SUPREME AUDIT INSTITUTION OF INDIA
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Report of the Comptroller and Auditor General of India on Deen Dayal Upadhyaya Gram Jyoti Yojana / Pradhan Mantri Sahaj Bijli Har Ghar Yojana

Union Government
Ministry of Power
No. 17 of 2025
(Performance Audit - Commercial)

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PREFACE

This Performance Audit Report of the Comptroller and Auditor General of India on 'Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)' has been prepared for submission to the President of India under Article 151 of the Constitution of India for being laid before the Parliament. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Government of India launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) in December 2014 for strengthening the electricity distribution system. To ensure last mile connectivity and electricity connections to all un-electrified households in rural areas, Government of India launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) in October 2017. Considering the significance of both the schemes as well as their widespread impact, the Performance Audit of DDUGJY and SAUBHAGYA covering the projects sanctioned for the period upto March 2020 was conducted by the Comptroller and Auditor General of India. The audit observations in respect of the test checked projects have been updated up to December 2023.

Audit wishes to acknowledge the cooperation received from the Ministry of Power, REC Limited and the 27 test checked States and three Union Territories (UTs) at each stage of audit process.

EXECUTIVE SUMMARY

Brief about the Schemes

With a view to (i) increasing the hours of power supply to non-agricultural consumers and assured power supply to agricultural consumers by separating agricultural and non-agricultural feeders, (ii) strengthening the distribution network in rural areas, and (iii) completing the ongoing work of rural electrification under erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), Government of India launched the scheme 'Deen Dayal Upadhyaya Gram Jyoti Yojana' (DDUGJY) in December 2014. The projects under DDUGJY/RGGVY were to be completed within a period of 24[1]/30[2] months from the date of issue of letter of award by the DISCOMs. Cabinet Committee of Economic Affairs (CCEA) approved a total outlay of ₹75,893 crore including budgetary support of ₹63,027 crore for DDUGJY/ RGGVY and closed with a cost of ₹64,495 crore including budgetary support of ₹45,025 crore.

Government of India also launched the scheme 'Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)' in October 2017 for providing last mile connectivity and electricity connections to all un-electrified households. This project included provision of Solar Photovoltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages/ habitations, where grid extension was not feasible or cost effective. This scheme was to be completed by 31 March 2019 with a total outlay of ₹16,320 crore including budgetary support of ₹12,320 crore and the scheme was closed with a cost of ₹9,246 crore including budgetary support of ₹5,782 crore.

Ministry of Power (MoP) also sanctioned (August 2018 & March 2019) funding of ₹14,183 crore for additional infrastructure to strengthen the distribution network required for electrification of balance un-electrified households under SAUBHAGYA and the scheme was closed with a cost of ₹11,373 crore including budgetary support of ₹7,543 crore.

Govt. of India announced that the remaining 18,452 unelectrified villages across the country (Census 2011) as on 15 August 2015 stood electrified as on 28 April 2018 in a record time of 987 days. MoP also informed that the work of electricity access in India has found international acclaim as International Energy Agency acknowledged (2018) that India's move to energize every village is one of the greatest success stories in the world.

Brief about the Performance Audit

Performance Audit of DDUGJY and SAUBHAGYA was carried out to assess the achievement of defined objectives of the Schemes. The audit objective of DDUGJY included review of separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission and distribution system in rural areas, complete electrification of villages, including metering of distribution transformers/ feeders/ consumers' end.

1 ***Turnkey implementation.***
2 ***Departmental execution.***

The audit objective of SAUBHAGYA was to assess whether the electrification of households by providing last mile connectivity has been achieved and Solar Photovoltaic (SPV) based standalone systems for un-electrified households located in remote and inaccessible villages/ habitations have been installed.

Project planning, financial management, project implementation, quality assurance and monitoring mechanism were also assessed for their soundness and efficiency for the purpose of the achievement of the intended schemes' objectives.

Significant Audit findings and Main Recommendations

Audit has made 14 recommendations which will aid the Ministry in better planning, execution and monitoring of future schemes. The significant audit findings and main recommendations are given as below:

Implementation of DDUGJY

Against the approved total outlay of ₹75,893 crore including budgetary support of ₹63,027 crore for DDUGJY/RGGVY, the scheme was implemented with sanctioned cost of ₹67,280 crore. The scheme was closed with a cost of ₹64,495 crore including budgetary support of ₹45,025 crore.

Based on assessment by Central Electricity Authority, Ministry of Power defined scope and cost estimate of the scheme for effective power supply in rural areas. Audit reviewed the appraisal done by REC of Detailed Project Reports (DPRs) submitted by 24 States and two UTs and noticed that REC substantially restricted System Strengthening component cost of ₹44,821.22 crore demanded by 19 States and two UTs to ₹12,412.55 crore. Such restrictions ranged between 14.13 *per cent* and 99.05 *per cent.* The cost of Feeder separation of ₹11,285.78 crore demanded by seven States was restricted to ₹3,967.20 crore in range of 46.27 *per cent* to 100 *per cent* of the proposal/ DPR submitted by the States. The objective of strengthening and augmentation of sub-transmission & distribution infrastructure and feeder separation for reliable and quality power supply after electrification of un-electrified villages in rural areas was, therefore, partially achieved as the allocated budget outlay was insufficient to meet the objectives of DDUGJY scheme with respect to system strengthening and feeder separation.

MoP stated that the works submitted by the State Utilities were prioritised based on availability of funds in consultation with the States to focus on primary works i.e., electrifying all left-out un-electrified villages and feeder separation. Accordingly, the State utilities submitted revised DPRs as per the sanctioned amount and based on priority of works as 24 hours power supply to all households was not physically possible without capacity in upstream supply and distribution.

The target of Aggregate Technical and Commercial (AT&C) losses in 12 States and one UT out of 24 States and two UTs was not fully achieved and ranged between 11.08 and 59.28 *per cent* against the norms of 10 *per cent* to 26 *per cent.* This resulted in the release of a lesser amount of grant of ₹3,631.62 crore to DISCOMs by Ministry of Power.

(Para 3.1.5)

Total number of agricultural feeders separated under DDUGJY till March 2022 stood at 7,833 as against 9,019 sanctioned by Monitoring Committee and 16,500 approved by CCEA. Overall, the sanction of less number of works for feeder separation than the number approved by CCEA and execution of even lesser number than the total feeders sanctioned, reflected that the work of feeder separation was not fully covered under DDUGJY. Further, significant variations in the number of feeder separation works actually executed vis-à-vis the numbers sanctioned by Monitoring Committee and with reference to the targets submitted to CCEA for approval imply that the State-wise requirement of feeder separation was not assessed well.

MoP stated that the proposals submitted by the States/DISCOMs were prioritized in consultation with the States. Therefore, based on availability of funds and in order to meet all the objectives of the schemes, amount for feeder separation was sanctioned to the States. Further, some States, proactively giving priority to feeder separation, had been implementing feeder separation works from their resources or through loans.

No feasibility study was conducted by MoP which contributed to component wise substantial variation in range of 47.47 *per cent* to 218.48 *per cent* in actual achievement with respect to the targets of Feeder Separation and System Strengthening works under DDUGJY

Recommendation:

Feasibility study needs to be ensured by MoP for realistic estimation of work to avoid major variation during work sanction and execution.

(Para 3.1.2)

DDUGJY guidelines envisaged that based on the broad scope of work validated by the Nodal Agency at 1st Stage, DISCOMs would formulate district/ circle/ zone-wise DPRs based on detailed field survey for various items of work. However, DPRs were not based on detailed field survey and eventually, the same were found to be having under/over-estimation of quantities in respect of electrification of village/households, feeder separation and system strengthening in projects.

MoP, while assuring to minimize the variations, stated that detailed field survey is exhaustive and time consuming and does not confer advantage as per cost benefit analysis since any DPR for rural electrification cannot be physically implemented in totality due to change in location of substation, transmission lines, transformers, and land issues.

Recommendation:

Field surveys may be carried out before preparation of DPRs, as per the provisions of scheme guidelines, to improve the scheme planning process and to minimise variations during execution.

(Para 3.1.4)

Projects under DDUGJY were required to be awarded within six months from the date of sanction of projects by Monitoring Committee and to be completed within 24 months from the date of issue of Letter of Award in case of turnkey contract and within

30 months in case of partial turnkey contract/departmental execution. There was delay in award of work in 494 projects (81.65 *per cent)* out of 605 projects in 24 States and two UTs. There was a delay of more than 12 months in the cases of 184 projects (30 *per cent*) in fourteen States and one UT.

Further, there was also delay in completion of 555 (91.74 *per cent)* out of 605 completed projects in 27 States and three UTs. There was a major delay of more than 24 months in the cases of 263 projects (47 *per cent*) in 19 States out of 27 States and three UTs.

MoP stated that efforts were made to minimize the delays by way of centralized procurement and standardized contract specifications and prices across the country but it could not materialize owing to lack of consensus among states.

Recommendation:

MoP may ensure standardisation of all procedures related to award and execution of projects to help in timely completion of award and execution process.

(Para 3.2.2)

Financial Management of DDUGJY

DDUGJY Guidelines stipulate certain conditions for instalment-wise release of funds to DISCOMs. REC released grant of ₹541.56 crore to six States out of 27 States and three UTs in first instalment, which was made 13 to 360 days prior to the date of execution of tripartite/bipartite agreement and appointment of Project Management Agency. Further, early payment of ₹1,603.81 crore as 60 *per cent* of eligible grant component (3rd Instalment) was made to six States without ensuring timely infusion of contribution of State Government into the projects.

Similarly, under RGGVY, 1st instalment of the eligible grant was to be released after award of projects. However, REC released the 1st instalment of Capital Subsidy amounting ₹246.28 crore during 2014-15 whereas the projects works were awarded during April 2015 to May 2017 by DISCOMs.

Recommendation:

Nodal Agency may ensure that release of funds is done as per the approved funding guidelines.

(Para 4.1)

As per Ministry's sanction, requests for release of funds were to accompany statements on various information relating to project-wise unspent balances so as to ensure effective utilisation of funds with commensurate physical progress. Further, as per DDUGJY scheme guidelines, Ministry of Power was to release funds to dedicated bank accounts of REC after ensuring compliance to above criteria. However, REC demanded funds from Ministry of Power on estimation basis without indicating project-wise unspent balance and details pertaining to physical progress/actual requirement of projects. The funds were released by Ministry of Power on the basis of such requests without insisting on the requisite details from REC. Due to such lapse in the procedure of demand and release of fund at both, REC and Ministry level, there were instances of mismatch in scheme-wise utilisation of funds by REC against the scheme wise grant received from Ministry of Power. Further, instances pertaining to utilization of funds of one scheme in other schemes by DISCOMs amounting ₹734.01 crore in 11 States out of 27 States and three UTs to the plans other than those earmarked by REC were noticed.

As against DDUGJY guidelines for release of funds against the particular instalments to dedicated bank account, REC continued with the bank account opened for erstwhile RGGVY for 10th Plan and 11th Plan. Ministry of Power had separate budget outlays for RGGVY 10th Plan, 11th Plan, 12th Plan, DDUGJY and additional infrastructure with different scope of work and the funding pattern for release of funds to DISCOMs. In absence of dedicated bank account for DDUGJY at REC, scheme-wise receipt of fund from MoP and subsequent disbursement thereof by REC to various DISCOMs and the balance undisbursed fund under the scheme at a particular date was not verifiable from the bank statement.

(Para 4.2)

Quality Assurance and Monitoring Mechanism under DDUGJY

DDUGJY/ RGGVY 12th Plan guidelines envisaged in-house quality monitoring at the level of DISCOMs and Third-Party Quality Monitoring at the level of REC through REC Quality Monitors (RQM), which were to oversee the compliance of DDUGJY guidelines and adherence to laid down procedures for monitoring.

In non – compliance of DDUGJY guidelines, DISCOMs of four States and two UTs out of 27 States and three UTs neither prepared Comprehensive Quality Assurance (QA) Plan nor made it integral part of the contract agreement. In three States and one UT out of 27 States and three UTs, material was not procured from the authorised vendors. Further, list of approved vendors was not uploaded on the web portal by 10 States and one UT out of 27 States and three UTs in non-compliance of the QA Mechanism Guidelines.

MoP stated that in general, vendor’s approval is the State subject. DISCOMs owe the sole responsibility for procurement of materials from the authorized vendors only. MoP further replied that in Madhya Pradesh, approved vendor list was not uploaded on web portal because such vendor approval was granted provisionally for the scheme only. In Telangana, the approved vendors list was made available in the Telangana State Northern Power Distribution Company Limited (TSNPDCL) web portal. However, due to technical issues, the web portal was redesigned. In Himachal Pradesh, the approved vendor list was not uploaded on the web portal. In Nagaland, the approved vendor list was being uploaded on web portal.

Defects discovered at REC level quality monitoring were not timely resolved in 1,09,715 cases out of 6,13,119 cases. Delay in conducting village inspection, non-identification of Model Quality Villages and other deficiencies in compliance of QA Mechanism Guidelines were also noticed.

Recommendation:

Quality Assurance and Monitoring mechanism (viz. 100 per cent pre-dispatch inspection, procurement of materials in agreement with turnkey contract, ensuring the compliances of quality monitoring guidelines etc.) may be strengthened at DISCOM as well as REC level.

(Para 5.1)

State Level Standing Committee (SLSC), as one of the stakeholders in implementation of the scheme, was responsible for recommending the DPRs for approval of Monitoring Committee after vetting the physical works covered under the project. It had to ensure adequacy of upstream network, commensurate with the proposed distribution network, availability of adequate power supply to cater the load demand of the project area and avoiding duplication/overlapping of work with any other GoI scheme. SLSC was also responsible for monitoring progress, quality control and resolving issues relating to implementation of sanctioned projects. Instances were observed where DPRs were submitted to REC without SLSC recommendations. Further, in some States, very few SLSC meetings were conducted.

(Para 5.2)

The frequency of Monitoring Committee meetings was not stipulated. Out of total 25 meetings for DDUGJY held during the period from December 2014 to March 2022, 14 meetings were held within the interval of three months period and 11 meetings were held with intervals running beyond three months' to 12 months (i.e. 6 meetings were held with more than 3 months to 6 months, 4 meetings were held with more than 6 months to 9 months and one meeting with 12 months). Due to intermittent and delayed holding of meetings, decisions on many important issues were taken without considered opinion of the Monitoring Committee which were subsequently ratified from MC after approvals were already given by MoP.

Recommendation:

MoP may ensure that meetings of SLSC and MC are conducted at regular intervals for timely sanction, monitoring and review of implementation of the schemes.

(Para 5.3)

Electrification under SAUBHAGYA

SAUBHAGYA was implemented with sanctioned cost of ₹14,082 crore. The scheme was closed with a cost of ₹9,246 crore including budgetary support of ₹5,782 crore.

Estimated total un-electrified households to be covered under SAUBHAGYA were 300 lakh. The SAUBHAGYA dashboard claimed 100 *per cent* achievement of electrification target upon the electrification of 262.84 lakh households by March 2019. However, out of these 262.84 lakh households, only 151.60 lakh households were electrified under SAUBHAGYA.

All the 25 States, where the scheme was implemented, declared that 100 *per cent* household electrification was achieved between November 2018 and March 2019.

Analysis of the information received during audit and that available on the dashboard revealed that estimation of households for electrification shown on the dashboard was reduced to 248.48 lakh from 300 lakh households contained in the Scheme guidelines. Achievement of 100 *per cent* against the target was declared by March 2019 accordingly. Seven States had reported 19.10 lakh un-electrified households as of 31 March 2019. Thus, Audit could not ascertain genuineness of electrification of households.

MoP accepted that around 152.30 lakh households were electrified under SAUBHAGYA, 73.60 lakh households under DDUGJY {including Rural Electrification & Prime Minister Development Projects (RURAL)} and 36.90 lakh households under State RE schemes. It was further stated that since the plan of universal household electrification was conceived under SAUBHAGYA for the first time, hence, progress monitoring and saturation based approach were followed in line with the overall policies of the Government and, therefore, the achievements co-created by the Central Government and the States Government were shown under SAUBHAGYA.

(Para 6.1.1 and 6.1.2)

As per the Guidelines, the DPR must address all issues related to the justification, financing and implementation of the project/ scheme. The DISCOMs were to carry out field survey for identification of beneficiaries and village-wise/ habitation-wise details of households. The DISCOMs submitted the DPRs without conducting field surveys. All the 36 participant DISCOMs of 24 States submitted DPRs with a delay ranging between 71 and 418 days, which delayed the review of DPRs and sanction of Households by the MC for implementation of scheme.

Recommendation:

MoP may ensure accurate data/information regarding potential beneficiaries before launch of a scheme and carry out planning of fund allocation judiciously for efficient implementation of scheme based on detailed field surveys. Preparation of the DPRs may be ensured based on detailed field surveys.

(Para 6.2.1)

Electricity connections are allowed to BPL households under DDUGJY and to economically poor households under SAUBHAGYA. 16,728 households were released connections under DDUGJY as well as in SAUBHAGYA in two States which led to duplicate claim of same work by the contractor. Despite getting the required grant under DDUGJY, grant of ₹7.53 crore from REC was also claimed under SAUBHAGYA, resulting in double payment to DISCOMs.

Recommendation:

MoP may develop a robust mechanism to periodically reconcile the data of household electrification under all the schemes implemented during the same period and fix accountability of the officials responsible for lapses to ensure that works executed under one scheme are not claimed under other similar schemes too.

(Para 6.3.1.2)

An expenditure of ₹27.59 crore in seven projects was booked on account of execution of works which were not approved in the DPRs resulting in execution of in-eligible works under the scheme. Instances of extending undue benefits to the contractors, *viz.*, making payment without ensuring completion of work, and double payment for same work, amounting ₹2.24 crore were also noticed in audit.

(Para 6.3.1.3)

Financial Management under SAUBHAGYA

REC raised (March 2020) ₹500 crore through extra budgetary borrowing out of which it could spend only ₹95.65 crore upto March 2021 and ₹404.35 crore remained unutilised. The amount of ₹500 crore was raised by REC when a sum of ₹352.32 crore was already lying with it. This reflects that requirement of fund for disbursement to DISCOMs was not adequately assessed by REC, which resulted in avoidable interest burden of ₹15.97 crore on Ministry of Power due to payment of interest on the unutilised funds raised through extra budgetary borrowing.

Recommendation:

Ministry of Power/ REC may develop a mechanism to ensure that funds through EBR are raised strictly as per the assessed requirements after completion of modalities for release of funds.

(Para 7.1)

Against the limit of reimbursement of Project Management Agency (PMA) charges @ 0.5 *per cent* of the Project cost in other similar schemes, MC allowed the reimbursement of PMA charges to Uttar Pradesh, Rajasthan and Assam to the extent of 5.43 *per cent,* 1.70 *per cent* and 1.76 *per cent* respectively of the project cost without any detailed analysis. Further, the DISCOMs temporarily transferred and utilized the SAUBHAGYA funds for execution of works under other schemes.

(Para 7.2)

Eight DISCOMs of four States temporarily diverted funds/ material worth ₹507.18 crore to other works/schemes which was not in consonance with the SAUBHAGYA guidelines.

(Para 7.3)

Quality Assurance and monitoring under SAUBHAGYA

SAUBHAGYA guidelines envisaged in-house Quality Monitoring at the level of DISCOMs and Third-Party Quality Monitoring at the level of REC through REC Quality Monitors, which were to oversee the compliance of SAUBHAGYA guidelines and adherence to laid down procedures for monitoring. In violation of SAUBHAGYA guidelines, DISCOMs did not prepare comprehensive Quality Assurance (QA) Plan in 224 projects of 21 States out of 479 projects of 24 States. In 80 projects of seven States out of 479 projects of 24 States, Comprehensive Quality Assurance (QA) Plan was not made an integral part of the contract agreement with turnkey contractor. In violation of Quality Assurance Mechanism guidelines, pre-dispatch inspection of materials to be utilised was not carried out in all 15 DISCOMs of 11 States. Hundred *per cent* verification of household connections released was also not carried out by all the 12 DISCOMs in 10 States. As per the guidelines, REC Quality Monitor was to verify quality of works in five *per cent* villages in a project where infrastructure works had been carried out, with 100 *per cent* verification of household connections released under SAUBHAGYA in two stages. REC appointed REC Quality Monitor in May 2019 for 18 States and in October 2019 for another two States though the scheme was scheduled to be completed in March 2019. 86.46 *per cent* of the households electrified under the scheme in totality were completed between 11 October 2017 and 31 March 2019, when 18 States had already declared saturation. This defeated the purpose of concurrent quality monitoring envisaged under the Scheme.

Recommendation:

MoP may ensure that the control and monitoring mechanism is strengthened at all levels, as well as Quality Assurance framework is followed strictly by the Project Implementing Agencies in the upcoming schemes.

(Para 8.1 and 8.2)

In response to the performance audit report, Ministry of Power stated (14 November 2024) that Recommendations of CAG have been considered suitably by MoP/REC and the same shall be ensured in implementation of the future Schemes in line with the mechanism adopted by the Ministry of Power.

