems as proof of actual installation. The Company also stated that on sample inspection of two villages, it was found that IITM had installed all the systems, however some beneficiaries had shifted from original locations due to flood, erosion Hence, total 26,822 systems were considered to be installed by IITM for closure.

The reply is not acceptable as IITM failed to provide the details of individual installation through actual photograph along with certificate from each HH where the system was installed as stipulated in the agreement. Further, RQM had reported the number of migrated/shifted beneficiaries separately in their report, which was taken into account while working out the number of uninstalled systems. Hence, the claim of the Company regarding shifting of beneficiaries was invalid. In absence of beneficiaries' acknowledgement and compliance against RQM report, the decision of the Company to consider 26,822 as actual installations was unjustified.

D. Non-maintenance of the project

As per Clause 2.1.14 read with clause-14 of the LoA, IITM was to maintain the system for a period of 5 years from the installation of last system and handover the same to the GoA in working condition after 5 years. If there was any complaint of not getting power by the beneficiaries, IITM had to attend the complaint immediately. During inspection of villages, RQM found that maintenance was a major issue in the villages. As per RQM report, out of total 26,631 systems claimed to have been installed in 346 villages, 3,966 systems costing ₹18.36 crore were not working due to defects in battery/charge controller/solar panels *etc*. causing power failure. As a result, 3,966 beneficiaries were not getting power due to system failure.

Further, the system installed by IITM also included 'solar charge controller'. The 'charge controller' was meant to monitor the current and voltage levels that are radiated from the solar panel to the battery. Once the battery is fully charged, it cannot accumulate the incoming power any more. In such a situation, it is important that no more current flows into the battery after a full charge as it could drain the battery and damage the entire solar panel system. The 'solar charge controller' interrupts the current flow as soon as the battery reaches a certain voltage, thus preventing overcharging. It is also important to note that the battery can conduct small amount of

[105] 26,822 systems at the rate of ₹ 47,012 per system (based on actual expenditure submitted by IITM)
[106] 1,605 systems at the rate of ₹ 47,012 per system

electricity to the solar panel even at night.

RQM agency had reported that 6,106 out of 25,026 systems installed by IITM were running directly under by-pass condition due to defects in the 'charge controllers'. However, there was no technician available from IITM side to take care of the systems. Further, there was no customer care number mentioned on the systems and beneficiaries were not aware of toll-free numbers to lodge complaint against the same. As IITM has not rectified the defects in 'charge controllers', the possibility of 6,106 systems costing ₹28.27 crore[107] getting defective was also very high. In absence of any Project Operation Guarantee (POG) from IITM as prescribed under the DDG Guidelines, the Company could not enforce effective maintenance of the systems. Therefore, the Company failed to protect the interest of the Company as well as the beneficiaries at large.

In reply, the Company stated (January 2022) that the issue was raised with IITM many times, however compliance reports against RQM inspection were not yet submitted by IITM.

The reply is not acceptable, as the Company had already released 90 per cent payment towards maintenance charges without systems being maintained by IITM.

2.16 Observations on monitoring of the scheme

2.16.1 Non-involvement of State Level Standing Committee

As per the guidelines of the DDUGJY scheme, the State Level Standing Committee (SLSC) was to recommend DPRs of the state for approval of monitoring committee after vetting the physical works covered under the project. While doing so, SLSC was to ensure that there was no duplication/overlapping of works with any scheme. Further, SLSC was also to monitor progress, quality control and resolve issues relating to implementation of projects *viz.* allocation of land for sub stations, right of way, forest/ railway clearance, *etc.* Audit observed that the Company did not obtain the recommendation of SLSC for submission of DPRs to REC for approval. Further, it was noticed that no meeting of SLSC was held during the period from February 2014 to September 2020. Though there were issues *viz.* allocation of land for sub stations, right of way, railway clearance *etc.* in execution of works, the Company could not obtain necessary guidance from SLSC in resolving such issues. This contributed to the delay ranging from 26 to 38 months in completion of all the 27 projects.

In reply, the Company accepted (January 2022) the fact and stated that all projects were approved by SLSC after submission of closure proposal to GoA.

[107] 6,106 x ₹ 46,300 = ₹ 28,27,07,800

Audit findings - SAUBHAGYA Scheme

The performance under the scheme as analysed in audit is discussed below:

2.17 Observations on award of works.

Audit observed the following points regarding tendering and award of works under the scheme:

2.17.1 Engagement of RECPDCL in contravention of the scheme guidelines

RECPDCL[108] expressed (June 2018) its interest to provide services for procurement and supply of key materials (*viz.* Conductor, DTRs and energy meters) to the Company for execution of scheme works. As per their Expression of Interest (EOI), RECPDCL on receipt of confirmation along with detailed Bill of Quantity (BOQ), would submit its offer price based on nature and quantum of work and thereafter shall enter into a formal agreement with the Company.