Chapter 1: Introduction

1.1 Rural Electrification

Electricity has become one of the most basic human needs and is one of the essential key elements for economic growth, employment generation, poverty alleviation and human development especially in rural areas. Rural development and industrialisation are fundamental to the economic growth of a country and electricity is one of the agents providing impetus thereto.

In India, while urban areas have witnessed reasonable/significant growth in electricity consumption, the rural areas have been lagging behind. Over the years, the Government of India (GoI) has emphasised upon the need for rural electrification to improve quality of life and growth of rural economy. Rural Electrification (RE), in general terms, has meant bringing electrical power to rural areas to be used for irrigation, mechanization of farming operations and for domestic purposes.

The Electricity Act, 2003 mandates GoI to endeavor for supplying electricity to all areas including villages and hamlets. GoI notified (August 2006) Rural Electrification Policy (REPOL), with an objective to ensure rapid economic development by providing access to electricity to all the villages and households.

1.2 Status of Rural Electrification

In 1947, only 1,500 villages were electrified in India and the per capita electricity consumption was 14 units. Since then, the GoI has launched many rural electrification programmes such as (i) Rural Electrification under Minimum Needs Programme (MNP), 1974-1978, (ii) Kutir Jyoti Scheme, 1988-2004, (iii) Pradhan Mantri Gramodaya Yojana (PMGY), 2000-2005, (iv) Accelerated Rural Electrification Programme (AREP), 2003-2004, (v) Accelerated Electrification of One lakh Villages and One crore households, 2004-2005 and (vi) Rajiv Gandhi Grameen Vidyutikaran Yojana[1] (RGGVY) during 2005-2014.

The status of rural electrification during the period 2013-14 to 2017-18 and electrification of rural households as on 10 October 2017 are given below:

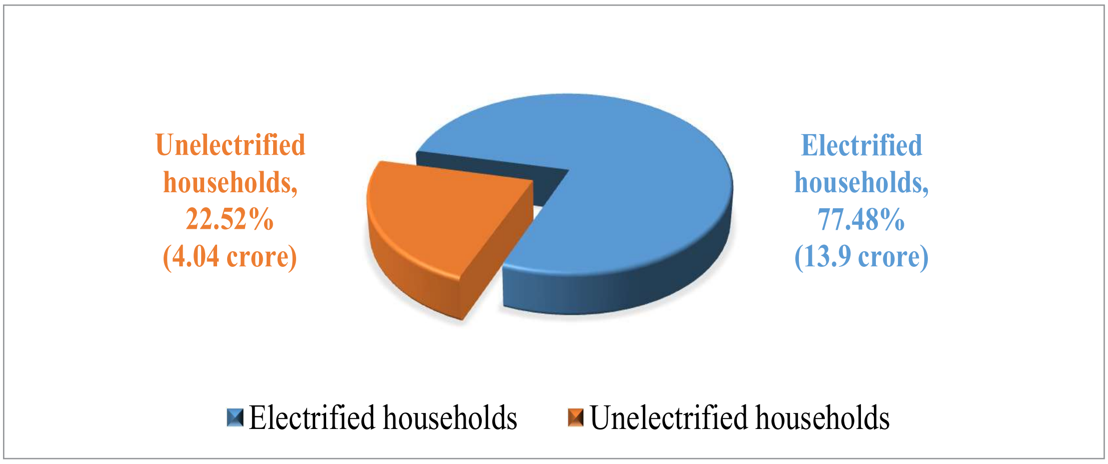
Table 1.1
Status of year-wise village electrification

Year	Total inhabited village as per census 2011	Villages Electrified	Villages remained Un-electrified	Percentage of villages electrified as on 31 March of the Year
2013-14	5,97,464	5,72,414	25,050	95.81
2014-15	5,97,464	5,77,698	19,766	96.69
2015-16	5,97,464	5,86,065	11,399	98.09
2016-17	5,97,464	5,92,135	5,329	99.11
2017-18	5,97,464	5,97,121	343	99.94

Source: Annual Progress Reports of CEA on Village Electrification

[1] ***Rajiv Gandhi Grameen Vidyutikaran Yojana - Programme for creation of Rural Electricity Infrastructure & Household Electrification.***

Figure 1.1 Status of Electrified/ Un-electrified Rural Households



Source: Guidelines issued by the Ministry of Power (MoP) for SAUBHAGYA Scheme.

As per Annual Progress Reports of CEA on village electrification, all the inhabited census 2011 villages across the county stood electrified as on 28 April 2018.

Due to the efforts under RGGVY/ DDUGJY between 2014-15 and 2017-18, out of remaining 25,050 un-electrified villages, 24,707 villages were electrified. At the time of implementation of SAUBHAGYA Scheme, 4.04 crore un-electrified Rural Households were to be electrified by March 2019. Due to efforts of GoI, States, power utilities and other stakeholders, since launch of SAUBHAGYA Scheme, around 2.63 crore[2] households were electrified by March 2019. Further, about 19 lakh more households were electrified from April 2019 to March 2021 under SAUBHAGYA. Thereafter, electrification of 4.05 lakh more households was reported under DDUGJY. Accordingly, a total of 2.86 crore households have been electrified.

Govt. of India announced that the remaining 18,452 un-electrified villages across the country (as per Census 2011) as on 15 August 2015 stood electrified as on 28 April 2018 in a record time of 987 days. MoP also informed that the work of electricity access in India has found international acclaim as International Energy Agency acknowledged (2018) that India's move to energize every village is one of the greatest success stories in the world.

1.3 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Despite implementation of above said schemes from time to time, the problems of inadequate/ unreliable power supply and strengthening of the distribution network in rural areas continued to persist. With a view to addressing the same and completing the ongoing work of rural electrification under erstwhile RGGVY, Cabinet Committee on Economic Affairs (CCEA) approved 'Deen Dayal Upadhyaya Gram Jyoti Yojana' (DDUGJY) on 20 November 2014. Accordingly, GoI launched the DDUGJY scheme on 03 December 2014 with the following components:

[2] ***Around 152.30 lakh households under SAUBHAGYA, 73.60 lakh households under DDUGJY {including Rural Electrification & Prime Minister Development Projects (RURAL)} and 36.90 lakh households under State RE schemes.***

(i) **Separation of agriculture and non-agriculture feeders** facilitating judicious rostering of supply to agricultural & non- agricultural consumers in the rural areas;

(ii) **Strengthening and augmentation of sub-transmission & distribution** infrastructure in rural areas, including metering at distribution transformers, feeders and consumers' end; and

(iii) **Rural electrification** for completion of the targets laid down under RGGVY for 12th Plan (2012-17) and 13th Plan (2017-22)[3] by subsuming balance RGGVY works in DDUGJY and carrying forward the approved outlay[4] for RGGVY to DDUGJY.

DDUGJY guidelines were applicable for the components (i) & (ii) above of the scheme along with any new project sanctioned under Rural Electrification component. The existing operational guidelines/ standard documents/ procedures of RGGVY were continued for implementation of already sanctioned Rural Electrification projects. The Aggregate Technical and Commercial (AT&C) losses were expected to get reduced as per the DISCOM-wise trajectory finalized by MoP.

The scheme was to commence with execution of bipartite/tripartite agreement between the Nodal Agency (REC), DISCOMs and States which was to be followed by detailed field surveys by DISCOMs. Further, Detailed Project Reports (DPRs) prepared by DISCOMs were to be submitted to REC for its vetting and onward submission to Monitoring Committee[5] (MC) for approval. The projects under DDUGJY were to be awarded by DISCOMs within six months from date of communication of the approval by the MC and to be completed within a period of 24/30 months[6] from the date of issue of the Letter of Award by the DISCOM/approval of project by MC. Various steps required to be taken till completion of projects are presented in a flowchart given in ***Annexure 1***

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[3] ***13th Plan did not commence due to abolition of Planning Commission.***

[4] ***RGGVY scheme in 12th and 13th plans was approved by CCEA (August 2013) for total scheme cost of ₹39,275 crore including a budgetary support of ₹35,447 crore. After launch of DDUGJY (i.e., December 2014), the balance scheme cost of ₹32,860 crore including a budgetary support of ₹29,574 crore got subsumed in DDUGJY.***

[5] ***Monitoring Committee consisted of 11 members, i.e., Secretary (Ministry of Power)(Chairman), Special Secretary/Additional Secretary (Ministry of Power), Chairperson (Central Electricity Authority), Principal Advisor (Energy), Planning Commission/Successor organisation, Joint Secretary (Ministry of Finance), Joint Secretary (Ministry of Rural Development), Joint Secretary (Ministry of Agriculture), Joint Secretary (Ministry of New and Renewable Energy), Joint Secretary & Financial Advisor (Ministry of Power), Joint Secretary (Rural Electrification) (MoP), CMD, REC Limited.***

[6] ***In case of turnkey implementation, projects under the scheme were to be completed within a period of 24 months from the date of issue of Letter of Award by the DISCOMs, whereas for execution on partial turnkey/departmental basis, works were to be completed within 30 months from the date of communication of the approval of the Monitoring committee.***

Thereafter, due to sub-optimal performance of the distribution sector and weaknesses in the infrastructure, GoI launched (20 July 2021) 'Revamped Distribution Sector Scheme' (RDSS) with the following components:

- **(i)** Metering & Distribution Infrastructure works;
- **(ii)** Training & Capacity Building and other Enabling & Supporting Schemes; and
- **(iii)** The projects of the ongoing scheme, *i.e.,* DDUGJY sanctioned till 31 March 2022 were subsumed in this scheme for being implemented as per the extant guidelines and under the existing terms & conditions of DDUGJY.

1.4 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Major emphasis in rural electrification up to 2017 was on electrification of villages. Village electrification, however, did not result in electrification of all the households, as the village was considered electrified even with electrification of 10 *per cent* households as per the then adopted definition. As per the data provided by the States as on 10 October 2017, 13.90 crore out of 17.94 crore rural households, were electrified and the remaining 4.04 crore households (22.52 *per cent*) were un-electrified. CCEA approved (August 2017) Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) and, accordingly, Ministry of Power, GoI launched the SAUBHAGYA on 20 October 2017 with the following scope:

- Providing last-mile connectivity and electricity connections to all un-electrified households in rural areas;
- Providing Solar Photovoltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages / habitations, where grid extension was not feasible or cost effective; and
- Providing last mile connectivity and electricity connections to all the remaining economically poor un-electrified households in urban areas.

This scheme was to be completed by 31 March 2019.

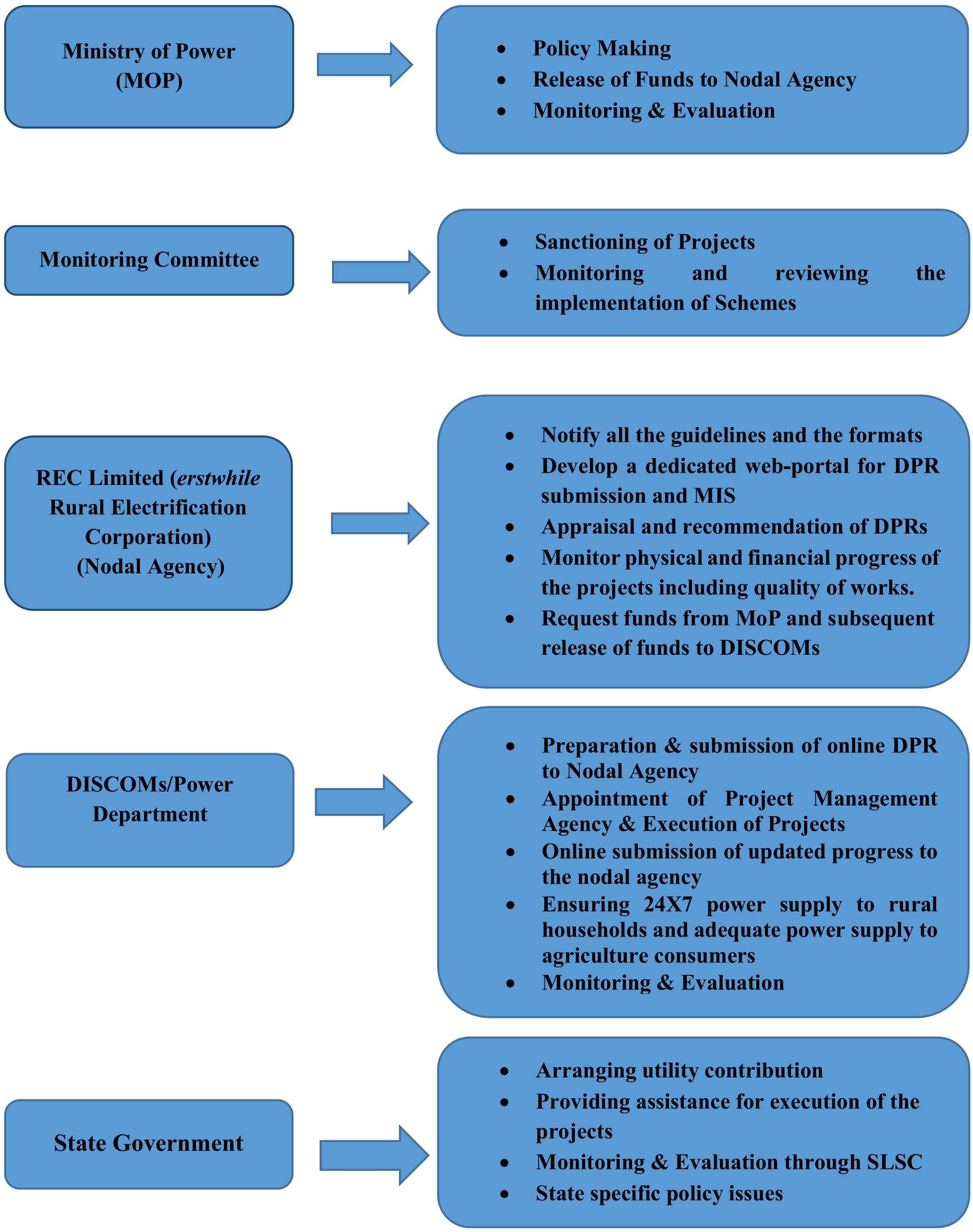
After launch of SAUBHAGYA, 19 States[7] requested additional funds for electrifying the un-electrified households. As more infrastructure was required to cover the household electrification work and the infrastructure work was not covered under SAUBHAGYA Scheme, therefore, based on recommendation of Central Electricity Authority (CEA), MoP, in-principle, sanctioned (August 2018 & March 2019) funding for additional infrastructure of ₹14,183 crore to strengthen of the distribution network required for electrification of balance un-electrified households under SAUBHAGYA.

[7] ***Including erstwhile State of Jammu & Kashmir including Ladakh.***

1.5 Major stakeholders in DDUGJY and SAUBHAGYA

Major roles of the various entities in planning, execution and monitoring of the schemes are summarised in Figure 1.2.

Figure 1.2



1.6 Funding for the schemes

The financial support under the schemes was to consist of the following components:

(i) Grants by GoI (85 *per cent* of the project cost for Special Category States[8] and 60 *per cent* for Other than Special Category States);

(ii) Contribution by the States Government/ Power Utilities (5 *per cent* of the project cost for Special Category States and 10 *per cent* for Other than Special Category States); and

(iii) Loans by REC/Financial Institutions/Banks (10 *per cent* of the project cost for Special Category States and 30 *per cent* for Other than Special Category States).

50 *per cent* of the total loan component could be converted to Additional Grant from GoI on achievement of prescribed milestones.

Maximum grant by GoI, including additional grant on achievement of prescribed milestones, could be 90 *per cent* of the project cost for Special Category States and 75 *per cent* for Other than Special Category States.

The approved scheme cost, budgetary support, closure cost, amount released by MoP to REC and subsequent disbursement of grant to DISCOMs/States under DDUGJY, SAUBHAGYA and Additional Infrastructure has been given in table below:

Table 1.2

Statement showing summary of Schemes cost, Budgetary support by GoI and Grant released to States as on 31 March 2024

(₹ in crore)

Scheme	Scheme cost approved by CCEA	Budgetary Support approved by CCEA	Scheme/ project cost Sanctioned by MC	Closure cost of the Scheme/ project	Eligible GoI Grant as per closure cost	Grant released by MoP to REC		Actual Grant released by REC to DISCOMs
						Schemes	Enabling charge[9]	
1	2	3	4	5	6	7	8	9
DDUGJY[10]	43,033	33,453	44,658	41,840	25,696	25,412	0	25,412
Additional Infra[11]			14,183	11,373	7,566	7,543	0	7,543
SAUBHAGYA	16,320	12,320	14,082	9,246	6,330	5,782	466	5,782

Source: Information provided by REC and MoP vide letter dated 14 November 2024.

[8] ***Special Category States are all North-Eastern States, Jammu & Kashmir including Ladakh, Himachal Pradesh and Uttarakhand.***

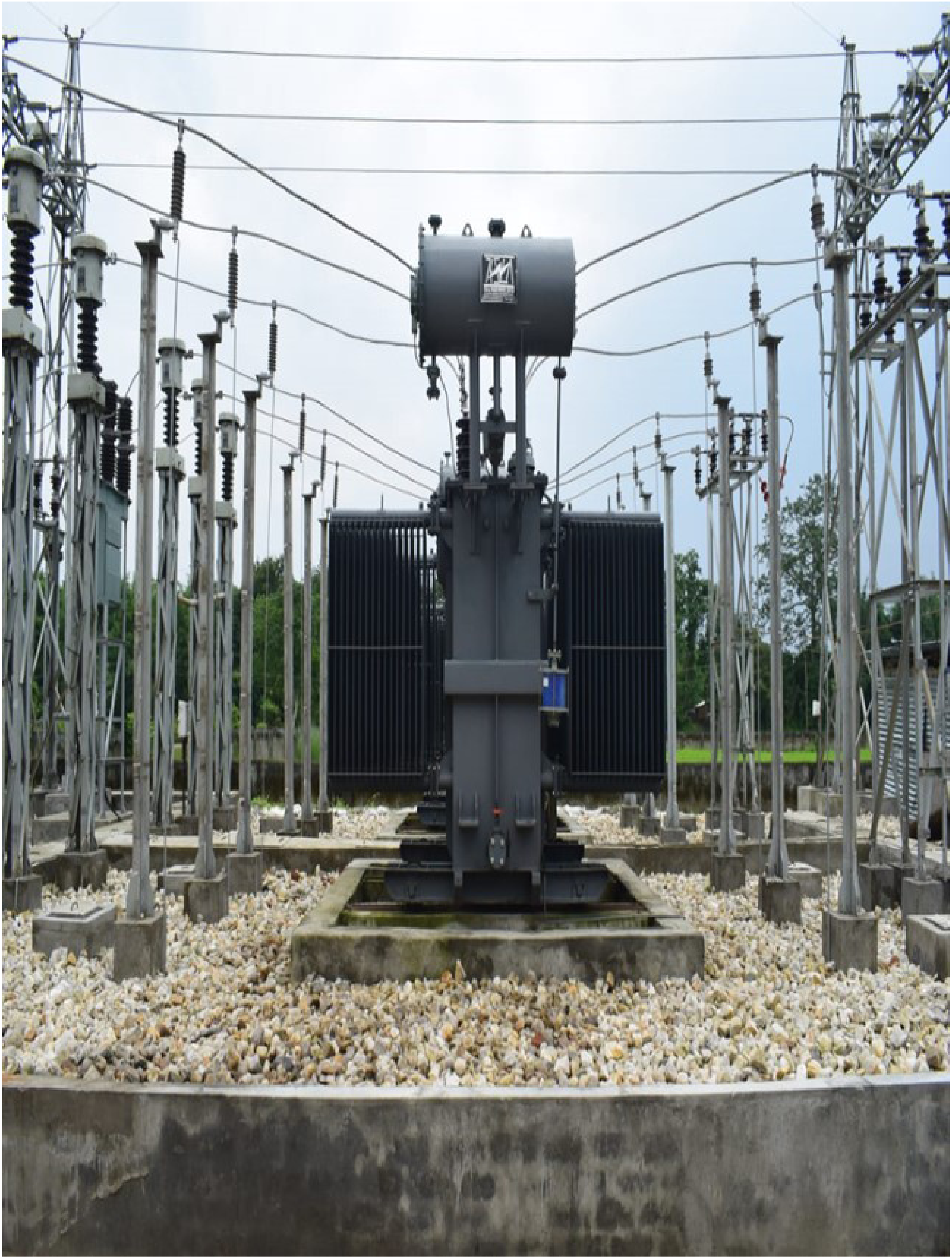
[9] ***Enabling charges were kept for supporting activities relating to implementation of the scheme, such as capacity building, creating awareness through workshops, seminars, interaction with stakeholders etc.***

[10] ***After launch of DDUGJY (i.e., December 2014), the balance RGGVY 12th plan scheme cost of ₹32,860 crore (including a budgetary support of ₹29,574 crore) got subsumed in DDUGJY and it was closed with total cost of ₹22,665 crore (including budgetary support of ₹19,329 crore) of which ₹19,029 crore was released to REC.***

[11] ***Additional Infra funds were, in-principle, approved (August 2018) by MoP based on the recommendation of CEA committee and subsequently concurrence by Ministry of Finance (October 2018).***

As evident from the above, for DDUGJY, the project cost of ₹44,658 crore sanctioned by MC exceeded the scheme cost of ₹43,033 crore approved by CCEA by ₹1,625 crore (3.78 *per cent* of Scheme cost approved by CCEA).

Additional Infrastructure works approved by MoP for scheme cost of ₹14,183 crore were executed for ₹11,373 crore with grant of ₹7,543 crore.



Chapter 2: Audit Mandate, Audit Scope and Methodology

The Performance Audit was conducted in line with the Regulations on Audit and Accounts, 2007 (as amended in August 2020) and in conformity with the Auditing Standards as well as Performance Auditing Guidelines, 2014 issued by the Comptroller and Auditor General of India.

2.1 Audit objectives

The Performance Audit was undertaken to assess whether:

1. Electrification of villages was carried out as per DDUGJY, i.e.,
   (a) Separation of agriculture and non-agriculture feeders facility was completed and
   (b) Strengthening and augmentation of sub-transmission and distribution system in rural areas including metering of distribution transformers/ feeders/ consumers was achieved;
2. Electrification of Households was achieved as per SAUBHAGYA[12], i.e.,
   (a) Last mile connectivity and electricity connections including free connections to all remaining economically poor un-electrified households was achieved, and
   (b) Solar Photo Voltaic (SPV) based standalone systems for un-electrified households located in remote and inaccessible villages/ habitations were installed;
3. Project planning and financial management of DDUGJY and SAUBHAGYA schemes were sound whereby prudent allocation and efficient utilisation of funds for achievement of scheme objectives were ensured;
4. Projects were implemented in a timely and efficient manner; and
5. Adequate and effective quality assurance and monitoring mechanism were in place to ensure timely completion of projects with desired quality.

2.2 Scope of Audit and Coverage

Common projects of DDUGJY, RGGVY 12th Plan and SAUBHAGYA were selected for Performance Audit keeping in view the significant financial outlay involved and impact expected. Out of total 4,149 projects[13] in selected 27 States and three Union Territories (UTs) sanctioned under the schemes during 2014-15 to 2019-20, 356 projects[14] executed in 411 blocks[15], and 3,150 villages (***Annexure 2)*** were selected, and test checked in audit *(with further updation of figures/ audit observations till December 2023)*.

12 ***Pradhan Mantri Sahaj Bijli Har Ghar Yojana.***
13 ***DDUGJY-605, RGGVY 12th Plan-246, Decentralised Distribution-cum-Generation (DDG) 12th Plan -65 and DDG New- 3,233.***
14 ***DDUGJY-146, RGGVY 12th Plan -49, DDG 12th Plan -6 and DDG New-155.***
15 ***303 DDUGJY + 108 RGGVY.***

The sampling was done by using Simple Random Sampling without Replacement (SRSWOR) method through IDEA Software at three levels *i.e.,* Project Level, block level and village level as discussed below:

- **Project Level:** Approximately 25 *per cent* projects from each State in respect of DDUGJY/ RGGVY 12th Plan were selected subject to minimum of two[16] from each State. For sampling, the projects for each State were divided into 'High risk' stratum and 'Other' stratum. High Risk stratum was limited to five *per cent* of the projects having highest project costs and 'Others' stratum comprised remaining projects.

  While 100 *per cent* of the projects under 'High risk' stratum were taken up for audit, remaining projects to complement the overall 25 *per cent* sample size in each State was drawn from the 'Others' stratum.

  The projects so selected were also considered for SAUBHAGYA.

- Sampling of DDG[17] projects under DDUGJY and DDG 12th Plan[18] was conducted with a sample selection of five *per cent* projects/DPRs subject to minimum of two villages per State.

- **Block Level:** In each identified Project, three blocks were selected where the total number of blocks was nine or more. In other projects, two[19] blocks were selected.

- **Village Level:** In each of the selected blocks, based on village-wise average households' power consumption[20] data for 2019-20, bottom 20 *per cent* villages with nil or low average households power consumption were treated as high risk and selected for audit and 10 *per cent* of the remaining villages were selected. The villages were selected with a maximum cap of ten and minimum of two[21] from each selected block.

- 1,682 villages from the selected sample were also selected for survey within which 12,295 households including 9,070 Below Poverty Line (BPL) households were selected.

The Performance Audit Report No. 27 of 2013 of the Comptroller and Auditor General of India on "Rajiv Gandhi Grameen Vidyutikaran Yojana" was tabled in Parliament in February 2014. MoP assured (August 2017) in final Action Taken Note on the Report that they would take care of audit observations pointed out in the said Report in future before launching of similar new scheme. Audit has also covered this aspect and comments have been included in the repeated audit observations.

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[16] ***Except those States where only one project was available for selection.***

[17] ***DDG projects were envisaged for providing off-grid electrification from conventional or renewable or non-conventional sources such as biomass, biofuel, bio gas, mini hydro, geo thermal and solar etc. villages where grid connectivity was either not feasible or not cost effective.***

[18] ***DDG 12th were DDG projects under RGGVY 12th plan.***

[19] ***In those projects where only one block was there, the same was selected.***

[20] ***In those States where average households power consumption data was not available, villages were selected using SRSWOR directly without dividing data on the basis of power consumption.***

[21] ***Except those blocks where one village was available for selection.***

2.3 Audit Criteria

Performance of the scheme was assessed on the following criteria:

- ✓ The Electricity Act 2003;
- ✓ National Rural Electrification Policy, 2006;
- ✓ Scheme guidelines issued by MoP and additional guidelines issued by REC regarding Quality Control;
- ✓ Bipartite/Tripartite/Quadripartite agreements amongst REC, State Governments, State Power Utilities and CPSEs;
- ✓ Sanctions for payment of capital subsidy of MoP along with Utilization Certificates;
- ✓ General Financial Rules;
- ✓ All India Electricity Statistics General Review 2013;
- ✓ Cabinet Notes, and
- ✓ Standard Bidding Documents.

2.4 Audit Methodology

The Performance Audit commenced with an Entry Conference with the Ministry of Power on 4 September 2020 wherein the Audit Methodology, Audit Scope, Audit Objectives and Audit Criteria were discussed.

In order to present a holistic picture of the implementation of the schemes from their initiation, audit was undertaken by State Audit offices covering State DISCOMs, and Electricity Boards in 27 States[22] and three UTs across India. A beneficiary survey was also conducted between April 2021 and October 2021 with the help of a structured questionnaire designed to capture the perception of the beneficiaries about the schemes.

In order to assess economy, efficiency and effectiveness in implementation of DDUGJY and SAUBHAGYA, various audit procedures were adopted *viz.* issuance of audit requisitions, examination of records, and documents provided to Audit by the Ministry of Power, REC, State Governments, Districts, Block/ Gram Panchayats and Distribution Companies, issuance of audit observations, analysis of the replies of the management on the same, responses to the beneficiary interviews.

Draft Performance Audit Report was issued to concerned States Government and after including their reply wherever provided, Exit Conferences were held with the concerned State Governments and the State specific findings were discussed.

After the conclusion of audit and consolidation and analysis of audit findings, a draft Consolidated Performance Audit Report was issued (January 2022) to the Ministry of Power. MoP furnished its replies in June 2022. An Exit Conference was also held on

[22] ***Out of 27 selected States, SAUBHAGYA scheme was implemented in 24 States. Accordingly, audit of SAUBHAGYA scheme was conducted in 24 States.***

1 August 2022 with MoP wherein major audit findings and recommendations were discussed. Ministry's views shared through their replies and responses in the Exit Conference have been duly considered while finalising the Performance Audit Report.

The figures/ audit observations in this Report were updated till December 2023 and the updated Report was issued to the Ministry on 16 May 2024 and the reply of MoP was received on 14 November 2024, which has been duly incorporated in this report.

2.5 Structure of the report

The Performance Audit Report has been structured as follows:

Chapter 1 of the report gives the background information of various rural electrification schemes implemented by GoI and status of village and household electrification achieved till launch of DDUGJY and SAUBHAGYA including the status of funding till the completion of scheme i.e., 31 March 2022.

Chapter 2 presents Audit approach including scope of audit & coverage, audit objectives, audit criteria and audit methodology. Audit findings have been broadly categorised into seven chapters aligning with different aspects of Audit objectives relating to DDUGJY and SAUBHAGYA schemes.

Chapter 3 presents the comparison of targets, sanctions, and actual achievements of items of Feeder Separation and Strengthening of sub-transmission & distribution system under DDUGJY. It brings out the audit observations on planning and execution of the DDUGJY scheme such as submission of DPRs, coverage of feeders' separation work, execution of Strengthening of Sub-Transmission & Distribution system works, execution of Decentralized Distribution cum Generation works, timeliness in award and completion of projects and the status of village electrification as per the definition prescribed by Ministry of Power.

Chapter 4 presents the audit observations on fund management and compliance with the provisions of DDUGJY guidelines regarding demand and release of funds, maintenance of dedicated bank accounts by Nodal agency, etc.

Chapter 5 presents the status of the quality assurance and monitoring mechanism and brings out the audit observations on monitoring of DDUGJY Scheme in compliance to guidelines regarding quality assurance mechanism, State level monitoring and monitoring of the scheme by DISCOMs.

Chapter 6 presents the comparison of targets, sanctions and actual achievements of Households electrification through Grid and Off-Grid SPV System under SAUBHAGYA scheme. It brings out audit observations on planning and execution, such as, estimation of un-electrified Households, declaration of achievement of 100 *per cent* electrification, preparation of feasibility reports/DPRs, conducting of field surveys before preparing DPRs by DISCOMs, timeliness in submission of DPRs as well as completion of works by DISCOMs, release of electricity connections to eligible Households, etc.

Chapter 7 presents the audit observations on fund management and compliance with the provisions of SAUBHAGYA guidelines regarding demand and release of funds, expenditure by DISCOMs and expenditure incurred on Project Management Agencies.

Chapter 8 brings out the audit observations on monitoring of SAUBHAGYA Scheme in compliance with guidelines regarding quality assurance mechanism, work of REC Quality Monitors and Ministry of Power/Monitoring Committee level monitoring of SAUBHAGYA.

Chapter 9 presents overall conclusion of the Report.

2.6 Acknowledgement

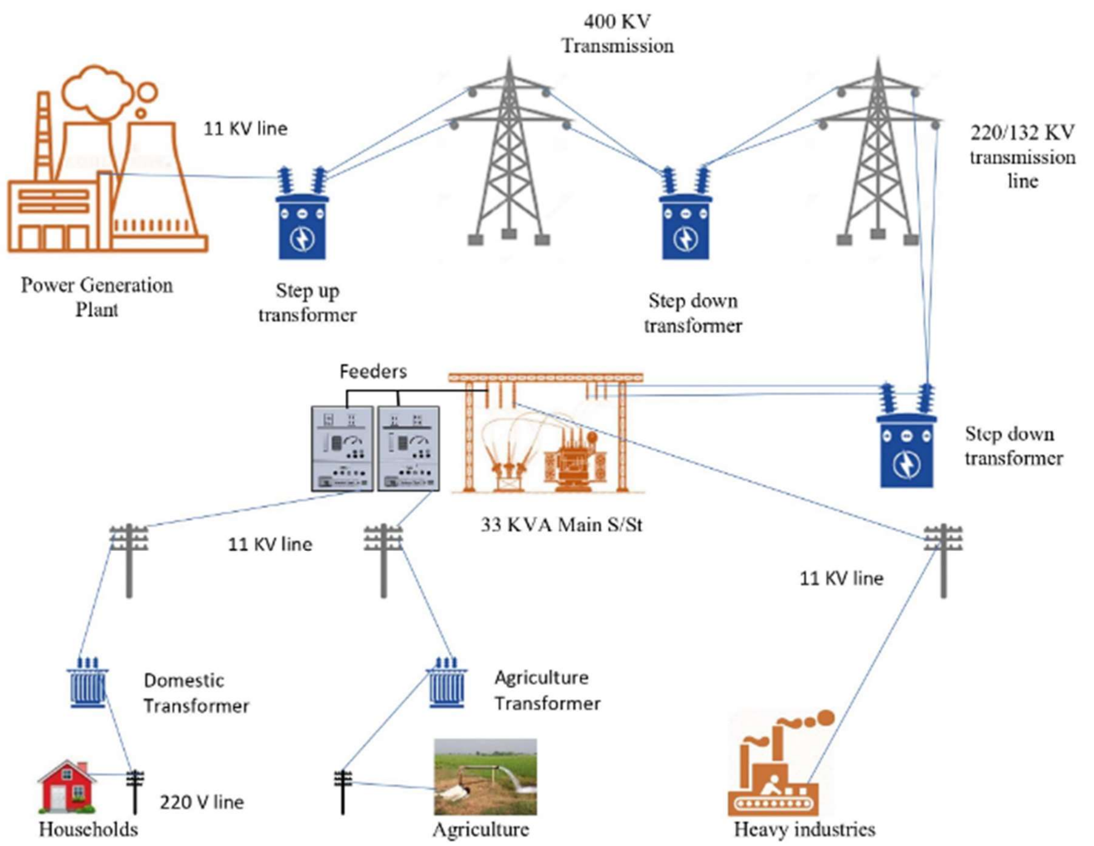
Audit wishes to appreciate and acknowledge the co-operation extended by the State Governments, REC, DISCOMs and MoP in smooth conduct of the audit and finalization of the Performance Audit Report.

Chapter 3: Implementation of DDUGJY

Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) was launched for feeder separation[23] and strengthening of Sub-Transmission and Distribution infrastructure[24], including metering[25], to augment power supply to the rural areas. The flow of electricity through various components of power infrastructure is depicted below in Diagram 1.

Diagram 1

Electricity flow from generation plant to households



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23 *Feeder separation refers to supply of electricity to agricultural consumers and to non-agricultural consumers (domestic and non-domestic) separately through dedicated feeders. The core objective of separation of feeders is to provide regulated supply to agricultural consumers and continuous power supply to non-agricultural consumers in rural areas.*

24 *This component mainly comprised of (i) Creation/augmentation of sub stations along with associated 66 KV/ 33 KV/ 22 KV/ 11 KV lines, (ii) Erection of HT lines for reorientation/re-alignment including augmentation of existing lines, (iii) Installation of new distribution transformers and augmentation of existing distribution transformers along with associated LT lines.*

25 *This component includes metering at consumer end for all categories of consumers, distribution transformers and feeders to facilitate building up a mechanism for proper energy accounting and commercial operation of electricity distribution through identifying high loss pockets and initiating remedial measures towards reduction of losses.*

3.1 Estimation and sanction of Infrastructure works

3.1.1 Deviation from target of Feeder Separation and Strengthening of Distribution Infrastructure.

MoP assessed the scope and cost estimate of the scheme through Central Electricity Authority (CEA) for effective power supply in rural areas. The assessment of Sub-Transmission and Distribution (ST&D) infrastructure was based on information received from 54 DISCOMs which was extrapolated to all 73 DISCOMs of 29 States and six UTs. CEA assumed 30 *per cent* infrastructure of this assessment for rural area. In respect of metering component, CEA relied on the data available in 'All India Electricity Statistics' CEA report (General Review 2013). Quantity of Feeders separation was estimated based on State wise agriculture consumption in discussion with respective States. The estimated quantum of work along with cost so finalised by MoP was included in the CCEA note for approval of scheme cost and the same, later on, became part of scheme guidelines. Component-wise summary of items as per the target, sanctions, and achievements as on 31 March 2024 are given in Table 3.1.

Table 3.1
Targets and Achievement of Feeder Separation and Strengthening of Distribution Infrastructure

Particulars	Target	Sanctioned by MC	Actual Achievement	Achievement w.r.t Targets (in *Percentage*)	Achievement w.r.t Sanction (in *Percentage*)
1	2	3	4	5 = 4/2*100	6 = 4/3*100
Feeder Separation (Numbers)	16,500	9,019	7,833	47.47	86.85
33 kV/ 11 kV New/ Augmented sub-station (Numbers)	3,235	3,595	4,048	125.13	112.60
66kV / 33kV lines (circuit kilometer)	21,900	22,807	25,101	114.62	110.06
11 KV line (circuit kilometer)	1,65,000	1,34,632	1,41,233	85.60	104.90
Distribution Transformer (Numbers)	2,00,000	4,12,740	3,99,143	199.57	96.71
LT lines (kilometer)	1,50,000	1,81,368	3,27,718	218.48	180.69
Meters Consumers, Agriculture consumers, Distributions & Feeders (in numbers)	2,59,10,800	1,69,61,868	1,90,41,387	73.49	112.26

Source: Estimate sheet of MoP and MIS report of REC

The above table reflects that the achievement in majority of the components was above the targets. In case of five components pertaining to system strengthening works, actual achievement was within the range between 104.90 *per cent* and 180.69 *per cent* of the quantities sanctioned by MC. However, actual achievement in respect of Distribution

Transformers component was 96.71 *per cent* of the sanctioned quantities. Similarly, the achievement of feeder separation component was 86.85 *per cent* of the quantities sanctioned by MC. The reasons for under achievement of feeder separation component are discussed in subsequent ***Paragraph No. 3.1.2.***

It was also noted that there were variations in quantities included in target, sanctioned by MC and actual achievement by DISCOMs in respect of various components of infrastructure work targeted under the scheme, which reflected the need for strengthening estimation process by basis them in actual requirements in the field, at the time of preparation of scheme.

MoP in the Exit Conference (August 2022) stated that a balance has been exercised by the Ministry between speed of implementation and accuracy of prior available data to optimize the benefit of electricity coverage. It was also informed that the decision was taken in the backdrop of the fact that ample data was available by way of implementation of previous schemes and to complete the task in the given time frame, the requirement of the scheme were estimated based on the data collected from 57 PIA, which served as feasibility reports. Further, MoP accepted the fact of lower estimation of requirement of Distribution and LT lines under system strengthening and further stated that for the consumers that were not yet connected, information available was not very accurate and the deviation from the estimation of works, as evidenced, was possible due to inaccurate records kept by all participating States and DISCOMs. With digitalisation gaining ground, going forward such problems would get minimised over a period of time.

Further, it was assured to prepare feasibility reports to the extent possible, in future interventions.

3.1.2 Sanction and execution of feeders' separation in States

DDUGJY guidelines envisaged that providing continuous power supply to non-agricultural consumers and regulated power supply to agricultural consumers would be possible by separating agricultural and non-agricultural feeders[26]. The scheme also covered electricity access to all rural households and reduction of Aggregate Technical and Commercial (AT&C) losses in a phased manner as per trajectory[27] (DISCOM-wise) specified, so as to facilitate 24x7 power supply for non-agricultural consumers with improved quality of the same in the rural areas.

Central Electricity Authority (CEA), on behalf of MoP, called for (March 2012) the requirements from all the States for separation of feeders. Based on the inputs received from the States, CEA worked out the requirement of 16,500 feeders' separation covering requirements of 11 States[28] where agricultural load was significant. While requirements

[26] ***Feeder is "voltage power line transferring power from a distribution substation to the distribution transformers". Separation of feeders for agricultural and non-agricultural consumers ensures better load management and increase power supply to rural households and it helps in reducing AT&C losses.***

[27] ***DISCOM wise projection to reduce AT&C losses in phased manner.***

[28] ***Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, and Uttar Pradesh.***

for four[29] out of the 11 States were specifically and separately estimated, State-wise detailed estimation of requirements for the remaining seven[30] States were not found on records made available to Audit. The proposal of MoP for total requirement of 3,000 feeders for these seven States was considered for scheme cost approved by CCEA in November 2014. Details of feeder separation work estimated in approved scheme cost by CCEA, sanctioned by MC and actually separated as of 31 March 2024 is given in Table 3.2.

Table 3.2
Target, sanction and achievement of Feeder Separation

Sl. No.	Name of the State	Target submitted to CCEA and approved		Sanctioned by Monitoring Committee			Actually separated till 31 March 2024		
		No. of Feeders	Amount (₹ in crore)	No. of Feeders	Amount (₹ in crore)	% of target	No. of feeders	Amount (₹ in crore)	% of sanction
	1	2	3	4	5	6	7	8	9 = (7/ 4*100)
1	Four States whose Requirements were specifically estimated	13,500	20,250	3,745	8,338.95	27.74	3,491	6,142.31	93.22
2	Seven states whose specific requirement were not available	3,000	4,500	3,748	2,509.06	124.93	3079	2,092.35	82.15
3	Additional Seven States included post CCEA approval	-	-	1,526	4218.06	-	1,263	2,074.99	82.77
	Grand Total of all States	**16,500**	**24,750**	**9,019**	**15,066.07**	**54.66**	**7,833**	**10,309.65**	**86.85**

Source: Estimation sheet provided by MoP, Data w.r.t sanction by MC and actual execution provided by REC and confirmation of figures by MoP vide letter dated 14 November 2024.