Subsequently, the Company forwarded (July 2018) detailed material requirements along with quantity and technical specifications to be delivered at Company's five central stores, to RECPDCL. Thereafter, RECPDCL informed (August 2018) the Company that, after technical evaluation of the bidders for supply of the materials only one bidder (M/s Lumino Industries Limited, Kolkata) was found qualified. The total price quoted by M/s Lumino Industries Limited, Kolkata, was ₹ 115.03 crore which was 41.25 *per cent* higher than the estimated cost of ₹ 81.44 crore. Due to higher quoted price, RECPDCL had negotiation with M/s Lumino Industries Limited, Kolkata and thereafter it had offered a discounted price of ₹ 94.94 crore which was also 16.50 *per cent* higher than the estimated cost.

After discussion (August 2018) of the issue with the MD of the Company, RECPDCL had gone ahead with placing the order (20 August 2018) to M/s Lumino Industries Limited, Kolkata, at ₹ 94.94 crore. A tripartite agreement was also executed (24 August 2018) amongst REC Limited, Company and RECPDCL to facilitate supply of key materials as per the Company's requirement.

In this connection, Audit observed the following:

- As per Scheme guidelines, all contracts should be made between the State or DISCOMS or Power Department and the contractor or supplier, but in no case, the GoI or REC should be a party to such contract. In contravention to above guidelines, however a tripartite agreement was executed (24 August 2018) amongst REC Limited, Company and RECPDCL. The main role of RECPDCL was to facilitate the supply of key materials for distribution network infrastructure to the Company. The role of REC was to release funds on account of procurement of materials on behalf of the Company directly to RECPDCL. Thereafter, the Company issued (August 2018) work order to RECPDCL for supply of key materials valuing ₹ 94.94 crore and also in addition paid ₹ 2.24 crore towards

[108] REC Power Development and Consultancy Limited

contract management services to RECPDCL. In this regard it was seen that the rates discovered (July 2018) by the Company through tendering process for procurement of key materials from its own approved vendors were much lower than the rates offered (August 2018) by RECPDCL. Despite being aware of this fact, the Company opted to procure materials at higher rates from RECPDCL.

- On analysis of the rates of the key materials supplied by RECPDCL, it was seen that the Company had procured 1000 DTRs (25 KVA: 500 numbers. and 63 KVA: 500 numbers) and 75,000 numbers of energy meters at exorbitantly higher rates (333.82 *per cent* for 25 KVA DTR, 331.91 *per cent* for 63 KVA DTR and 18 *per cent* for energy meters) as compared to the procurement rates of the Company as shown in ***Table 2.6.***

Table 2.6

Sl. No.	Particulars	Procurement rate (in ₹) per unit		Difference per unit (in percentage)	Quantity procured from RECPDCL (in Nos)	Avoidable expenditure (₹ in crore)
		Company	RECPDCL			
i	ii	iii	iv	v = iv - iii	vi	vii = v x vi
1	25 KVA DTR	60,180	2,61,075	2,00,895 (333.82)	500	10.04
2	63 KVA DTR	1,07,451	4,64,094	3,56,643 (331.91)	500	17.83
3	Energy meter	1,050	1,239	189 (18.00)	75,000	1.42
Total						**29.29**

The guidelines issued by CVC provide that before acceptance of offer, reasonability of the quoted rates should be established based on estimated rates and prevailing market rates. The Company, however, without calling for justification for such significantly higher rates (up to 333.82 *per cent*) or suggesting for exercising any other alternative like re-tendering, had accepted the offered rates of RECPDCL.

Thus, the Company had incurred avoidable expenditure of ₹ 29.29 crore on procurement of key materials through RECPDCL in contravention to the scheme guidelines, the terms of SBD and also the guidelines issued by CVC. Further, engaging RECPDCL at REC's request, to facilitate the supply of project materials, tantamounts to a 'conflict of interest' situation as the position of the latter (REC), being the holding company of RECPDCL and Nodal agency for Scheme implementation, could improperly influence its judgment while recommending RECPDCL's name to the Company for the Scheme works.