It is evident from Table 3.2 that, overall, against 16,500 feeders in 11 States at cost of ₹24,750 crore under the scheme cost approved by CCEA for feeder separation component, 9,019 (54.66 *per cent*) feeders were sanctioned by Monitoring Committee in above-mentioned 17 States (Andhra Pradesh did not take up feeder separation work) at a total cost of ₹15,066.07 crore (60.87 *per cent*). Audit observed that no comprehensive feasibility study was undertaken by MoP to assess the State-wise requirement of feeders and during appraisal of DPRs done by REC, it was decided that all the above States get

[29] ***Bihar, Madhya Pradesh, Tamil Nadu, and Uttar Pradesh.***
[30] ***Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Punjab, and Rajasthan.***

the benefit of funding from the scheme. Remaining 11 States[31] and three UTs[32] had not demanded any fund for feeder Separation.

- Apart from the above mentioned 11 States, 1,526 numbers of feeders' separation work in five States[33] were also sanctioned by MC (during DPRs appraisal stage) within sanctioned cost of the scheme. However, these States were not considered in approved scheme cost by CCEA. In two States[34], number of feeders were not sanctioned, however, 94 feeder separation works were actually executed in these two States.
- The actual achievement in feeder separation work for the 16 States was 7,833 feeders (86.85 *per cent)* against the total sanctioned numbers of 9,019 feeders. The actual cost incurred was ₹10,309.65 crore (68.43 *per cent*) against total sanctioned cost of ₹15,066.07 crore.
- State-wise achievement of feeder separation work with respect to numbers sanctioned by MC ranged from 22.52 *per cent* to 475 *per cent.* Short achievements were observed in Jammu and Kashmir (22.52 *per cent*), Maharashtra (54.13 *per cent*), Chhattisgarh (57.58 *per cent*), among others. Major reasons for such shortfall include change in requirement due to actual field conditions, insufficient funds, right of way issues and priority given to SAUBHAGYA scheme (to provide last mile connectivity and electricity connections to all un-electrified households in rural areas which required more infrastructure). In Gujarat, no feeder separation work was executed as the DISCOMs erroneously considered new feeder works in their DPRs. However, after consultation with REC, it was clarified that the scheme was meant only for separation of agricultural feeders and not for new feeders, therefore, the DISCOMs utilised the sanctioned funds into extra System Strengthening work pertaining to DDUGJY.

During survey, Audit noticed that position of power supply in rural areas for non-agricultural consumers was less than 12 hours as reported by 27 *per cent* beneficiaries in 11 States. However, the remaining 73 *per cent of* beneficiaries have reported that adequate power supply was provided after execution of DDUGJY work.

MoP stated (June 2022) that the primary focus of the programme was on completion of feeder separation and electrification of all left-out un-electrified villages within the scheduled time to ensure that all the States get the benefit of the scheme. The proposals submitted by the States/DISCOMs have been prioritized in consultation with the States. Therefore, based on availability of funds and in order to meet all the objectives of the schemes, amount for feeder separation was sanctioned to the States.

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[31] ***Arunachal Pradesh, Assam, Goa, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Telangana and Tripura***

[32] ***Andaman & Nicobar, Dadra and Nagar Haveli and Puducherry***

[33] ***Chhattisgarh- 356 feeders, Jammu and Kashmir - 151 feeders, Jharkhand- 390 feeders, Uttarakhand- 44 feeders, West Bengal- 585 feeders.***

[34] ***Himachal Pradesh- 5 feeders, Odisha- 89 feeders.***

In Exit conference (August 2022) MoP stated that some proactive States giving priority to feeder separation had been implementing feeder separation works from their resources or through loans. Therefore, by the time the scheme was launched, a sizable quantum was either implemented or was on-going under state's own schemes.

MoP assured (November 2024) that the matter would be taken care of during implementation of future schemes in line with the mechanism adopted by the Ministry.

Overall, the sanction of less number of works for feeder separation than the number approved by CCEA and execution of even less number than the total feeders sanctioned, reflects that the work of feeder separation was not fully covered under DDUGJY. Further, significant variations in the number of feeder separation works actually executed vis-à-vis the numbers sanctioned by Monitoring Committee and with reference to the targets submitted to CCEA for approval indicate the need for strengthening of assessment of State-wise requirements for the areas planned to be covered in any scheme.

Recommendation No 1: Feasibility study needs to be ensured by MoP for realistic estimation of work to avoid major variation during work sanction and execution.

3.1.3 Submission of DPRs by States

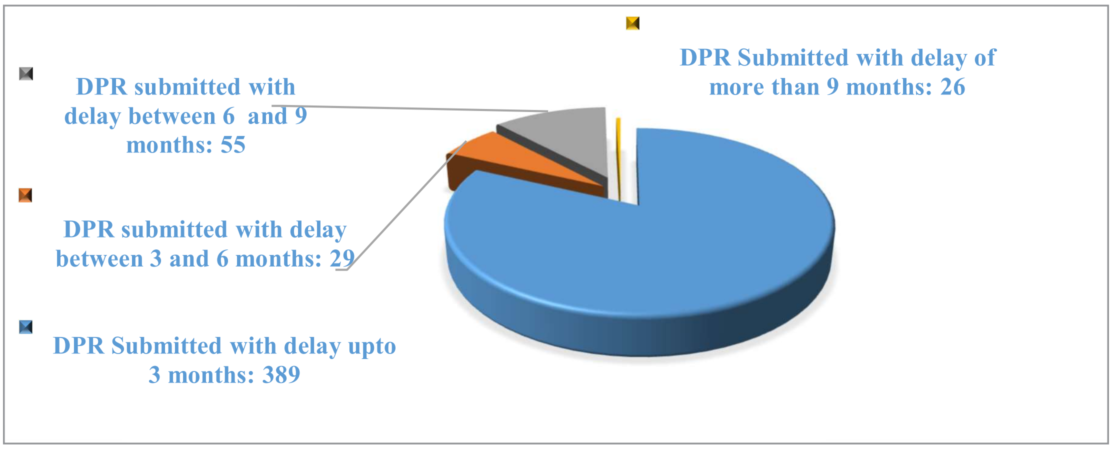
As per CCEA approval of the scheme, it was to be ensured by REC that DPRs, duly recommended by State Level Standing Committee, (SLSC[35]) were submitted within six[36] months, from the date of approval of the scheme, i.e., from November 2014 to REC which is the Nodal Agency. The scheme guidelines were issued on 3 December 2014, which neither mentioned the timeline for submission of the DPRs nor vouched for any action for delay therein.

Audit analysis of the time taken in submission of DPRs to REC in all 605 projects (January 2015 to May 2018) of DDUGJY indicated that in 106 projects, the DPRs were submitted within the stipulated time of six months. In 499 projects, the DPRs were submitted with delays ranging from one to more than nine months as depicted in Figure 3.1:

[35] ***SLSC's constituted for RGGVY projects under the chairmanship of Chief Secretary of State was assigned to carry out the work for DDUGJY also, which included the work of recommending DPRs for approval of Monitoring Committee, ensuring no duplication/ overlapping of works with any other Government of India scheme like RGGVY, NEF and monitoring progress, quality control as well as resolving issues relating to implementation of sanctioned projects viz, allocation of land for sub stations, right of way, forest clearance, railway clearance, safety clearance etc.***

[36] ***As per Appendix -III of Cabinet note on major milestones and target dates.***

Figure 3.1: Delay in submission of DPR



Source: Information provided by REC

MoP stated (June 2022) that the States, while formulating the DPRs, had adopted a procedure which proved to be practical, economic and efficient, obviating the need for a separate field survey. Despite this, it required at least 6 to 12 months' time for preparation of DPRs. Further, delay in preparation of DPRs was due to local field conditions like hilly terrains, right of way, heavy snow, terrorist/ Naxalite affected area etc. MoP added (November 2024) that the matter would be taken care of during implementation of future schemes in line with the mechanism adopted by the Ministry.

The fact remains that the DPRs were prepared with delay in large number of cases, with a potential impact on timely execution of works.

Recommendation No. 2: MoP may devise a suitable mechanism to ensure timely submission of the DPRs to the approving authority.

3.1.4 Preparation of DPRs without field survey

DDUGJY guidelines envisaged that based on the broad scope of work validated by the Nodal Agency at 1st Stage[37], DISCOMs would formulate district/ circle/ zone-wise DPRs based on detailed field survey for various items of work.

Audit observed that the DPRs were not based on field survey and eventually, the same were found to be having under/over-estimation of quantities. Audit noticed that the villages which were not part of the DPR were electrified due to underestimation of the quantities. On the other hand, the reasons, such as feeder separation work sanctioned in DPR found already covered in High Voltage Distribution Scheme (HVDS) and villages sanctioned found already electrified, led to overestimation of the quantities. Similarly, variations in BPL households sanctioned and electrified also caused under/ overestimation of quantities. Audit findings and impact regarding DPRs prepared without field survey is discussed in detail in ***Annexure 3.***

[37] ***In the first stage DISCOMs will identify needs for feeder separation and critical gaps in sub-transmission and distribution network considering Consumer wise consumption pattern, voltage regulation and AT&C losses etc. and other ongoing works under other schemes for efficient management of distribution network.***

The States/ UTs-wise observations clearly indicate variations in the quantity of work executed due to not conducting the detailed field surveys before preparation of DPRs. Such variation in the quantity of work executed, also resulted in variations in project costs due to under/over estimation of quantities. This is evident from the fact that in 605 projects of DDUGJY, the variation[38] between the initially sanctioned cost and the final closure cost of the projects was ranging between (-) 212.45 *per cent*[39] and 72.39 *per cent*[40]. Further, variation in 181 projects out of total 605 projects (29.92 *per cent*) was more than +/- 20 *per cent.* This also impacted the utility of preparation of DPR and subsequent approval by MC.

It is pertinent to note that in Para 3.7 of the CAG's Performance Audit Report No. 27 of 2013 on RGGVY, it was also pointed out that DPRs were prepared without field survey and had caused over/under estimation therein.

MoP in Exit Conference (August 2022) and in its subsequent reply (November 2024) stated that detailed field survey is exhaustive and time consuming process and does not confer advantage as per cost benefit analysis, since any DPR for rural electrification cannot be physically implemented in totality due to change in location of substation, transmission lines, transformers, and land issues. The Ministry cited various reasons for major variations in executed work such as launch of SAUBHAGYA in mid-course, additional infrastructure under DDUGJY, part of the works of DPRs executed by States from their own resources, delay in execution of works due to issues like RoW, change in priorities, and parallel execution of work in other schemes. Further, the Ministry assured that the variations in the estimates would be tried to be minimised to the extent possible during the implementation of the ongoing/upcoming schemes in line with the mechanism adopted by the Ministry.

The value of field survey for preparation of DPR is important as it provides necessary data to ensure accuracy in design, cost estimations and feasibility analysis etc. which contributes towards reduced variation in estimation and actuals along with timely completion.

Recommendation No. 3: Field surveys may be carried out before preparation of DPRs, as per the provisions of scheme guidelines, to improve the scheme planning process and to minimise variations during execution.

3.1.5 Restrictions in System Strengthening and Feeder Separation components

DDUGJY scheme was formulated for rural areas and covered works related to:

- System Strengthening which included components such as creation of new substation, augmentation of substation, erection of HT lines, installation of new distribution transformers etc.
- Feeder separation which included components such as separation of HT feeders for Agricultural and non-agricultural consumers, erection of HT lines, installation of new distribution transformer etc.

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[38] ***Variation up to 20 per cent of sanctioned project cost was to be got approved from REC, whereas variation above 20 per cent was to be got approved from the MC.***

[39] ***Karimnagar Co-operative Societies Project (Telangana)***

[40] ***Debagarh Project (Odisha)***

DDUGJY scheme stipulated that the States were to prepare a Need Assessment Document (NAD) incorporating such requirements as critical gaps in Sub-Transmission & Distribution (ST&D) network, feeder separation, Aggregate Technical & Commercial (AT & C) losses level and prioritize scope of work to ensure 24x7 power supply for non-agricultural consumers and adequate power supply for agricultural consumers, reduction of AT&C losses as per trajectory finalized by MoP (which was also one of the milestones, eligible for 15 *per cent* additional grant to States, i.e., 50 *per cent* of loan component) and providing access to all rural households. Accordingly, the States submitted NAD as assessed and formulated as per their requirements to achieve the above objectives.

Subsequently, the coverage of works was discussed during various meetings including Review, Planning and Monitoring meetings with State representatives and on the basis of these meetings, the provision of funds for the States was decided in line with tentative indications given by MoP to ensure that all the States should get the benefit of the funds available for the scheme to achieve the objectives. DISCOMs submitted the DPRs after prioritizing the works in terms of the decision taken in 2nd MC meeting (19 February 2015) within the indicated amount for DDUGJY Projects to REC for appraisal and sanction of the component-wise project cost by MC.

Audit reviewed the appraisal done by REC of DPRs submitted by 24 States[41] and two UTs[42] and noticed that System Strengthening component was given limited financial sanction. Against cost of ₹44,821.22 crore demanded by 19 States[43] and two UTs[44], a sanction of ₹12,412.55 crore was accorded. The cost of Feeder separation of ₹11,285.78 crore demanded by seven States was also limited to ₹3,967.20 crore.

It was noticed that target of AT&C losses[45] in 12 States and one UT out of 24 States and two UTs was not achieved and ranged between 11.08 and 59.28 *per cent* against the norms of 10 *per cent* to 26 *per cent* as on March 31, 2022[46] ***(Annexure 4)***. This resulted in the release of a lesser amount of grant of ₹3,631.62 crore to DISCOMs by MoP. Further in nine States[47] target of AT&C losses was achieved.

The project cost sanctioned for the scheme was not fully based on State proposals/ requirements, and instead, the sanction of component-wise project cost was assigned to

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41 ***Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand and West Bengal.***

42 ***Andaman & Nicobar and Puducherry.***

43 ***Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Meghalaya, Odisha, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Uttar Pradesh, and Uttarakhand.***

44 ***Andaman & Nicobar and Puducherry***

45 ***Eligibility for additional grant calculated at 50 per cent of loan component and additional 15 per cent (5 per cent in case of Special Category States) grant (in case loan is not availed) for those States/UTs where norms of AT&C losses in 2021-22 published by PFC report on performance of power utilities 2021-22 was below the trajectory finalized by MoP for that year.***

46 ***Targets of AT& C losses to be achieved till March 2022 by each State/UT were fixed under DDUG-JY guidelines.***

47 ***Out of 24 States and two UTs, three States (Manipur, Mizoram and Nagaland) has not demanded for system strengthening works and in one UT (Andaman & Nicobar) trajectory was not fixed.***

various States based on tentative indications from MoP. Thus, the realisation of objective of strengthening and augmentation of Sub-Transmission & distribution infrastructure and feeder separation for reliable and quality power supply after electrification of un-electrified villages in rural areas.

It was also corroborated in the field survey where it was found that in 15.33 *per cent*[48] of surveyed villages, strengthening and augmentation of Sub-Transmission & Distribution infrastructure in rural areas was not adequate in terms of sufficiency of Substations, Distribution Transformers, Lines, Poles and Meters etc.

MoP stated (June 2022) that the works submitted by the State Utilities were prioritised based on availability of funds by MoP in consultation with the States to focus on primary works i.e., electrifying all left-out un-electrified villages and feeder separation. Accordingly, the State utilities submitted revised DPRs as per the sanctioned amount and based on priority of works.

In the Exit Conference, MoP stated that component wise cost for the individual states, with the overall outlay of the scheme was worked out based on NAD prepared by the states identifying critical gaps in sub-transmission and distribution, feeder separation, AT& C loss etc., state-wise priorities. Further, DPRs submitted by the States were appraised on case-to-case basis given the fact that each state critically needed different components of the infrastructure. For example, state of West Bengal had a maximum proportion towards village infrastructure, state of Uttar Pradesh had a maximum proportion towards systems strengthening and state of Assam had a maximum sanction towards electrification of un-electrified (UE) villages. UE and SAGY[49] villages were conferred topmost priority while sanctioning. MoP also stated that since access to power to all households and 24 hours of supply was not physically possible without capacity in upstream supply and distribution, the latter was given priority wherever it was projected by the states. Reduction of the proposed quantity was done based on recorded/ laid down criteria.

Reply of MoP may be viewed in light of the fact that the States initially submitted the NAD based on priority needs, later revising it for appraisal by REC. During appraisal, REC ensured equitable fund distribution among all states. Consequently, there was limitation in fund sanction in various components against the demands projected by respective states.

3.2 Inadequacies in Implementation

3.2.1 Creation of separate feeders

DDUGJY envisaged separation of agricultural and non-agricultural feeders to facilitate 24x7 power supply for non-agricultural consumers with quality of power along with judicious power supply to agricultural consumers in rural areas.

Audit, however, observed that instead of creating separate feeders for agriculture and non-agriculture load, the mix load on the feeders continued in two out of 11 States as discussed in table below.

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48 ***15.33 per cent = (239/1682-123)*100.***

49 ***Saansad Adarsh Gram Yojana***

Table 3.3
Statement of mix load on the feeders

Sl. No.	Name of State	Instances of keeping the mix load on the feeders
1	Jharkhand	Jharkhand Bijli Vitran Nigam Limited (JBVNL) awarded Letters of Award (LoA) for projects during March 2017 to September 2017 and as per the closure reports of the projects, 169 Agricultural feeders were actually erected. In four[50] out of eight projects, though 60 feeders were erected, only 40 feeders were utilised to release (June 2024) the agricultural connections. In balance 20 feeders no agricultural connection was released due to short closure by Turnkey Contractor. Further, no agriculture connection was proposed under various ongoing schemes[51]. MoP stated (November 2024) that agriculture connection as per JBVNL norms will be provided if any wilful consumer desires so. The fact remained that the objective of supply of uninterrupted reliable power was defeated to that extent.
2	Uttar Pradesh	In case of 11 projects[52] valuing ₹887.36 crore[53], 2,14,010 out of 2,70,376 agricultural consumers, *i.e.,* 79.15 *per cent* were not shifted to the dedicated agricultural feeders as on December 2023. Further, during Audit Survey, it was noticed that supply of power in Pilibhit and Kaushambi was for less than 12 hours as reported by 100 *per cent* and 20 *per cent* of selected beneficiaries respectively. Further, instances of voltage fluctuation in Pilibhit and Kaushambi were reported by 95 *per cent* and 76 *per cent* of sampled beneficiaries respectively. MoP stated (November 2024) that joint survey by REC team and DISCOM official was carried out in four districts namely Lucknow, Pilibhit, Kaushambi and Varanasi and noticed that out of selected feeders agricultural load was shifted to agricultural feeders i.e., for Lucknow 66.41 *per cent*, Pilibhit 64.92 *per cent* Kaushambi 36.44 *per cent* and Varanasi 20.16 *per cent*. Further, average supply hours as per National Feeder Monitoring System (NFMS) for rural feeder of District Pilibhit and District Kaushambi was 22:31 hours and 22:19 hours respectively in the month of June 2024. Voltage fluctuation issue sorted out through Private Tube Well feeder separation under RDSS scheme. Reply of MoP may be viewed against the fact that the joint survey was restricted to the above named four districts only out of 75 districts. Further the load shifted to agricultural feeders was still less especially in Kaushambi and Varanasi districts.

[50] ***Deoghar, Dhanbad, Godda and Giridih.***
[51] ***RDSS, PVTG, PM-JANMAN, and Mukhyamantri Ujjwal Jharkhand Yojana (MUJY)***
[52] ***Lucknow, Varanasi, Ghazipur, Azamgarh, Kaushambhi, Kanpur Dehat, Kannauj, Mainpuri, Firozabad, Bulandshahr and Muzaffarnagar.***
[53] ***Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL)- ₹45.04 crore, Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL) -₹381.59 crore, Pashchimanchal Vidyut Vitran Nigam Limited (PVVNL) -₹171.86 crore and Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL)- ₹288.87 crore.***

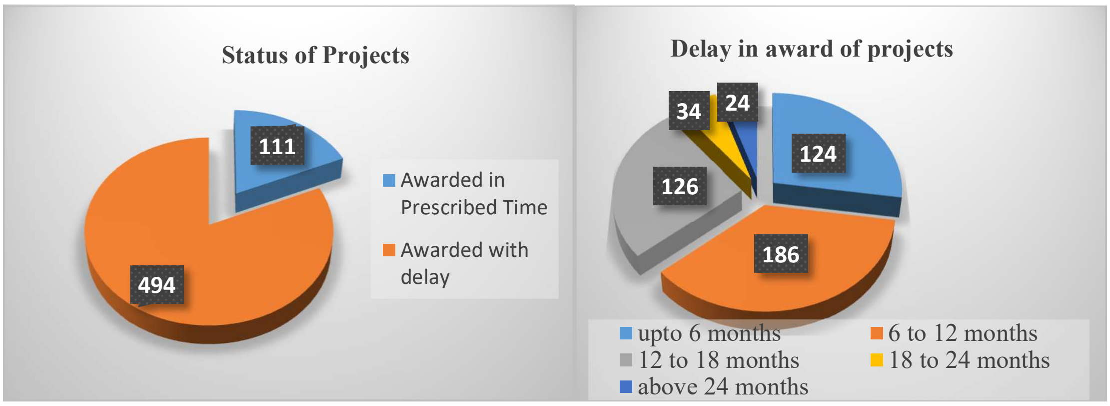
3.2.2 Time taken in award and completion of the Projects

3.2.2.1 Delay in award of projects

As per guidelines, Contracts for execution of projects were to be awarded within six months from the date of sanction of the projects by MC.