In reply, the Company stated (January 2022) that due to urgency of works the Company engaged some empanelled contractors for executing the works under the scheme by supplying key materials departmentally. Further, due to urgency of works and owing to huge demand for materials at that point of time RECPDCL, a subsidiary of REC was entrusted with the supply of the key materials after due administrative formalities. The vendors for supply of materials had been selected by RECPDCL through tendering process. The Company had also raised the issue of higher rates in case of some materials. The reply was not acceptable as it was seen that, the Company on considering the urgency of works had procured some key materials from its approved vendors to be supplied to empanelled contractors. Hence, the engagement of RECPDCL in facilitating the procurement of key materials was not reasonable. Further, despite higher rates charged by RECPDCL, the Company did not resort to departmental procurement of materials to safeguard the financial interest of the Government.

Recommendations:
It should be ensured that:

- ***the work orders relating to project implementation are awarded strictly in line with the Scheme guidelines; and***
- ***safeguards are in place to provide for fair and open competition and measures should be taken to eliminate any 'conflict of interest' arising at any stage in the process of implementation of Government sponsored Schemes.***

2.17.2 Undue benefit to contractors due to procurement of similar items at different rates

As per Volume II, Section II, Clause 7.1 of the Standard Bid Document (SBD)/ Pre-contract Integrity Pact, the bidder undertakes that it has not supplied/ is not supplying similar product/systems or sub-systems at a price lower than that offered in the present bid in respect of any other Ministry or Department of the Government of India or PSU. If it is found at any stage that similar product/systems or sub systems was supplied by the bidder to any other Ministry/Department of the Government of India or a PSU at a lower price, then that very price, with due allowance for elapsed time, will be applicable to the present case and the difference in the cost would be refunded by the bidder to the buyer, if the contract has already been concluded. In this connection, Audit observed the following:

- In respect of on-grid electrification works, 9 contractors had quoted different rates for similar items (*viz*. Poles, conductor, DTRs *etc*.) in 36 packages awarded to them. The Company, however, allowed the contractors to supply similar items at different rates in violation of the condition stipulated in SBD. As a result, the Company had allowed an undue benefit of ₹ 50.31 crore to the 9 contractors. Further, the contractors had neither refunded the differential amount nor claimed by the Company.

- In respect of off-grid electrification works, one contractor had quoted different rates for supply of similar standalone Solar PV home lighting system[109] in two packages awarded to them. The Company, however, allowed the contractor to supply similar systems at different rates in violation of the condition stipulated in SBD. As a result, the Company had allowed an undue benefit of ₹ 1.65 crore[110] to the contractor.

[109] comprises solar PV module, battery, charge controller, ceiling fan, LED lamp, *etc*.
[110] (₹ 44,085.00 - ₹ 39,375.00) x 3,511 systems = ₹ 1,65,36,810.00

Further, the Company did not take any initiative to recover the differential amount from the contractors in violation to bid conditions.

In Exit Conference, the MD stated (January 2022) that the Company compared the rates quoted by the contractors for similar items within a package, but not across the packages. Further, there may be difference in rates of similar items due to delivery of the same at different locations.

The reply is not acceptable as the Standard Bid Document does not restrict the price comparison of similar items within the package concerned. Further, the question of difference in ex-works rates did not arise as contractors were entitled to Freight & Insurance charges separately.

2.18 Observations on monitoring of the scheme

2.18.1 Non-involvement of State Level Standing Committee

As per the Scheme guidelines, SLSC is to recommend DPRs of the State for approval of monitoring committee after vetting the physical works covered under the project. The SLSC should ensure that there is no duplication / overlapping of works with any scheme. It should also monitor the progress, ensure the quality, and resolve issues relating to implementation of projects *viz.* allocation of land for sub stations, right of way, forest clearance, railway clearance, safety clearance *etc*.

Audit observed that the Company did not obtain the recommendation of SLSC for submission of DPRs to REC for approval. Further, it was noticed that no meeting of SLSC was held during the period from February 2014 to September 2020. Though there were issues *viz.* allocation of land for sub stations, right of way, railway clearance *etc.* in execution of works, the Company could not obtain necessary guidance from SLSC in resolving such issues. This contributed to the delay of 27 months in completion of the projects.

In reply, the Company stated (January 2022) that DPR was approved by SLSC before sending the same to REC/GOI.

The reply is not correct as the Company sent (March 2018) the DPR to REC pending approval of the SLSC. Further, there was no meeting of SLSC during the period February 2014 to September 2020.