Out of 605 projects, only 111 projects were awarded within six months from the date of sanction as prescribed in the guidelines and the remaining 494 projects were awarded with delay. The ratio of number of projects awarded on time with those awarded with delay is depicted in the Figure 3.2.

Figure 3.2



Source: Information provided by REC

There was delay in award of work in 494 projects (81.65 *per cent) in* 24 States[54] and two UTs[55] out of 605 projects in 27 States and three UTs. There was a delay of more than 12 months in the case of 184 projects (30 *per cent*) in fourteen States[56] and one UT[57].

Audit noticed that the tenders were modified, and time was extended for submission of bids for the reasons like non-availability of eligible bidders, unreasonable rates, poor response allowing maximum participation in bids, changes in few clauses of bidding documents, delay in communication of approval of revised DPR by REC.

MoP stated (June 2022) that major reasons for delay in award were finalization of BoQs, preparation and revision of Standing Bidding Document, non-finalization of procurement plan for major material and revision of initial sanction etc. Such delays did not affect the delivery of intended benefits/ outcome of the scheme.

In Exit Conference (August 2022), while confirming the audit findings regarding delay in award of the projects, MoP stated that efforts were made to standardize the contract

[54] ***Arunachal Pradesh, Assam, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir including Ladakh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Mizoram, Nagaland, Odisha, Punjab, Rajasthan, Sikkim, Telangana, Tripura, Uttar Pradesh and West Bengal.***

[55] ***Andaman & Nicobar* and *Puducherry.***

[56] ***Assam, Chhattisgarh, Goa, Haryana, Himachal Pradesh, Jammu and Kashmir including Ladakh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Mizoram, Punjab, Telangana and Uttar Pradesh.***

[57] ***Andaman & Nicobar.***

specifications and the prices across the country through centralized procurement but it could not materialize owing to lack of consensus among states.

Reply of MoP may be viewed against the fact that large part of the factors mentioned in the reply were controllable.

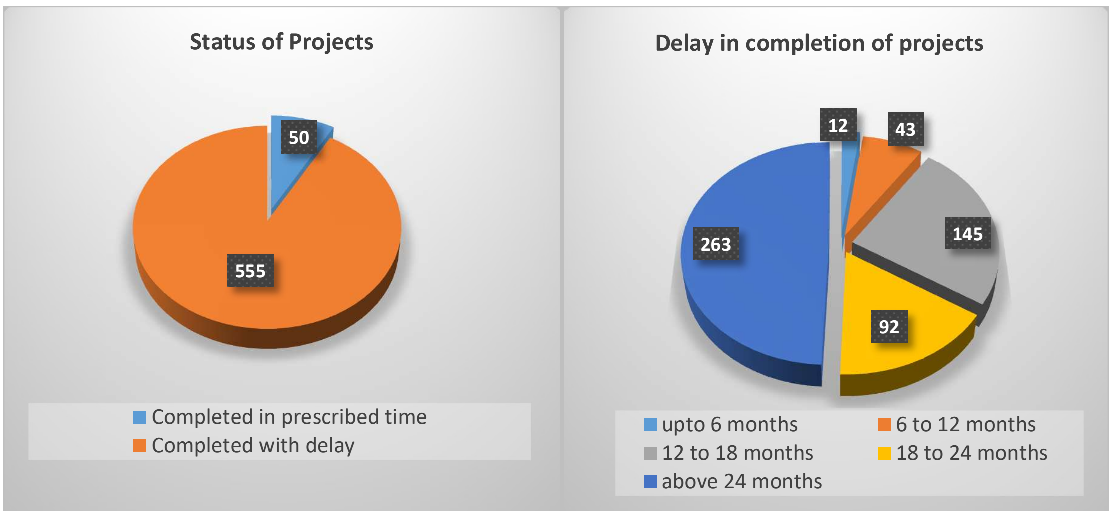
MoP agreed (November 2024) to take corrective action for all the future schemes.

3.2.2.2 Delay in completion of projects

DDUGJY guidelines stipulated that in a project, the work was to be completed within 24 months from the date of issue of Letter of Award in case of turnkey contract and within 30 months[58] in case of partial turnkey contract/departmental execution.

Audit noticed that only 50 out of 605 projects, were completed within the prescribed time and remaining 555 projects were completed with delay. The details regarding delays in completion of projects are depicted in Figure 3.3.

Figure 3.3



There were delays in completion of 555 projects (91.74 *per cent)* out of 605 completed projects in 27 States and 3 UTs. There was a major delay of more than 24 months in the case of 263 projects (47 *per cent*) in 19 States[59].

Due to delay in execution/completion of projects, MC in its 23rd meeting dated 21 December 2021 directed DISCOMs to take up only those works which could be completed by 31 December 2021 so that scheme could be closed on 31 March 2022 by taking 3 months for preparation and process of closure. Further, it was conveyed that works executed beyond 31 December 2021 shall not be funded under the scheme. Audit also observed that 20 States/UTs[60] could not execute the quantum of work ranging

58 *24 months for implementation and 6 months for placement of awards*

59 *Arunachal Pradesh, Assam, Chhattisgarh, Himachal Pradesh, Jammu and Kashmir including Ladakh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Odisha, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal.*

60 *Andaman & Nicobar, Arunachal Pradesh, Assam, Chhattisgarh, Haryana, Jammu & Kashmir including Ladakh, Jharkhand, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Odisha, Puducherry, Punjab, Rajasthan, Tripura, Uttar Pradesh, Uttarakhand and West Bengal.*

between 3.31 *per cent* and 62.62 *per cent* till the closure of the scheme. Particularly, Jammu and Kashmir including Ladakh, and Tripura could not complete 62.62 *per cent* and 20.72 *per cent* of their respective sanctioned project costs.

Scrutiny of records revealed that DISCOMs gave various reasons for the delay in execution/completion of projects while asking for time extension from the MC. These reasons included delays due to termination of contracts, crop seasons, Covid pandemic, delay in execution due to certain contractual issues, RoW issues, excess time taken for forest/ statutory clearances, delay in allotment of land, and delay in survey by contractors etc.

It is pertinent to note that delays in various stages of project execution were also pointed out in CAG Performance Audit Report No. 27 of 2013 on RGGVY {paras No. 5.5.1 (Time taken in preparation of DPRs), 5.5.2 (Time taken in award of projects), and 5.5.3 (Delay in completion of projects)}. Similar issues were noticed in implementation of DDUGJY as well, indicating need for improvement in these areas by MoP.

MoP stated (June 2022) that due to unavoidable circumstances, like, lockdown and other restrictions imposed due to Covid-19, severe Right of Way issues, etc., faced by States/UTs, implementation of the scheme for rural electrification works was delayed. Such delays did not affect the delivery of intended benefits/ outcome of the scheme. The work had been completed within the scheme period in the sunset year 2021-22.

Reply of MoP is to be viewed against the fact that DDUGJY Scheme was launched in 2015 and as per the DDUGJY guidelines the projects were to be completed within 24 months/30 months, as the case may be, from date of issue of award/sanction. Hence, due to such delays there was deferral in extension of benefits to the beneficiaries. Further, the Covid-19 induced lockdown was imposed only from March 2020. The other reasons of delay like rights of ways, forest clearance and land etc. were also controllable as such factors were known in advance and adequate time was provided to address these issues to respective States and REC from 2015.

In Exit Conference (August 2022), while confirming the audit findings regarding delay in award of the projects and consequent delay in completion thereof, MoP stated that efforts were made to standardize the contract specifications and the prices across the country through centralized procurement but it could not materialize owing to lack of consensus among states.

MoP added (November 2024) that the matter would be taken care of during implementation of future schemes in line with the mechanism adopted by the Ministry.

Recommendation No.4: MoP may ensure standardisation of procedures related to award and execution of projects to help in timely completion of award and execution process.

3.2.3 Utilisation of Assets

Review of records relating to utilisation of the material procured by DISCOMs for implementation of the scheme in different States revealed that in three States, the procured assets/inventory having significant value were not utilised effectively as discussed below:

3.2.3.1 Installed distribution transformers meters/feeder meters not used for Energy Accounting

As per Clause 2 (iv) of Chapter II (Project Formulation and Implementation) of the guidelines, the installation of meters on distribution transformers is important to ensure seamless energy accounting and auditing at all levels in the distribution system. Audit noticed that although the distribution transformers meters were procured, no arrangement was made for energy accounting[61] on these distribution transformer meters. Hence, distribution transformers meters and feeder meters procured by DISCOMs could not be utilised for energy accounting as envisaged in the guidelines. This resulted into idle expenditure of ₹119.48 crore as discussed in Table 3.4.

Table 3.4
Statement of idle expenditure (as of December 2023)

Name of the State	DT/feeder meters installed	DT/feeder meters used for Energy accounting	DT/feeder meters not used for energy accounting	Value of DT/ feeder meters installed (₹ in crore)	Value DT/ feeder meters not utilised (₹ in crore)
Arunachal Pradesh	710	0	710	3.57	3.57
Karnataka	23,672	4,180	19,492	54.46	44.84
Uttar Pradesh	33,691	0	33,691	71.07	71.07
Total	**58,073**	**4,180**	**53,893**	**129.10**	**119.48**

It is clear from the table that in the above-mentioned States, the installed DT/ feeder meters were not utilised fully for energy accounting since March 2022[62].

In case of Arunachal Pradesh, MoP stated (November 2024) that out of 710 DT/Feeder meters 167 are currently functioning, while 543 are malfunctioning, which would be rectified for use for energy accounting by March 2025.

For Karnataka, MoP assured (November 2024) that Mangalore Electricity Supply Company Limited (MESCOM), Gulbarga Electricity Supply Company Limited (GESCOM) & Chamundeshwari Electricity Supply Corporation Limited (CESC) have executed DTR Metering works under DDUGJY scheme (CESC- 18,831, GESCOM- 4,841 and MESCOM- 118). GESCOM is carrying out the energy audit by collecting data from 4,841 meters installed under the scheme, however, CESC and MESCOM are carrying out energy audit for 12,328 Nos. of Distribution Transformer Centres (DTCs) by taking the reading manually. For the remaining DTRs in CESC, meters are not recording data due to fault in lead wire, CTs and other issues. The faults are being rectified, and action would be taken to conduct energy audit for all the metered DTRs.

[61] ***Energy Accounting prescribes accounting of all energy inflows at various voltage levels in the distribution periphery of the network, including renewable energy generation and open access consumers, as well as energy consumption by the end consumers.***

[62] ***All projects under DDUGJY were closed till March 2022.***

For Uttar Pradesh, MoP stated (November 2024) that 10,831 feeders are being monitored by AMR (modem) installed on feeder meters. Further, Manual Energy Meter reading is being taken regularly for remaining installed meters.

Therefore, it is important that necessary corrective actions are taken to ensure effective utilisation of these meters as per the intended objectives of the scheme.

In Exit Conference, Ministry stated (August 2022) that physical activity of Audits is within the ambit of State and their DISCOMs. Further, the Ministry has introduced modifications in BEE Energy Audit Regulations with detailed proforma for Energy Accounting for all DISCOMs.

3.2.4 Deficiencies in execution of Decentralized Distribution cum Generation works

Decentralized Distribution-cum-Generation (DDG) from conventional or renewable or non-conventional source such as biomass, biofuel, biogas, mini hydro, geothermal and solar etc., is envisaged for villages where grid connectivity was either not feasible or not cost effective. The entire DDG work under DDUGJY and RGGVY XII Plan was planned and executed in 3,397 projects with a cost of ₹1,053.54 crore in 14 States[63].

In Assam State, REC sanctioned (January 2016) 305 projects to electrify rural households through DDG under DDUGJY scheme. Assam Power Distribution Company Limited (APDCL) awarded (August 2016) the DDG project to IIT Madras (IITM) on nomination basis on the request of REC for an amount of ₹33.22 crore to electrify 7,174 households. This contract was later expanded (March-December 2017) to ₹124.19 crore for 26,822 households across 367 villages. During scrutiny of records, Audit observed as under:

(i) As per guidelines of DDG Scheme, the villages/ hamlets comprising migratory/ floating population were not to be considered for electrification. During monitoring survey (December 2019 to December 2021) of implementation of DDG Scheme by REC Quality Monitors[64], in 89 villages having 9,277 standalone systems, 2,715 standalone systems, installed in the villages comprising migratory/ floating population, were not found as reported in the inspection report. These standalone systems had a cost of ₹11.31 crore.

(ii) REC Quality Monitors (RQM) reported that IITM did not provide Module Mounting System (MMS) which was in violation of contract with IITM.

The fact regarding non-providing of MMS was also confirmed during beneficiary survey conducted by Audit in six villages under Goalpara, Dhubri and Dhemaji projects. The comparison of standalone system installed under DDG & SAUBHAGYA are shown in figure 3.4 and 3.5:

63 ***Andhra Pradesh; Arunachal Pradesh, Assam, Chhattisgarh, Jammu & Kashmir including Ladakh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Meghalaya, Odisha, Rajasthan and Uttarakhand.***

64 ***TUV SUD South Asia Private Limited, Quality Monitor appointed by REC-RQM.***

	
Figure-3.4 **Under DDG (by IITM)** **Standalone system without MMS-Dhemaji district**	**Figure-3.5** **Under SAUBHAGYA (by M/s North East Agency) Standalone system with MMS-Dhemaji District**

The DISCOM stated (February 2024) that it did not release any payment to IITM for uninstalled MMS in case of all the 26,822 systems amounting to ₹2.48 crore.

(iii) As per agreement, IITM was required to maintain these stand-alone systems for a period of five years from the installation of last system and handover the same to the Government of Assam in working condition thereafter. In case of any complaint of non-receipt of power by the beneficiaries, IITM had to attend the complaint immediately.

As per REC Quality Monitors report, 3,966 systems (15 *per cent*) costing ₹18.36 crore were not working due to defects in battery/ charge controller/ solar panels etc. Besides, 6,106 systems (23 *per cent*) installed costing ₹28.27 crore were running directly under by-pass condition due to defects in charge controllers. Further, no technician was available from IITM for upkeep and maintenance of the systems.

APDCL stated (August 2024) that out of total 1,26,011 defects observed by RQM/ PMA only 930 defects have been complied and remaining 1,25,081 defects were yet to be addressed.

MoP, during the Exit Conference (August 2022) and reply (November 2024) stated that as per DDG guidelines, villages/hamlets comprising migratory population should not be considered for electrification under DDG. But, due to frequent floods in Assam, the people of villages (permanent in nature) situated in the riverbank areas only move to safeguard from temporary flood and earn livelihood during the monsoon season. In respect of non-installation of MMS, MoP stated that MMS in case of DDG standalone are frames to hold the panels on the roof of beneficiaries and do not include the poles as in case of SAUBHAGYA scheme. Due to non-installation of MMS, no solar panels have been damaged. MoP further replied that due to non-rectification of defects the maintenance charges have not been released to IITM and the amount i.e., ₹14.03 crore has been reversed on 31 March 2023.

MoP further added (November 2024) that the matter would be taken care of during implementation of future schemes in line with the mechanism adopted by the Ministry.

The reply of MoP regarding temporary shifting of beneficiaries may be viewed in light of the fact that installed standalone systems were not found during inspection by REC quality monitors. Further, the DDG solar standalone projects were not maintained by IITM and defects were not rectified as per agreement.

Recommendation No. 5: Compliance to the scheme guidelines such as invitation of open tenders, maintenance of facilities by vendors, quality assurance mechanism at appropriate levels etc. may be ensured by REC during execution. Accountability for non-delivery of scheme benefits to intended beneficiaries due to non-maintenance of systems despite disbursal of payments may also be fixed.

3.3 Status of Village Electrification

Central Electricity Authority (CEA) collects data regarding village electrification and demand/ supply of power from all DISCOMs. The status of year-wise village electrification under DDUGJY is given in Table 3.5.

Table 3.5
Status of year-wise village electrification under DDUGJY

Year	Total inhabited village as per census 2011	Villages Electrified	Villages remained Un-electrified	Percentage of villages electrified as 31 March of the Year
2014-15	5,97,464	5,77,698	19,766	96.69
2015-16	5,97,464	5,86,065	11,399	98.09
2016-17	5,97,464	5,92,135	5,329	99.11
2017-18	5,97,464	5,97,121	343	99.94

Source: Annual Progress Reports of CEA on Village Electrification

DISCOMs awarded the works for Feeder Separation and System Strengthening & Distribution System for intensive electrification of villages after this period, *i.e.,* during the period from August 2015 to March 2020. Some of Feeder Separation and System Strengthening & Distribution System works for electrification of villages were partially completed during March 2018 to March 2022. The remaining works of Feeder Separation (24,568 numbers), Feeder conductors, transformers, cables, substations, feeder capacitors etc. are now covered in new scheme called Revamped Distribution Sector Scheme.

3.3.1 Pending Electrification

As per the definition of village electrification[65], a village was considered as electrified if electricity was provided to public places like schools, panchayat offices, health centers, dispensaries, community centers etc.

[65] ***A village was considered as electrified if:***
- ***Basic infrastructure such as Distribution Transformer (DT) and distribution lines were provided in the inhabited locality as well as the dalit basti/ hamlet, where it exists. (For electrification through Non-conventional Energy Sources, a DT may not be necessary);***
- ***Electricity was provided to public places like schools, panchayat offices, health centres, dispensaries, community centers etc.; and***
- ***The number of households electrified was at least 10 per cent of the total number of the households in the villages.***

Audit noticed that till closure of the scheme (March 2022), 1,092 villages in Jammu and Kashmir (including Ladakh) were partially electrified and public places in 2,722 villages of Rajasthan and Tripura were yet to be electrified. MoP stated (June 2022/ August 2022/ November 2024) that all inhabited census villages (as per 2011) have been electrified on 28 April 2018 in the country. In respect of Rajasthan and Tripura, MoP added that providing electricity to public institutions was not merely contingent upon drawing of the electricity line but also the affordability thereof for the public institution. The responsibility of Utilities is to provide electricity access; however, the connections have to be obtained by the relevant public institution. It was added that DISCOM had not denied any such institutions for electric connections. MoP added that the definition of Village Electrification had become redundant and needed to be redefined by keeping in view the achievement of electricity access and ability of public institutions to avail electricity services. In respect of Jammu & Kashmir, it was stated that the delays happened due to unexpected events i.e., issues in tendering, hostile terrain.

Recommendation No. 6: MoP may update the definition of Village electrification/ intensively electrified village, suitable in present scenario with a view to electrifying a greater portion of village households and public places accordingly.

3.4 Other cases

3.4.1 Non-creation of Data Hub for rural power distribution system

DDUGJY guidelines stipulated that a rural electrification data hub[66] was to be created for the energy flows and outage information of all feeders including rural feeders at REC to act as a nodal center for updated status of State-wise data and information related to rural power distribution system. Modalities and guidelines for implementation of the data hub were to be worked out by REC separately in consultation with CEA and were to be put up to MC for approval. A provision of ₹10 crore was made in the cost estimates of DDUGJY by MoP for creation of RE data hub. Audit observed that Data Hub was not created.

MoP replied (June 2022/ November 2024) that all necessary information was captured and maintained through various web portals and the same is now being integrated with the National Power Portal of the Ministry of Power.

Reply may be viewed against the fact that as per the guidelines, the data hub was intended to be created for information on rural power distribution systems. Such data hub should have been a single source of information on existing, under progress and proposed rural power distribution systems or their elements for various stakeholders to easily and efficiently identify system requirements and ward off possibility of duplication. Further, it would also have served the purpose of seamless uplink with the

[66] ***This data was primarily to be a nodal information center for data and information related to rural power distribution systems and was to broadly collate the state wise updated status of rural electrification in the country. This was to be subsequently uplinked in a seamless manner with the National Power Data Hub in CEA.***

'National Power Data Hub' of CEA. However, the amount meant for creation of the data hub remained unspent.

3.4.2 Under recovery of mobilization advance

In Uttar Pradesh, the contracts for rural electrification in six districts[67] were awarded (September 2014 and February 2015) on turnkey basis for an amount of ₹598.65 crore. As per the terms and conditions of the work order, Mobilisation Advances of ₹81.36 crore was given to the contractor. The contractor had submitted 18 Bank Guarantees [68] (BGs) as security deposit with validity period between January 2017 and April 2019. During execution of the work, DISCOM terminated the contract (December 2015) due to poor performance of the contractor and requested the bank for encashment of Bank Guarantees to recover outstanding advance amount from the contractor. However, the outstanding amount could not be recovered as the BGs available with the DISCOM were not genuine[69] as reported by respective banks. Therefore, the DISCOM confiscated the material from the stores of defaulting contractor worth ₹91.92 crore (as per Trunkey contract rate) against their pending mobilization advance.

Out of the total material amounting ₹91.92 crore recovered from the Contractor, DISCOM issued material of ₹71.01 crore under RGGVY and SAUBHAGYA scheme at turnkey contract rate at which the material was confiscated and the material of ₹6.35 crore was issued under other scheme at store issue rate. However, material worth ₹0.97 crore was found unusable/scrap and the remaining material of ₹13.59 crore valued at turnkey contract rate was not utilised.

MoP stated (November 2024) that cost of the materials seized from the Contractor was calculated on the basis of the awarded rates obtained through open tender. The supplies that were available at the site were to be billed at the cost specified in the awarded rates and the same supplies were used to execute the works. Therefore, the recovery was done as per the awarded rates from the firm.

Reply of MoP may be viewed against the fact that the full value of mobilization advance was not realised by the DISCOM till June 2024.

3.5 Summing up

Based on assessment by Central Electricity Authority, MoP defined scope and cost estimate of the scheme for effective power supply in rural areas. The realisation of objective of strengthening and augmentation of sub-transmission & distribution infrastructure and feeder separation for reliable and quality power supply after electrification of un-electrified villages in rural areas needed more work to be carried out.

The target of AT&C losses in 12 States and one UT out of 24 States and two UTs was not fully achieved and ranged between 11.08 and 59.28 *per cent* against the norms of 10 *per cent* to 26 *per cent* as on 31 March 2022. System Strengthening was achieved in the

[67] ***Ambedkar Nagar, Amethi, Balrampur, Gonda, Hardoi and Sultanpur.***
[68] ***issued by Union Bank of India, Kamlapuri Colony, Hyderabad.***
[69] ***FIR was lodged against the contractor at Hazratganj Kotwali at Lucknow, UP. Further, Disciplinary action had been initiated against Executive Engineer of MVVNL after suspension.***

range of 85.60 *per cent* to 218.48 *per cent* and Feeder Separation was achieved to the extent of 47.47 *per cent* w.r.t targets submitted by MoP for CCEA approval. Component-wise actual achievement was 86.85 *per cent* to 180.69 *per cent* in comparison to the quantities sanctioned by MC. State-wise achievement of feeder separation work ranged from 22.52 *per cent* to 475 *per cent* of the estimated work.

There were delays in submission of DPRs, award of projects and their completion under DDUGJY impacting timely achievement of intended objectives of the scheme. Carrying out feasibility study and preparation of Project Reports after Field Study would have contributed towards better identification of targets and substantially reducing variations of actual achievements from the targets.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Chapter 4: Financial Management of DDUGJY

The eligible grant under DDUGJY scheme for States other than Special Category States was 60 *per cent* of project cost approved by Monitoring Committee or project cost awarded by DISCOMs whichever is lower. The eligible grant for Special Category States[70] was 85 *per cent* of project cost approved by MC. REC was to submit a proposal to MoP for release of funds which were in turn to be further released to Utilities[71]/States. After receipt of proposal from REC and after ensuring compliance with the conditions specified for release of instalment, MoP was to release funds against that instalment directly to dedicated bank account of REC.

Mechanism for release of funds/ grants from budget of MoP to DISCOMs by REC is given in Table- 4.1.

Table-4.1
Funding Mechanism of the Scheme

Instalment No.	Conditions for release of fund/grants	Percentage of eligible grant component release
1	(i) Approval of Projects by MC (ii) Execution of Bipartite/Tripartite agreement amongst DISCOM, State Government & REC (on behalf of MoP) (iii) Appointment of PMA	10
2	Placement of LoA by the DISCOM	20
3	Utilization of 90 *per cent* of fund released under 1st & 2nd instalment and 100 *per cent* release of DISCOM/State contribution	60
4	After completion of works	10
	Total	**100**

Source: DDUGJY Guidelines.

The said guidelines also stipulate that the date of completion as mentioned in the Project Completion Certificate (PCC) was to be within the execution period of 24 months from the date of award in case of turnkey execution, and 30 months from date of communication of sanction in case of partial turnkey/departmental execution, or as extended by MC and such contracts become qualified for the release of final instalment of 10 *per cent*. The expenditure as per the PCC or award cost or the cost approved by MC, whichever is lower, was to be considered as the final cost of the project for release of the last instalment of 10 *per cent*, after adjusting any excess release made earlier.

70 ***All North Eastern States including Sikkim, Jammu & Kashmir including Ladakh, Himachal Pradesh and Uttarakhand are special category States as per guidelines.***

71 ***DISCOMs including private sector DISCOMs and State Power Departments (referred to as Utilities).***

4.1 Release of fund by REC to DISCOMs

Release of grant without fulfilling the requisite conditions

(a) DDUGJY Guidelines stipulate release of 10 *per cent* of eligible grant component (1st instalment) on achievement of three conditions viz., (i) Approval of the project by MC (ii) Execution of tripartite/bipartite agreement and (iii) Appointment of Project Management Agency (PMA) by the DISCOM. Guidelines further stipulate release of 60 *per cent* of eligible grant component (3rd installment) on receipt of 100 *per cent* of DISCOM/ State contribution (10 *per cent* of approved project for other than special category States and 5 *per cent* of approved project for special categories of approved project).

Audit noticed that REC released grant of ₹541.56 crore (from July 2015 and January 2016) to six States[72] out of 27 States and three UTs in first instalment, which was made 13 to 360 days prior to the date of execution of tripartite/bipartite agreement and appointment of PMA. Further, early payment (February 2018 to July 2020) of ₹1,603.81 crore as 60 *per cent* of eligible grant component (3rd Instalment) was made to six States[73] without ensuring timely infusion of contribution of State Government into the projects.

Audit observed that the release of grant as per the above prescribed milestone was approved by CCEA and the same was included in the scheme guideline. Further, as per CCEA approval, MC was empowered for amendments thereof within the framework approved by CCEA. However, the above relaxation in release of grant by REC prior to fulfilling the prescribed conditions/milestone was in deviation to CCEA approval where MC approval was also not obtained by REC.

(b) As per terms & conditions of sanction under RGGVY 12th Plan, 1st instalment i.e., 30 *per cent* of eligible grant was to be released by REC to DISCOMs, *inter alia*, after award of project and execution of contract agreement by the DISCOMs.

Audit observed that in 14 projects of one state[74] out of 13 States[75] where RGGVY 12th Plan was implemented, REC released 1st instalment of Capital subsidy amount of ₹246.28 crore during 2014-15 whereas the project works were awarded during April 2015 to May 2017 by DISCOMs.

MoP while accepting the observations (a & b) stated (June 2022) that States had submitted their demands for release of funds with the assurance of the compliance of milestones and conditions within the stipulated time and before release of next instalment. The compliance of conditions had been ensured while releasing the 2nd instalment. Therefore, as an exception 1st tranche had been released, however, the same shall be avoided in future.

[72] ***Gujarat (₹28.59 crore), Himachal Pradesh (₹13.46 crore), Madhya Pradesh (₹171.10 crore), Tamil Nadu (₹55.17 crore), Uttar Pradesh (₹18.74 crore) and West Bengal (₹254.50 crore).***

[73] ***Gujarat (₹128.37 crore), Jammu & Kashmir (₹88.26 crore), Karnataka (₹175.26 crore), Maharashtra (₹10.30 crore), Sikkim (₹24.01 crore) and West Bengal (₹1177.61 crore).***

[74] ***Uttar Pradesh***

[75] ***Assam, Chhattisgarh, Jammu and Kashmir including Ladakh, Jharkhand, Karnataka, Madhya Pradesh, Manipur, Nagaland, Odisha, Rajasthan, Tripura, Uttar Pradesh and West Bengal***

In Exit Conference (August 2022) REC and MoP confirmed that all the requisite conditions for fund releases were ensured while releasing the subsequent and final tranches.

Reply of MoP may be viewed against the fact that release of funds by REC before ensuring the compliance of fund disbursement conditions prescribed in the scheme guidelines was not in line with the provisions of the guidelines.

Recommendation No.7 Nodal Agency may ensure that release of funds is done as per the approved funding guidelines.

4.2 Release of Fund under DDUGJY/ RGGVY 12th Plan

Details of funds demanded by REC from MoP and release there-against under DDUGJY and RGGVY 12th Plan are given in Table 4.2.

Table 4.2
Details of release of Funds

(₹ in crore)

	DDUGJY scheme			RGGVY 12th Plan		
Year	Amount demanded by REC from MoP for DDUGJY	Amount released by MoP to REC	Amount released by REC to DISCOMs	Amount demanded by REC from MoP for RGGVY 12th Plan	Amount released by MoP to REC	Amount released by REC to DISCOMs
2014-15	537.00	500.00	0.00	4,396.00	2,298.73	2,604.27
2015-16	1,676.00	1,326.70	1,123.58	2,248.00	2,939.07	2,226.10
2016-17	3,215.00	2,380.00	2,832.80	5,000.00	3,957.70	3,997.63
2017-18	5,400.00	4,848.74	4,953.09	4,814.00	3,095.72	3,096.60
2018-19	15,861.00	8,008.41	8,189.47	4,734.00	3,208.95	3,411.59
2019-20	6,591.00	3,543.58	3,340.46	1,710.00	1,186.43	977.36
2020-21	3,250.00	2,035.22	1,849.46	1,250.00	1,126.36	1,152.40
2021-22	3,942.82	2,132.90	2,122.03	1,287.00	1,095.25	1,492.91
2022-23	934.85	607.08	1,022.21	128.06	125.52	74.86
2023-24	29.67	29.66	297.46*	-	-	294.02*
Total	**41,437.34**	**25,412.29**	**25,730.56**	**25,567.06**	**19,033.73**	**19,327.74**

Source: Information provided by REC.

****Release to DISCOMs figures includes LD recovered from turnkey contractors by REC as per the Closure Approval.***

The following can be observed from Table 4.2:

- Over the years, the funds released by MoP were consistently lower than the funds demanded by REC for both Plans (except for RGGVY 12th Plan in 2015-16).
- Disbursal of funds by REC to DISCOMs for a particular Scheme/Plan was not in accordance with the funds received from the MoP for that Scheme/Plan. A number of instances were noticed where disbursal to DISCOMs under particular scheme was higher than the amount received from the MoP.

4.2.1 Demand and release of fund without requisite details and non- maintenance of separate dedicated bank accounts by REC

As per the sanction orders issued by MoP from time to time, subsequent request for release of fund by REC should accompany a statement indicating project-wise unspent balance on the date of request and that on the date of last release. Further, all requests for release of funds were to additionally enclose a statement giving details of projects, the DISCOMs to whom the requested fund were to be disbursed and the status of the unspent balance with DISCOMs with a view to ensure that REC had been effectively utilising the fund released previously and funds were released as per actual physical progress of project work.

Further as per Clause 2.2 of Chapter IV of guidelines, on request from REC, and after satisfying that the conditions specified for release of particular instalment have been complied with, MoP was to release fund against that particular instalment directly to dedicated bank accounts of REC.

A) Scrutiny of records revealed that REC demanded funds on lumpsum basis from MoP without enclosing the requisite documents i.e., project-wise unspent balance and projects-wise/ DISCOMs-wise fund requested from MoP for disbursal. The fund was released by MoP based on such requests without insisting on the requisite details from REC. Thus, MoP did not ensure compliance of its own instructions and DDUGJY guidelines.

   Further, REC had also not ensured the physical progress/actual requirement of the DISCOMs and released grant to DISCOMs on estimation basis.

B) Audit noticed that there were instances of mismatch in scheme-wise utilisation of funds by REC against the scheme wise grant received from MoP. Further, instances pertaining to diversion of funds by DISCOMs amounting ₹734.01 crore in 11 States (***Annexure 5***) out of 27 States and three UTs to the plans other than those earmarked by REC were noticed. Furthermore, REC also released grants of ₹2,391.65 crore[76] prior to the prescribed milestones to be adhered by DISCOMs as mentioned in **Paragraph 4.1**.

C) DDUGJY guidelines envisage that MoP shall release funds under DDUGJY against the particular instalment directly into the dedicated bank account of REC opened for managing the funds of the scheme. REC, instead of opening dedicated separate bank account, continued with the same bank account which was opened for erstwhile RGGVY for 10th Plan and 11th Plan. MoP had separate budget outlays for RGGVY 10th Plan, 11th Plan, 12th Plan and DDUGJY with different scope of work and the funding patterns for release of fund to DISCOMs. Further, scheme guidelines under RGGVY 12th plan and DDUGJY were also different.

   In absence of dedicated bank account for DDUGJY at REC, scheme-wise receipt of fund from MoP and subsequent disbursement thereof by REC to various

76 ***₹541.56 crore + ₹1,603.81 crore + ₹246.28 crore.***

DISCOMs and the balance undisbursed fund under the scheme at a particular date was not verifiable from the bank statement. This resulted in weakening of internal controls and Audit also could not vouchsafe the disbursement of funds to DISCOMs as per MoP sanction order.

MoP, stated (June 2022) that it was difficult for REC to anticipate the exact project-wise fund requirement while submitting demand for funds to the Ministry. Therefore, the demand of grant was submitted by REC to the Ministry on lump sum basis and funds were released to States as per the availability of the budget. It was further stated that there was no diversion of fund as RGGVY Scheme was subsumed under DDUGJY and a single budget head was maintained. Accordingly, separate bank account was not maintained for each plan of erstwhile Schemes as it was also not mandated.

Reply of MoP may be viewed against the fact that the funds were released by MoP to REC and subsequently by REC to DISCOMs without following the procedure as stipulated in clause 2 of DDUGJY scheme and fulfilment of the requisite conditions for release of funds. Further, the contention of MoP on non-diversion of fund between schemes and non-opening of separate bank account by REC may be seen in light of the fact that the guidelines stipulated specific budget outlay and conditions for release of fund for both the schemes even though the same were debited from single budget head at MoP level.

In Exit Conference (August 2022), MoP assured that the concerns of Audit would be taken care of, and corrective actions would be incorporated in the upcoming scheme i.e., Revamped Distribution Sector Scheme. The Ministry further added (November 2024) that this issue had been addressed by directing the Nodal Agencies of ongoing scheme to release Scheme Specific Grants through Treasury Single Account to be opened by Grantee Institutions.

4.3 Non-maintenance of separate dedicated bank account with Corporate Liquid Term Deposit facilities by DISCOMs

DDUGJY guidelines envisaged maintenance of separate bank accounts with CLTD[77] facility and remittance of the interest earned on unutilized fund to MoP at least once in every quarter.

It was observed that the DISCOMs in seven States out of 27 States and three UTs did not avail the bank account with the CLTD facility in due time. Thus, the opportunity to earn interest up to ₹10.00 crore on the un-utilised fund balance for the period of non-availing of CLTD facility *ibid*, was forgone as detailed in Table 4.3.

[77] ***Corporate Liquid Term Deposit.***

Table 4.3
Statement of interest loss due to non-maintenance of Separate Account

(₹ in crore)

Sl. No.	Name of States	Period without CLTD facility	Non-availing of CLTD facility (in months)	Loss of interest
1	Arunachal Pradesh	March 2017 to February 2018	11 months	0.57
2	Jammu & Kashmir including Ladakh	In 4 spans during October 2017 to 30 January 2019	14 months	3.25
3	Madhya Pradesh	August 2015 to May 2018	34 months	0.24
4	Rajasthan[78]	January 2017 to April 2018	15 months	0.20
5	Tamil Nadu	August 2015 to March 2020	56 months	2.76
6	Telangana	January 2017 to May 2018	17 months	0.73
7	Tripura[79]	April 2015 to March 2020	60 months	2.25
Total				**10.00**

In Exit Conference (August 2022), MoP responded that these aspects were addressed at the stage of closure of projects and assured that under the new financing mechanism, implemented in RDSS, the Audit concerns would be taken care of. MoP, further stated (November 2024) that PFMS platform shall now be used for all types of payments to avoid idle funds and loss of interest.

4.4 Non-bearing of State taxes by States

Under DDUGJY, there was no specific mention about State taxes, whereas, till XII plan, guidelines explicitly stated that State taxes were to be borne by the concerned State Government. MC in its 16th meeting dated 22 December 2020 decided that the State taxes shall be borne by the concerned State Government. Audit, however, observed that significant amounts of State taxes in respect of eight States out of 27 States and three UTs were levied on the execution of projects on DISCOMs and not refunded by the States to the DISCOMs as detailed given in Table 4.4.

[78] *Ajmer Vidyut Vitran Nigam Limited availed, CLTD facility with a delay of 15 months (January 2017 to April 2018).*

[79] *The initial two Bank accounts for RGGVY 12th Plan was used in operation of DDUGJY for the period from April 2015 without CLTD facility. A separate Bank account for DDUGJY was in operation from July 2017 and no CLTD facility was availed till March 2020.*

Table 4.4
Statement of tax not refunded by State Governments to DISCOMs

(₹ in crore)

Sl. No.	Name of the State	DISCOMs[80]	Schemes/Plans	Amount of State tax[81]
1	Chhattisgarh	CSPDCL	DDUGJY	32.45
2	Haryana	DHBVN	DDUGJY: 11.26	24.35
		UHBVN	DDUGJY:13.09	
3	Punjab[82]	PSPCL	DDUGJY	30.60
4	Manipur	MSPDCL	DDUGJY	4.54
5	Meghalaya[83]	MePDCL	DDUGJY	14.97
6	Rajasthan	AVVNL	DDUGJY: 70.54 RGGVY: 26.34	96.88
		JVVNL	DDUGJY: 77.80 RGGVY: 32.04	109.84
		JDVVNL	DDUGJY: 74.50 RGGVY: 36.73	111.23
7	Tripura[84]	TSECL	DDUGJY	11.48
8	Tamil Nadu[85]	TANGEDCO	DDUGJY: 58.08 RGGVY: 0.57	58.65
	Total			**494.99**

Due to absence of appropriate action to ensure that State taxes were not levied on DDUGJY works, the same to the extent of ₹494.99 crore were paid.

MoP stated (June 2022) that there was no undue burden on the Scheme towards State taxes as REC had ensured appropriate deduction of the State taxes before release of funds to the DISCOMs under DDUGJY Scheme and at the time of processing for project closure, eligible cost has been assessed after reduction of State taxes. MoP further added (November 2024) that DISCOMs had in principle agreed to bear the cost of State taxes at the time of entering into the implementation agreement.

80 *CSPDCL: Chhattisgarh State Power Distribution Company Limited, DHBVN: Dakshin Haryana Bijli Vitran Nigam, UHBVN: Uttar Haryana Bijli Vitran Nigam, PSPCL: Punjab State Power Corporation Limited, MSPDCL: Manipur State Power Distribution Company Limited ,MePDCL: Meghalaya Power Distribution Corporation Limited, AVVNL: Ajmer Vidyut Vitran Nigam Limited, JVVNL: Jaipur Vidyut Vitran Nigam Ltd., JDVVNL: Jodhpur Vidyut Vitran Nigam Limited., TSECL: Tripura State Electricity Corporation Limited, TANGEDCO: Tamil Nadu Generation & Distribution Corporation Limited.*

81 *State tax included SGST and other States levies.*

82 *REC while releasing grant to Punjab DISCOM (PSPCL) under DDUGJY deducted of 9 per cent SGST share from grant component. Closure proposal submitted by DISCOM reflect that PSPCL had paid ₹30.60 crore on State taxes (SGST: ₹ 30.04 crore and WCT: ₹ 0.56 crore). Punjab Govt. rejected the claim of PSPCL and intimated that state tax liability is to be borne by PSPCL only.*

83 *MePDCL had remitted an amount of ₹14.56 crore towards SGST out of grants received for the Scheme to the respective State authorities.*

84 *Tripura State Electricity Corporation Limited remitted SGST, Work Contract Tax (WCT) and Workers Welfare Cess (WWC) to the tune of ₹12.76 crore to respective State authorities during 2014-20. Out of this amount, the DISCOM had claimed ₹0.86 crore and failed to claim ₹11.90 crore reimbursement of these taxes from the State Government.*

85 *State taxes disallowed by the REC relating to DDUGJY scheme was ₹49.65 crore and ₹0.57 crore on extension of work under RGGVY which was not refunded by the Government of Tamil Nadu.*

Reply may be viewed against the fact the State taxes levied on the projects had to be paid by DISCOMs, which were to be borne by respective States as decided (22 December 2020) in the 16th MC meeting. Further, adequate mechanism was needed to be developed to ensure that the State taxes did not burden DISCOMs or the scheme fund as assured (August 2022) by MoP in Exit Conference.

4.5 Summing up

Adherence to the funding mechanism of the schemes as approved by CCEA was not ensured by Nodal agency (REC) while releasing GoI grant component i.e., 1st and 3rd instalment in case of DDUGJY and 1st instalment in case of RGGVY 12th Plan. As such funds amounting ₹2,391.65 crore were released to DISCOMs prior to fulfilment of prescribed condition/ milestone and without approval of Monitoring Committee. MoP did not monitor that funds released to REC were being effectively utilised as per physical progress of projects under various schemes, which resulted in funds sanctioned for one scheme having been diverted to the other scheme by REC. Further, instances of utilization of funds amounting to ₹734.01 crore of one scheme in another scheme by DISCOMs were also noticed in 11 States.