Audit findings - Beneficiary Survey

The outcome of the beneficiary survey as conducted in audit is discussed below:

2.19 Observations on Beneficiary Survey

As per the PA guidelines, 209 villages[111] were selected for conducting beneficiary survey. Of this, the Audit conducted (August-October 2021) survey in 185 villages[112]

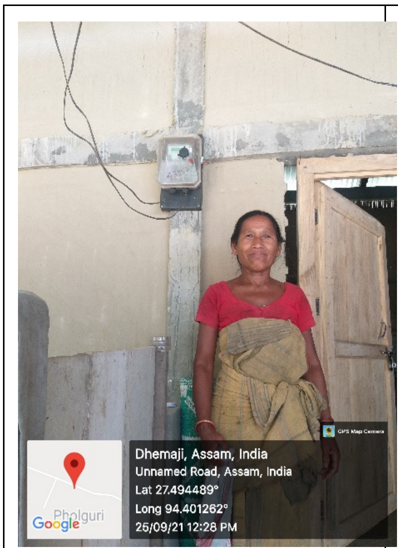
[111] 188 villages under RGGVY-XII/DDUGJY/SAUBHAGYA and 21 villages under DDG

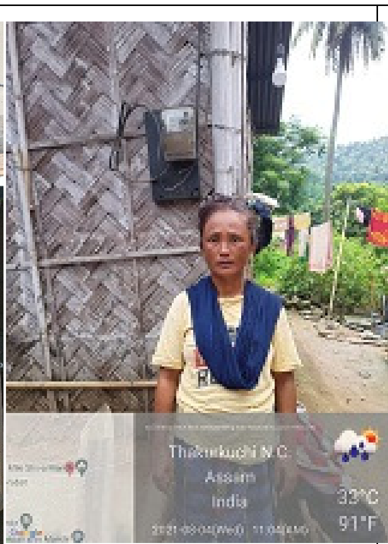
[112] including 16 replaced villages (10 on-grid and 6 off-grid) where original villages were found to be either eroded/ non-feasible/no works executed

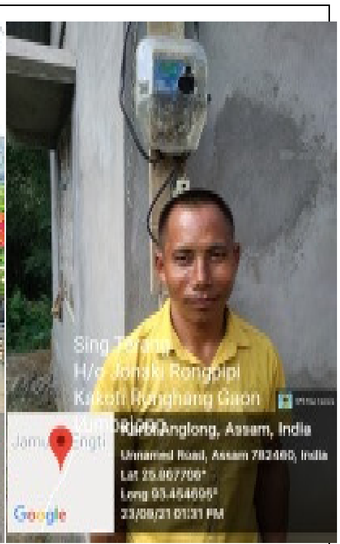
(176 on-grid and 9 off-grid) covering 1,579 beneficiaries. The beneficiary survey in remaining 24 villages[113] could not be conducted as these villages were eroded, inaccessible due to flood, landslide, poor road conditions, *etc*.

Photographs of beneficiaries benefitted under the scheme are depicted in ***Chart 2.2***.

Chart 2.2







Dhemaji	**Kamrup Metro**	**Karbi Anglong**

2.19.1 Non-provision of LED lamps

As per para 2.4 of SAUBHAGYA guidelines, the electricity connection included provision of service line cable, energy meter, single point wiring, LED lamp, erection of pole.

In 127 cases (8 *per cent)* out of 1,579 households surveyed in Assam, LED lamps were not provided as per the provision of the scheme. However, the Energy meter was found installed in all the households.

2.19.2 Release of electricity connection to poor households on payment

As per SAUBHAGYA Guidelines, BPL beneficiaries covered under Socio-Economic Castes Census (SECC) data were to be provided free electricity connection.

In 116 (7 *per cent*) out of 1,579 beneficiaries surveyed in Assam, the connections were provided after charging payment ranging from ₹ 100 to ₹ 2,500 from the beneficiaries. This defeated the Scheme objective of providing free power to poor/ BPL population of the State.

2.19.3 Energy meters installed without energizing

The Company had released (May 2018) 57 BPL connections in two villages (*viz.* Tongikro and Diyung Gurkhali) under Dima Hasao District. During survey of 20 out

[113] 12 on-grid and 12 off-grid villages

of 57 beneficiaries, Audit noticed that these beneficiaries were provided only with meter without energizing the same and without service cable connected to LT lines. Hence, the benefit of electricity connection to these 20 households could not be achieved.

2.19.4 Impact on monthly expenditure due to reduction in use of diesel gen sets, diesel pumps *etc*.

As an impact of implementing the Scheme, 1,515 (96 *per cent*) out of 1,579 beneficiaries surveyed by Audit had confirmed reduction in their monthly expenditure on operating the gen sets, diesel pumps due to comparably low electricity charges.

2.19.5 Use of consumer durables like iron, TV, fridge *etc*. in the house

Out of 1,579 beneficiaries surveyed, 1,218 (77 *per cent*) beneficiaries stated that they were using additional gadgets like TV, fridge, fan *etc*.