In non-compliance of DDUGJY scheme guidelines, REC did not maintain dedicated bank account for implementation of DDUGJY work and continued with bank account of RGGVY 10th plan and 11th plan. This, against backdrop of separate budget outlays, scope of work and funding patterns for different schemes viz. RGGVY 10th Plan, 11th plan, 12th plan and DDUGJY, led to mismatch in plan/scheme wise release of funds to DISCOMs as compared to funds sanctioned for particular plan/scheme. There was undue burden of State taxes on DISCOMs to the extent of ₹494.99 crore in eight States due to non-refund of the same by the State Governments to DISCOMs.

Chapter 5: Quality Assurance and Monitoring Mechanism under DDUGJY

Effective monitoring of the scheme during planning and execution is an essential requirement to ensure that the objectives of the scheme are achieved effectively and efficiently, and the work is executed as planned with intended quality and within timelines.

5.1 Ineffective/deficient Quality Assurance Mechanism

DDUGJY/ RGGVY 12th Plan guidelines envisaged in-house quality monitoring at the level of DISCOMs and Third-Party Quality Monitoring at the level of REC through REC Quality Monitors (RQM), which were to oversee the compliance of DDUGJY guidelines and adherence to laid down procedures for monitoring.

Inadequacies observed in monitoring of Quality Assurance (QA) at each level are discussed in Table 5.1.

Table 5.1
Inadequacies in the Monitoring of Quality Assurance

Level of Monitoring	Particulars
DISCOMs level Monitoring	DDUGJY guidelines stipulated that DISCOMs were to formulate a detailed comprehensive QA Plan to create quality infrastructure works, which was to be an integral part of the contracts with the turnkey contractors or equipment suppliers and erection agencies. The DISCOMs and the turnkey contractors were to strictly ensure quality assurance checks, which, *inter-alia* require 100 *per cent* inspection for pre-dispatch of materials and quality of materials supplied during day-to-day course of project execution. **Audit observed that:** 1. QA Plans were neither prepared nor made integral part of the contract agreement by four States[86] and two UTs[87] out of 27 States and three UTs under DDUGJY scheme. MoP stated (June 2022) that in Dadra & Nagar Haveli and Goa, work was executed departmentally/on turnkey basis and as such, adopted their quality assurance procedure. In Gujarat, DISCOM had done inspection of materials which were part of purchase order. Reply of the MoP may be viewed against the fact that the QA Plan was to be prepared by every DISCOM irrespective of whether the work was executed departmentally or by turnkey contractor, however the same was not done. Further, carrying out the inspection as per the purchase order does not meet the requirements of the provisions of the DDUGJY guidelines.

86 *Goa, Gujarat, Manipur and Tripura.*
87 *Andaman & Nicobar and Dadra & Nagar Haveli.*

Level of Monitoring	Particulars
	2. In three States[88] and one UT[89] out of 27 States and three UTs, material was not procured from the authorised vendors. Further, list of approved vendors was not uploaded on the web portal by 11 States/UTs[90]. MoP stated (June 2022) that in general, vendor's approval is the State subject. DISCOMs owe the sole responsibility for procurement of materials from the authorized vendors only. MoP further replied that in Madhya Pradesh, approved vendor list was not uploaded on web portal because such vendor approval was granted provisionally for the scheme only. In Telangana, the approved vendors list was made available in the Telangana State Northern Power Distribution Company Limited (TSNPDCL) web portal. However, due to technical issues, the web portal was redesigned. In Himachal Pradesh, the approved vendor list was not uploaded on the web portal. In Nagaland, the approved vendor list was being uploaded on web portal. In an illustrative case observed in Haryana, one vendor M/s Duhan Electrical Works, Hisar had supplied and erected cable of Relemac make {297 circuit km (Ckm)} during the period from November to December 2017 valuing ₹9.06 crore. During execution of the project, the contractor was found involved in corrupt and fraudulent activities and therefore, the contract was terminated (23 February 2018) by Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL). After termination of contract, DHBVNL got the acceptance test of the cables conducted (10 August 2018) which failed to meet the specifications and was declared (14 August 2018) sub-standard by NABL[91]. DHBVNL did not get the said cable replaced by the contractor, compromising the safety norms. Hence, the DISCOM did not comply with QA mechanism guidelines, as per which DISCOM was to ensure quality checks by way of 100 *per* cent pre-dispatch inspection of all materials as per technical specifications. DHBVNL stated (March 2024) that the sub-standard cables were not replaced by the contractor till December 2023 and that the arbitration case was decided (October 2023) but the Arbitration Tribunal had not awarded any amount for defective sub-standard material, and therefore, DHBVNL had filed a petition (January 2024) in District Court, Hisar, against the arbitration decision where the matter was sub-judice. Reply may be viewed against the fact that use of sub-standard cables not only created conditions for sub optimal delivery of power, but also posed a safety risk as being prone to damage and falling down on land.

[88] ***Karnataka, Manipur and Tripura.***

[89] ***Dadra & Nagar Haveli.***

[90] ***Dadra & Nagar Haveli, Himachal Pradesh, Jammu & Kashmir including Ladakh, Karnataka, Madhya Pradesh, Manipur, Meghalaya, Nagaland, Puducherry, Sikkim, and Telangana.***

[91] ***National Accreditation Board for Testing and Calibration Laboratories.***

Level of Monitoring	Particulars
REC level Monitoring	Under DDUGJY, Quality Assurance (QA) mechanism stipulated that 100 *per cent* Un-Electrified Villages (UEV) and 10 *per cent* Intensive Electrified Villages[92] (IEV) were to be inspected by REC Quality Monitor (RQM) in two stages. Stage-I & Stage-II inspections were to cover 50 *per cent* UEVs & five *per cent* IEV each. Stage I inspection of RQM was to commence in a project when 50 *per cent* of UEVs & 30 *per cent* of IEVs were completed in all respects. Stage II inspection of RQM was to commence and end in a project when 100 *per cent* of UEV& 70 *per cent* of IEV were completed in all respects. As per Letter of Award (LoA) issued to RQM, the inspection report was to be submitted within 30 days from the date of issue of inspection notice and RQM was to oversee the progress of uploading of monitoring observations raised by inspectors and submission of compliance by DISCOMs with supporting site photographs details in DDUGJY web portal (Sakshya Portal[93]). Number of defects observed by RQM and defects resolved by the DISCOMs are discussed as under: • 3,82,107 out of 4,19,361 defects observed by RQM in villages of 27 selected States and three UTs covered under DDUGJY were resolved up to April 2022 by the contractors. • Number of defects under DDG were 1,93,758 in 12 States[94]. Out of this, 1,21,297 defects were rectified as of March 2022. The remaining 72,461 defects identified in Assam State could not be rectified till March 2024 as the defects were related to the work that had been de-scoped from the contractor. However, REC did not furnish the documents to Audit in support of facts pertaining to time taken in resolving defects by DISCOMs as mentioned above. **2. Status of compliance of provisions of Guidelines** Audit test checked records relating to 741 villages of 20 States[95] and one UT[96] under DDUGJY, 143 villages of 8 States[97] under RGGVY 12th Plan and 44 villages of five States[98] under DDG works for implementation of QA mechanism by REC and observed that various provisions of guidelines were not followed by the RQM as discussed below:

92 ***The villages which had been earlier declared electrified as per the then prevailing definition of electrification, were treated as Partially Electrified under new definition and, therefore, the intensification works like extension of HT/ LT lines and additional transformer were required to be carried out in those villages to retain their classification as electrified villages. Such additional work was called as Intensive electrification under the scheme.***

93 ***It is online monitoring portal for up-loading of defects observed by RQM through inspection report and uploading of rectification of defects through compliance report.***

94 ***Assam, Arunachal Pradesh, Chhattisgarh, Jharkhand, Jammu & Kashmir including Ladakh, Karnataka, Madhya Pradesh, Manipur, Meghalaya, Odisha, Rajasthan and Uttarakhand.***

95 ***Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Jammu & Kashmir including Ladakh, Kerala, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Sikkim, Tamil Nadu, Telangana, Tripura, Uttar Pradesh, Uttarakhand and West Bengal.***

96 ***Puducherry.***

97 ***Assam, Jammu & Kashmir including Ladakh, Jharkhand, Manipur, Nagaland, Rajasthan, Uttar Pradesh and Odisha.***

98 ***Arunachal Pradesh, Assam, Chhattisgarh, Jammu & Kashmir including Ladakh and Jharkhand***

<table>
<tr><th>Level of Monitoring</th><th>Particulars</th></tr>
<tr><td></td><td>

(i) Delay in conducting village inspection

QA mechanism stipulated[99] that RQM was to complete the inspection of the projects within 2 to 3 weeks from the date of issue of inspection call and inspection report was to be submitted within 30 days from the date of issue of inspection call. Delay in conducting & submitting of inspection reports is given in Table 5.1.1 (detailed in ***Annexure 6***)

Table 5.1.1
Statement of delay in conducting of village inspection by RQM

<table>
<tr><th>Scheme</th><th>Number of villages test checked during Audit</th><th>Number of villages in which inspections conducted by RQM were delayed</th><th>Number of villages wherein delay* in conducting inspections</th></tr>
<tr><td>DDUGJY</td><td>741 villages of 20 States and one UT.</td><td>564 villages of 20 States and one UT.</td><td>Delay up to 100 days in 412 villages, more than 100 days to 300 days in 87 villages, and more than 300 days in 65 villages.</td></tr>
<tr><td>RGGVY 12th Plan</td><td>143 villages of eight States</td><td>• 75 villages of six States[100]
• 12 villages in two States[101] handing over certificates were not uploaded in the Sakshya Portal.</td><td>Delay up to 100 days in 2 villages, more than 100 days to 300 days in 13 villages, and more than 300 days in 60 villages</td></tr>
<tr><td>DDG</td><td>44 villages of five States</td><td>43 villages of five States</td><td>Delay up to 100 days in 20 villages, more than 100 days to 300 days in 7 villages, and more than 300 days in 16 villages</td></tr>
</table>

**** From the date of handing over of these villages***

Delay in conducting inspection showed that RQM did not conduct concurrent monitoring as envisaged in QA mechanism.

MoP stated (June 2022) for DDUGJY, RGGVY 12th Plan and DDG Projects that the delay in rectification of defects and submission of compliance report on Sakshya portal by DISCOMs was attributable to Covid-19 pandemic, restriction on movement of public transportation and inaccessibility of selected villages. Further, during closure of projects, DISCOMs had undertaken to rectify all defects without imposing any liability on REC/ MoP.

</td></tr>
</table>

99 ***Clause 9.1 of LoA.***

100 ***Assam, Jharkhand, Manipur, Odisha, Rajasthan, and Uttar Pradesh.***

101 ***Jammu & Kashmir including Ladakh and Nagaland.***

Level of Monitoring	Particulars
	Reply of the MoP may be seen in light of the fact that most of the villages had been handed over prior to Covid-19 pandemic and there was delay mainly in issuing inspection calls due to which village inspections got delayed. **(ii) Non-identification of Model Quality Villages** QA mechanism stipulated that five villages in a project were to be thoroughly inspected immediately on completion of electrification work thereof in a project, so that those villages, after rectification of defects, would serve as Model Quality Villages (MQV). The findings of inspection of these five villages were to be used as training resources and necessary improvement in QA. Audit observed that no MQV was identified in five States[102] out of 20 States under DDUGJY. Further, no such clause/provision was included in LoA issued for DDG Projects. Large number of defects were observed in electrification work of the villages which could have been avoided if finding of MQV were used as training resources. MoP stated (June 2022) that no MQVs were identified due to delay in appointment of RQM in abovementioned States. **(iii) Other deficiencies noticed in the inspections carried out by RQM** Guidelines[103] laid down detailed provisions for verification/inspection[104] by RQMs. Audit observed that inspection by RQMs was not conducted as per the guidelines as discussed below: • DDUGJY: Hours of power supply in 545 villages in 17 States[105] out of 20 States and Gram Panchayat Certificates (GPCs) in 383 villages of 18 States[106] out of 20 States were not reviewed and verified by RQM. • RGGVY 12th Plan: Hours of power supply in 79 villages in eight States[107] out of 143 villages of eight States, installation of scheme sign board in 143 villages in the eight States and Gram Panchayat Certificates (GPCs) in 69 villages of seven States[108] out of 143 villages in the eight States were not reviewed and verified by RQM.

[102] ***Andhra Pradesh, Gujarat, Jammu & Kashmir including Ladakh, Maharashtra, and Telangana***

[103] ***Clause 1.6 of DDUGJY QA Mechanism Guidelines.***

[104] ***In 100 per cent UEV & 10 per cent IEV villages of the Project, 100 per cent verification of BPL connections, 100 per cent of DTs and LT lines, verification of village energisation & BPL beneficiaries, installation of service connections in public places, hours of power supply in the village and time taken by DISCOMs to raise first energy bill in favour of beneficiaries.***

[105] ***Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Jammu & Kashmir including Ladakh, Maharashtra Mizoram, Nagaland, Punjab, Tripura, Uttar Pradesh, Uttarakhand and West Bengal.***

[106] ***Andhra Pradesh, Assam, Chhattisgarh, Uttar Pradesh, Gujarat, Maharashtra, Tamil Nadu, Kerala, Mizoram, Meghalaya, Nagaland, Jammu & Kashmir including Ladakh, Haryana, Puducherry, Sikkim, Telangana, West Bengal, Uttarakhand.***

[107] ***Assam, Jammu & Kashmir including Ladakh, Jharkhand, Manipur, Nagaland, Rajasthan, Uttar Pradesh and Odisha.***

[108] ***Assam, Jammu & Kashmir including Ladakh, Jharkhand, Nagaland, Rajasthan, Uttar Pradesh and Odisha.***

Level of Monitoring	Particulars
	MoP while accepting the audit observation replied (June 2022) that State DISCOMs could not make GPC available and upload the same on portal on time before inspection by RQM and to avoid delay in inspection and rectification of quality defects thereof, RQM has inspected such villages. Further, most of the States replied that no specific provision for capturing the supply hours data was available on Sakshya portal. Reply of the MoP may be viewed against the fact that RQM was required to report average hours of power supply in the village in its each inspection report. Further, non-availability of column on Sakshya Portal for capturing the supply hours data showed that the Sakshya Portal was not designed as per the QA mechanism guidelines which led to violation of DDUGJY Guidelines. • Time taken by DISCOMs to raise first energy bill was not reported upon in any of the selected villages under DDUGJY and RGGVY 12th Plan which violated QA mechanism Guidelines. MoP stated (June 2022) that DISCOM could not provide the information regarding the first energy bill on beneficiaries to RQM. Reply of MoP may be viewed against the fact that most of the States replied that no provision for uploading details of time taken by DISCOM to raise first energy bill was there on Sakshya portal which was not in line with QA mechanism guidelines. • Under RGGVY 12th Plan, charging certificates, and testing of material at laboratory were not reviewed/done by RQM in all selected 143 villages of the eight States. MoP stated (June 2022) that State DISCOMs could not make charging certificates available and upload the same on portal on time before inspection by RQM. MoP further replied that the provision of picking up materials from project site was included under the said clause of the LoA on the ground that if there had been any case of poor quality of materials reported by RQM during the inspection, then the sample material would have been picked up for testing at laboratory. Reply of the MoP may be viewed against the fact that LoA did not contain any such provision for testing of material at laboratory based on its quality having been found poor by RQM inspection. **3. Non-compliance of terms and conditions in connection with Additional Infra.** After launch of SAUBHAGYA in October 2017, 19 States[109] represented that the existing infrastructure in many areas was not adequate to provide electricity connections with quality and reliable power supply to all households. Since provision of fund under SAUBHAGYA was restricted only to service connections and last mile connectivity, additional infrastructure fund amounting to ₹14,183 crore[110] was approved by MC under DDUGJY. The approval was subject to furnishing re-casted Detailed Project Report (DPR)/ Bill of Quantity (BoQ) based on actual requirement of additional infrastructure.

[109] *Meghalaya, Jammu & Kashmir including Ladakh, Tripura, Arunachal Pradesh, Uttar Pradesh, Assam, Rajasthan, Odisha, Madhya Pradesh, Maharashtra, Jharkhand, Chhattisgarh, Haryana, Himachal Pradesh, Sikkim, Karnataka, Manipur, Mizoram, and Nagaland.*

[110] *MC meeting dated 12.12.2018 & MC meetings dated 26.03.2019 & 16.03.2020.*

Level of Monitoring	Particulars
	Audit observed that despite directions of Ministry of Power, none of the DISCOMs submitted re-casted DPR and BoQ based on the actual requirement of infrastructure at site for system strengthening. Further, funds were released by REC without ensuring compliance of conditions regarding submission of BoQ for the additional infra. MoP stated (June 2022) that as per the sanction conditions, DISCOMs were required to submit the BoQ based on actual requirement of infrastructure. Out of total 19 States only six States[111] had submitted the DPRs for additional infrastructure works in online portal. However, a consolidated BoQ for the infrastructure required for electrification of households under SAUBHAGYA was already submitted by the DISCOMs in online portal. Reply of MoP may be viewed against the fact that MC observed (4th MC meeting dated 09th July 2018 on SAUBHAGYA) that the details of infrastructure being created were not included/projected in the original DPRs for SAUBHAGYA. REC in its reply also stated (March 2021) that revised DPRs were not submitted as it was practically impossible to firm up DPR within such a short period of time and to finalise the last mile connectivity requirements due to non-finalisation of beneficiaries.

Recommendation No.8: Quality Assurance and Monitoring mechanism (viz. 100 per cent pre-dispatch inspection, procurement of materials in agreement with turnkey contract, ensuring the compliances of quality monitoring guidelines etc.) may be strengthened at DISCOM as well as REC level.

5.2 Functioning of State Level Standing Committee for DDUGJY

State Level Standing Committee (SLSC), as one of the stakeholders in implementation of the scheme, was responsible for recommending the DPRs for approval of MC after vetting the physical works covered under the project. It had to ensure adequacy of upstream network, commensurate with the proposed distribution network, availability of adequate power supply to cater to the load demand of the project area and avoiding duplication/overlapping of work with any other GoI scheme. SLSC was also responsible for monitoring progress, quality control and resolving issues relating to implementation of sanctioned projects viz., Right of Way issues, forest clearance, railway clearance etc.

Audit noticed that in case of 36 projects in 8 States[112] out of 142 projects in 27 States, the DPRs were submitted by the DISCOMs to REC without obtaining recommendations of SLSC.

Further, various instances indicating ineffectiveness of SLSC were noticed as detailed below:

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[111] ***Chhattisgarh, Madhya Pradesh, Maharashtra, Manipur, Mizoram and Nagaland.***

[112] ***Arunachal Pradesh (2), Assam (7), Chhattisgarh (7), Meghalaya (2), Puducherry (2), Tripura (4), Tamil Nadu (7) and West Bengal (5).***

1. Regular SLSC meetings were important because SLSC was responsible for monitoring the progress of the project, quality control and resolving various project related issues. Audit observed that in the State of Nagaland only four meetings were conducted during December 2014 to August 2021. Similarly, in the State of Sikkim, only four meetings were conducted, in Telangana only two meetings were conducted and in Puducherry, no meeting was conducted between December 2014 and December 2023. Further, no SLSC was formed in Dadra & Nagar Haveli.
2. In Maharashtra, for all the nine selected projects[113], Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) had awarded (September 2019) additional works[114] amounting to ₹85.09 crore to the existing contractors without seeking recommendation of SLSC.
3. Audit also noticed that there were delays in resolution of issues relating to RoW, forest clearance, railway clearance etc. as given in Table 5.2.

Table 5.2
Statement showing delays in resolution of issues

Name of State	Audit Observation
Jharkhand	Due to delay in resolution of issues relating to RoW, forest clearance etc., construction of 53 substations got delayed and three substations of Ranchi Project were de-scoped.
Tamil Nadu	Two substations were de-scoped due to delay in resolution of issues relating to RoW, forest clearance etc.
Chhattisgarh	SLSC resolved the issues in relation to RoW, forest and railway clearances, non-performance of contractors, etc. with delay due to which implementation of DDUGJY projects got delayed.
Himachal Pradesh	
Punjab	
Maharashtra	
Sikkim	

MoP accepted (June 2022) that post facto approval/recommendation from SLSC were obtained due to non-availability of adequate time and inordinate delay in preparation of DPRs for various reasons. In response to the delay in resolving issues in Chhattisgarh, MoP stated that issuance of forest clearance was marginally delayed due to lengthy procedures associated for clearance. In Exit Conference (August 2022), MoP assured that the monitoring mechanism would be strengthened.

Though MoP has accepted the audit observations but its reply regarding seeking post facto approval is not acceptable as it was important for DPRs to be examined by SLSC to see whether other aspects of power infrastructure such as upstream network etc. were adequately available.