2.19.6 Increase/decrease in Study hours before electricity connection in house and after electricity in the house

Total 1,145 beneficiaries (73 *per cent*) stated that after getting electricity, the study hour had increased due to availability of power supply in evening/night.

2.19.7 Increase in mobility/security in night due to electrification of villages

Total 1,496 (95 *per cent*) beneficiaries stated that the availability of power had reduced the possibilities of theft of live-stock, household goods and thus increased the security at night *etc*. However, the remaining 73 beneficiaries did not respond anything regarding increase in security.

2.19.8 Increase/Decrease in the supply hours and voltage fluctuation

Total 642 (40.65 *per cent*) beneficiaries had reported that the power supply was erratic and less than 12 hours per day. Further, 761 (48.20 *per cent*) beneficiaries stated that power supply was available for more than 12 hours. However, remaining 176 beneficiaries (11.15 *per cent*) did not respond on the issue.

2.19.9 Untraceable beneficiaries

As per beneficiaries list provided by AGM (RE), Diphu, it was found that there were 386 beneficiaries who received household electrification under DDUGJY scheme in Barsing Timung village under Lumbajong Block under Karbi Anglong district. During field visit in Barsing Timung and Sot Recho Akam villages, the audit team could not trace out the beneficiaries. The audit team also met the Goan Buras (village head) of the concerned villages and Goan Buras certified that the names of the beneficiaries enlisted in the list were not the inhabitants of the above mentioned villages. The Goan Buras also stated that there were 60 households in Barsing Timung villages and 30 households in Sot Recho Akam villages of which 50 and 25 households had already been electrified. Further, as per the list provided AGM (RE), Diphu, there were 19 beneficiaries covered under DDUGJY in three villages namely, Toupura, Hidibonglong and Teprong Rongpi. However, the audit team did not find any of the beneficiaries during field visit in these villages. The Gaon Buras of the concerned villages certified that the beneficiaries named in the list were not the inhabitants of those villages.

CONCLUSION

Prior to implementation of Schemes, Assam had 26,395 villages, of which, 2,339 villages were Un-Electrified (UE) and the remaining 24,056 villages were Partially Electrified (PE). Due to implementation of the Schemes, the electrification works were carried out in 996 UE villages[114] (42.58 *per cent*) and 14,898 PE villages (89.12 *per cent*) till March 2021. Regarding household electrification, Assam had 51,88,986 rural households in October 2017, of which 27,78,638 rural households (53.55 *per cent*) were electrified and the remaining 24,10,348 households (46.45 *per cent*) were un-electrified. The outcome of implementation of the Schemes had significantly increased the number of household electrification to 45,58,833 (87.86 *per cent*) in the State till March 2022.

The Company did not take up feeder segregation works resulting in non-achievement of the the objective of optimum rostering of power between agricultural and non-agricultural consumers. The Company did not keep any documentary evidence on records to show prioritization of deserving project areas for implementation of projects under the Scheme. Implementation of the scheme was also beset with several instances of non-adherence to the scheme guidelines, bid conditions, *etc*. There were instances of inefficiencies in contract management and execution of works resulting in undue benefits to the contractors, procurement of items below standard specifications, award of works without open tender, non-fulfilment of commitments made in the agreements *etc*.

Monitoring mechanism for ensuring quality though in place, could not keep pace with progress of works and resultantly, there were delays in exercising significant and appropriate checks making the monitoring process largely ineffective. Further, there was lack of monitoring on the part of the SLSC to sort out issues causing delay in completion of projects.

Though there were certain untraceable beneficiaries, survey, however, revealed various benefits of the schemes (*i.e.,* reduction of monthly expenditure, increase in study hours, increased use of electrical gadgets, increase in safety and security, *etc*.) which the beneficiaries availed due to implementation of the schemes.

RECOMMENDATIONS

Government/Company may ensure:

- ***chalking out necessary plan to take up feeder segregation works for optimum rostering of power supply between agriculture and non-agricultural feeders;***
- ***that the guidelines and instructions relating to procurement are scrupulously***

[114] Out of 2,339 UE villages, 1,343 villages were found to be partially electrified during execution.

followed in all projects – whether funded by Central Government, State Government, or own resource;

- ***that execution of work is strictly as per the prescribed specification in order to achieve maximum benefits from Schemes:***
- ***that an independent survey is conducted prior to implementation of new projects to identify intended villages and estimates properly and ensure that the benefits of the scheme reaches to the targeted beneficiaries.***
- ***strengthening the monitoring mechanism at top level to ensure timely execution of quality works.***