5.3 Non-framing of timeline/ periodicity for conducting MC meeting

The MC set up by MoP is responsible for sanction of the projects, including revised cost estimates, monitoring and review of implementation of the schemes in addition to issuing necessary guidelines from time to time for effective implementation.

While, as per the RGGVY 11th Plan guidelines, MC meetings were required to be held on a quarterly basis, no timelines were prescribed for the same in DDUGJY guidelines.

Audit observed that out of total 25 meetings for DDUGJY held during the period from December 2014 to March 2022, 14 meetings were held within the interval of three

[113] *Akola, Aurangabad, Beed, Hingoli, Nagpur, Solapur, Gondia, Gadchiroli and Kolhapur*
[114] *Laying of line, DTC etc.*

months' period and11 meetings were held with intervals running beyond three months' to 12 months (i.e. 6 meetings were held with more than 3 months to 6 months, 4 meetings were held with more than 6 months to 9 months and one meeting with 12 months).

Due to intermittent and delayed holding of meetings, there were instances where REC accorded in-principle approval to DISCOMs without MC approval viz. in-principle sanction for revision in quantities of components of DPRs (Arunachal Pradesh, Assam, and Meghalaya), reduction in sanctioned quantity of Kushinagar project (Uttar Pradesh) under RGGVY 12th Plan, expenditure incurred toward new initiative of Material Mobilization under DDUGJY, shifting of UE villages from grid connectivity to off-grid in Arunachal Pradesh, revision of DPRs and the utilisation of un-utilised capital subsidy, approval for additional DPRs of Manipur, Mizoram & Nagaland States under DDUGJY etc.

The role of MC in the above instances was limited to regularizing decisions of REC by according ex post-facto approvals.

MoP stated (June 2022) that MC meetings were envisaged for the purpose of monitoring, consideration of State proposals, taking necessary policy decisions for operationalisation of various components of scheme, sanctioning DPRs/ Projects, monitoring and review of project implementation and granting extension of time for project execution, if required. 15th MC meeting was postponed on health consideration due to nation-wide outbreak of Covid-19.

The contention of MoP regarding delay in conducting of 15th MC due to Covid-19 may be viewed against the fact that the 14th MC meeting was held in the month of March 2019 and 15th MC meeting was held in the month of March 2020 i.e., after one year from 14th MC meeting.

In Exit Conference (August 2022), MoP accepted the observations and assured that monitoring mechanism would be strengthened.

Recommendation No. 9: MoP may ensure that meetings of SLSC and MC are conducted at regular intervals for timely sanction, monitoring and review of implementation of the schemes.

5.4 Summing up

DISCOM level quality assessment plans were neither prepared nor made an integral part of the contracts by DISCOMs in some States. Further, in some cases, the materials were not procured from authorised vendors and lists of approved vendors were also not uploaded on the web portal of DISCOMs. In violation of QA mechanism guidelines, parameters viz., Gram Panchayat Certificates and hours of power supply were not reviewed and verified by RQM under DDUGJY and RGGVY 12th Plan in many villages. Charging Certificates were not reviewed and material were not tested at laboratory in eight States.

Owing to inadequacy of infrastructure to provide last mile connectivity under SAUBHAGYA, Additional Infrastructure works at a cost of ₹14,183 crore were approved (October 2018) by the MC under DDUGJY. In violation of the sanction conditions of the GoI, the States neither submitted any recast DPR nor prepared any Bill of Quantity based on actual requirements.

The periodicity for conducting of MC meetings was not stipulated under DDUGJY. 25 MC meetings were conducted during December 2014 and March 2022, out of which 14 meetings were held within the interval of three months' period and 11 meetings were held with intervals running beyond three to 12 months.

Chapter 6: Electrification under SAUBHAGYA

Government of India launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) in October 2017 with the targets of:

1) Providing last mile connectivity and electricity connections to all un-electrified households in rural areas,
2) Providing Solar Photo Voltaic (SPV) based standalone systems for un-electrified households located in remote and inaccessible villages/habitations where grid connection is not feasible or cost effective, and
3) Providing last mile connectivity and electricity connections to all remaining economically poor un-electrified households in urban areas. Non-poor urban households were excluded from this scheme.

Free connections were to be provided to economically poor households identified using the Socio-Economic Caste Census (SECC) 2011 data. The scheme was concurrent to DDUGJY and other State schemes for household electrification.

Estimated number of households as envisaged under the scope of SAUBHAGYA are shown in Table 6.1.

Table 6.1
Statement showing the number of households under the scope of SAUBHAGYA

i)	Total un-electrified households (April 2017)	517 lakh
ii)	Total un-electrified rural households	460 lakh
iii)	Total un-electrified urban households	57 lakh
iv)	Total rural BPL households already sanctioned under DDUG-JY and yet to be electrified	179 lakh
v)	Balance rural households to be covered under SAUBHAGYA (ii-iv)	281 lakh
vi)	Estimated total un-electrified poor urban households	50 lakh
	Total un-electrified households to be covered under SAUB-HAGYA (v + vi)	331 lakh (rounded off to 300 lakh in the guidelines)

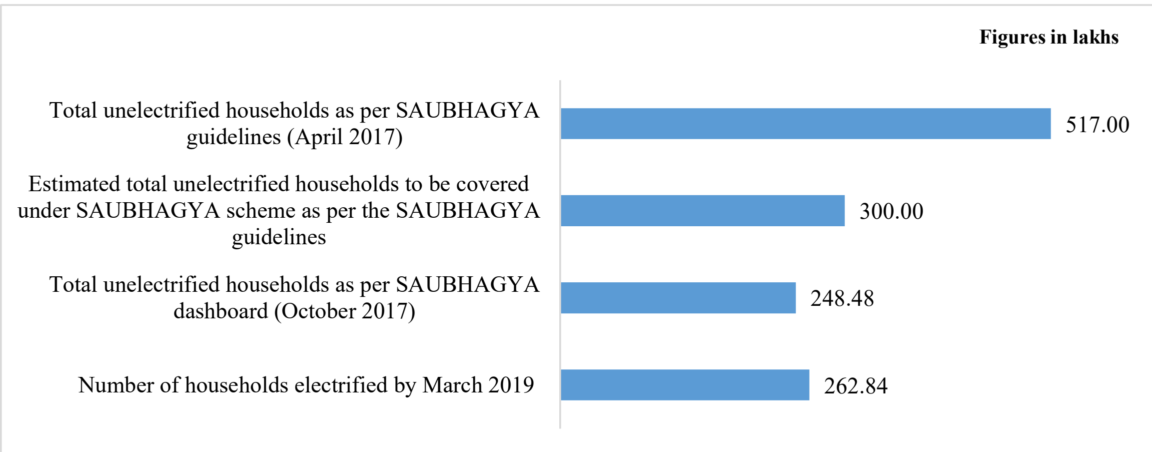
Performance of various Governments and other agencies, responsible for achievement of these objectives from the start of scheme i.e., 11 October 2017 to March 2021 was evaluated during audit. Sampling of SAUBHAGYA was done from the sample Projects selected under DDUGJY/RGGVY XII Plan/DDG New & DDG XII (Project level/ Block Level/Village Level). Sample villages selected under DDUGJY/RGGVY/DDG New & DDG XII were also selected for audit under SAUBHAGYA (Details mentioned in Chapter 2). Expenditure incurred by the States during the period (October 2017 to March 2020) was audited by the respective States Audit Offices. Out of Gross Budgeted Support of ₹12,320 crore, MoP/REC disbursed ₹6,220.23 crore to State DISCOMs and other enabling activities, which was covered during audit.

Major audit observations have been discussed in the subsequent paragraphs.

6.1 Data of Household Electrification

The SAUBHAGYA guidelines reflected 517 lakh[115] un-electrified households (April 2017). Estimated total un-electrified households to be covered under SAUBHAGYA were 300 lakh. The SAUBHAGYA dashboard claimed 100 *per cent* achievement of electrification target upon the electrification of 262.84 lakh households by March 2019. All the 25 States[116], where the scheme was implemented, declared that 100 *per cent* household electrification was achieved between November 2018 and March 2019. Status of information of households to be electrified as per SAUBHAGYA guidelines and SAUBHAGYA dashboard is depicted below:

Figure 6.1
Data in SAUBHAGYA Guidelines and its Dashboard



Source: SAUBHAGYA guidelines dated 20 October 2017 issued by MoP and SAUBHAGYA dashboard.

Analysis of the information received during audit and that available on the dashboard revealed that estimation of households for electrification shown on the dashboard was reduced to 248.48 lakh from 300 lakh households contained in the Scheme guidelines. Seven States[117] had reported 19.10 lakh un-electrified households upto 31 March 2019 which were also earmarked for electrification under SAUBHAGYA.

MoP stated (June 2022) that the targets were reduced by the States as two or more households residing in the same premises were availing only one electricity connection. It was also said that as the targets of willing households were dynamic, it was fixed as 248.48 lakh households upto March 2019 by the States. MoP added that due to rigorous campaigns, additional willing households were electrified and thus total electrification of 262.84 lakh households was reported by States during the period October 2017 to March 2019. Hence, the declaration of 100 *per cent* electrification of willing households identified before March 2019 was made.

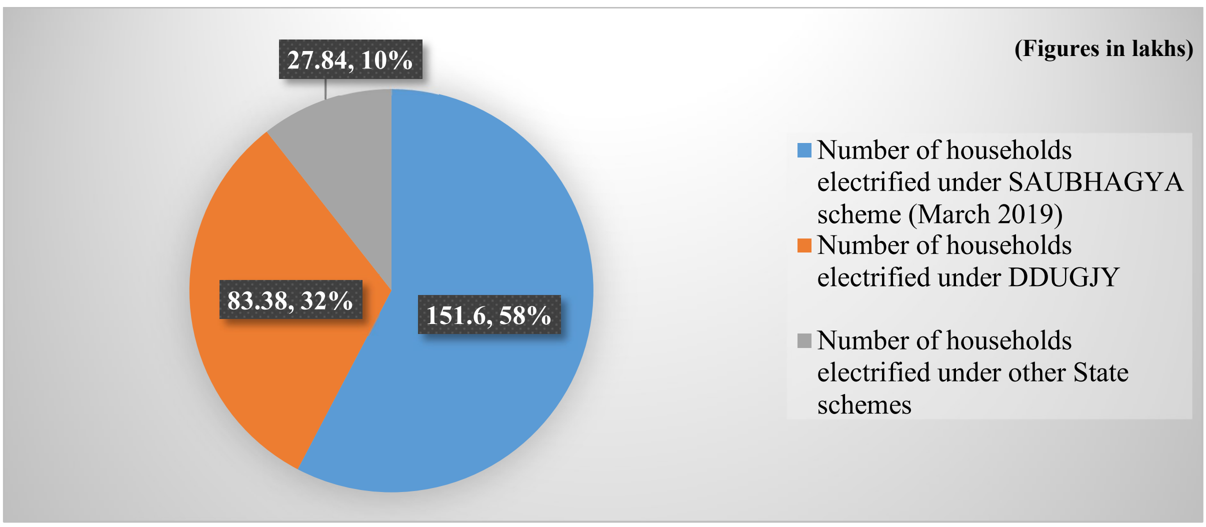
[115] ***Based on census data and data as furnished by States.***
[116] ***Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir including Ladakh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Punjab, Rajasthan, Sikkim, Telangana, Tripura, Uttar Pradesh, Uttarakhand & West Bengal.***
[117] ***Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan and Uttar Pradesh.***

Further, during the Exit Conference the MoP stated (August 2022) that declaration of universal household electrification was made on the basis of the progress reports and documentary confirmation by the States that all willing households had been electrified. It would not be appropriate to claim that there was a premature announcement of declaration of Universal Household electrification, as it was based on reasonable judgment exercised by the Utilities and all the States. Several households were earlier unwilling for electrification (for various reasons) but later became willing and on the basis of such reports, about 19 lakh households were also allowed to be electrified from April 2019 to March 2021. MoP added (November 2024) that thereafter, some States reported that 11.84 lakh households remaining to be electrified, against which, States reported electrification of 4.05 lakh households. Accordingly, a total 2.86 crore households have been electrified. MoP further stated that they are unable to provide the data of unwilling households to get electricity connection under the Scheme to Audit as they had not maintained it.

6.1.1 Achievement of electrification under different schemes

Out of the total 517 lakh un-electrified households in the country, the SAUBHAGYA guidelines estimated that 300 lakh households would have to be electrified by March 2019 to attain 100 *per cent* household electrification. 262.84 lakh households were electrified till March 2019, of which 151.60 lakh households were electrified under SAUBHAGYA. The share of households electrified under different schemes is shown vide Figure 6.2.

Figure 6.2
Share of households electrified under different schemes



Source: Dashboard of SAUBHAGYA maintained by MoP

MoP accepted (June 2022) that around 152.30 lakh households were electrified under SAUBHAGYA, 73.60 lakh households under DDUGJY {including Rural Electrification & Prime Minister Development Projects (RURAL)} and 36.90 lakh households under State RE schemes. It was further stated that since the plan of universal household electrification was conceived under SAUBHAGYA for the first time, hence, progress monitoring and saturation based approach were followed in line with the overall policies of the Government and, therefore, the achievements co-created by the Central Government and the States Government were shown under SAUBHAGYA.

6.1.2 Non-availability of household wise electrification details

Household-wise details of 2.96 lakh households (**Table 6.2**) in 13 states[118] included in the electrified household numbers as per the SAUBHAGYA dashboard were not available.

Table 6.2
Status of availability of Households wise data with Nodal Agency (REC)

Particulars	Households
Number of households electrified till March 2019	262.84 lakh
Number of electrified households for which household-wise details are available	259.88 lakh
Number of electrified households for which household-wise details are not available	2.96 lakh

MoP/REC stated (April 2021/November 2024) that during implementation of scheme, the progress of the households electrified by the States has been uploaded on portal which included households electrified under SAUBHAGYA as well as other parallel schemes being implemented in the States including State plans. Some of the States had not provided village census code/ provided incorrect village wise census code in few cases just before completion of the scheme under State plans thereby resulting in the gap of 2.96 lakh households.

6.1.3 State specific deficiencies

Deficiencies in the data of household electrification observed by Audit in two States out of 24 States are discussed in Table 6.3.

Table 6.3
Premature declaration of 100 *per cent* electrification of households in States

Sl. No.	Name of State	Observation
1	**Uttar Pradesh**	In MVVNL DISCOM's jurisdiction, despite there being 46.31 lakh un-electrified households in November 2017, full achievement of electrification of households was declared in March 2019 after electrifying 11.67 lakh households. Further, the DISCOM released 9.62 lakh connections after declaring full achievement of electrifications of households in March 2019. MoP stated (June 2022/ November 2024) that GoI had considered time extension upto March 2021, for the Additional Infrastructure work under DDUGJY, to provide electricity connection to remaining un-electrified households under SAUBHAGYA, to achieve main objective of the scheme. Therefore, electricity connections were given to such identified un-electrified willing households after creation of required electricity infrastructure.

[118] *Andhra Pradesh, Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir including Ladakh, Jharkhand, Karnataka, Madhya Pradesh, Manipur, Odisha, Rajasthan and Uttar Pradesh.*

Sl. No.	Name of State	Observation
2	**Jharkhand**	In Jharkhand, 19.32 lakh households were sanctioned for electrification. The State, however, declared saturation in December 2018 even though electrification of only 9.34 lakh households was completed till March 2019, and further 1.99 lakh households during April 2019 to March 2021. MoP stated (June 2022/ November 2024) that all willing households as on 31 March 2019 were electrified, however, in the course of time some unwilling households showed willingness. Therefore, additional sanction of 1.99 lakh households was also accorded under SAUBHAGYA. So total 11.33 lakh households were electrified under the scheme. Claim of saturation made after electrifying all willing households.

6.2 Deficiencies in project planning

6.2.1 Deficiencies in preparation of Detailed Project Reports

As per SAUBHAGYA Guidelines, eligible entities (participating DISCOMs) through concerned State Governments were required to submit a Letter of Intent[119] (LoI) to REC with a copy to MoP expressing their interest to participate in the scheme for release of electricity connections to un-electrified households. Subsequently, DPRs were to be submitted by DISCOMs to REC, detailing the works to be executed under household electrification and last mile connectivity through online mode. The DPRs were to be submitted in the prescribed formats through a dedicated web portal by 6 November 2017. However, it was mandated that to kick start implementation of the scheme, the eligible entities could start releasing electricity connection to eligible households immediately. Subsequently, the expenditure incurred by the eligible entities for the electricity connections released with effect from 11 October 2017 was covered under the SAUBHAGYA. The eligible projects (DPRs) were to be approved by the MC based on the techno-economic appraisal by REC.

As per the guidelines, the DISCOMs were to carry out field survey for identification of beneficiaries and village-wise/ habitation-wise details of households. The DPRs were to be based on this detailed field survey.

Audit in this regard observed that 20[120] out of 24 States, covering 28 DISCOMs[121], submitted LoIs between November 2017 and February 2018 and the submission of DPRs by the participating DISCOMs to REC was done between February 2018 and

[119] ***Letter of intent should also contain district-wise details of number of the HHs, HHs already electrified and remaining un-electrified HHs to be covered under SAUBHAGYA based on available data/survey.***

[120] ***Arunachal Pradesh, Assam, Chhattisgarh, Himachal, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Manipur, Meghalaya, Nagaland, Odisha, Punjab, Rajasthan, Sikkim, Telangana, Tripura, Uttar Pradesh, Uttarakhand and West Bengal.***

[121] ***APDA, APDCL, CSPDCL, HPSEBL, JKPDD, JBVNL, CESC, HESCOM, GESCOM, MESCOM, MPPaKVVCL, MPMKVVCL, MPPoKVVCL, MSPDCL, MePDCL, NPD, OPTCL, PSPCL, JVVNL, AVVNL, JDVVNL, SPD, TSSPDCL, TSNPDCL, TSECL, PVVNL, UPCL, and WBSEDCL.***

November 2018. However, it was noticed that the DISCOMs prepared and submitted the DPRs without conducting field surveys.

MoP stated (June 2022) that DISCOMs had carried out due diligence while formulating the DPRs as they had been enriched with enormous field data after implementation of centrally sponsored schemes and had requisite field data to a reasonable degree through their field offices. In order to save time, States started giving connections to the balance households using adhoc advances/available materials from their own resources/existing contracts' scope of works etc.

Reply of MoP may be viewed against the fact that the scheme requirements on the part of DISCOMs, REC and MC *ibid* were not met.

Recommendation No.10: MoP may ensure accurate data/information regarding potential beneficiaries before launch of a scheme and carry out planning of fund allocation judiciously for efficient implementation of scheme based on detailed field surveys. Preparation of the DPRs may be ensured based on detailed field surveys.

6.2.2 Submission of DPRs by DISCOMs

The DISCOMs were to prepare DPRs on the basis of detailed field surveys as per the SAUBHAGYA guidelines. It was, therefore, essential that appropriate time be invested in conducting such field surveys and preparing DPRs. Less than a month was provided to the DISCOMs to submit these DPRs (Table 6.4) and DPRs were submitted with a delay of 71- 418 days from the date (01 December 2017) on which the DPR portal was made functional.

Table 6.4
Status of actual submission of DPRs

Timeline	Status
Date of Notification of Scheme	11 October 2017
Date of issue of SAUBHAGYA guidelines	20 October 2017
Due Date of submission of DPRs by DISCOMs as per SAUBHAGYA guidelines (using online mode on portal)	06 November 2017
Date of portal being ready	01 December 2017
Date of actual submission of DPRs by DISCOMs	All the 36 participant DISCOMs of 24 States submitted DPRs with a delay ranging between 71 and 418 days from the date of functioning of DPR portal, which delayed the review of DPRs and sanction of Households by the MC for implementation of scheme.

MoP stated (June 2022) that under SAUBHAGYA, DPRs were to be submitted by States and it was a time-consuming activity, therefore, the States started preparing DPRs in parallel with electrification of balance un-electrified households. Further, the DPRs submitted by the States were having inconsistencies related to number of balance un-electrified households and details of balance works to be executed under ongoing DDUGJY new/RE schemes. The issue related to inconsistencies in DPRs was discussed in Review Periodic Meeting (RPM) held on 06 June 2018 and it was decided that all the States would re-work numbers of un-electrified households to be sanctioned under SAUBHAGYA after taking into account the above factors.

Reply substantiates the audit observation and highlights the deficiencies in planning process resulting in inconsistencies related to assessment of number of balance un-electrified households and details of balance works to be executed under the scheme.

6.3 Inadequacies in implementation

6.3.1 Implementation of household electrification through Grid

The details regarding number of households sanctioned by MC to be electrified through Grid and the status of electrification is given in table below:

Table 6.5
Status of electrification through Grid

Particulars	Status	
Number of households sanctioned by MC to be electrified through Grid	241.95 lakh	
Number of households electrified up to March 2019 through Grid	149.58 lakh	
Number of households reported un-electrified after March 2019 and granted extension by MC till March 2020 (executed upto March 2021)	19.10 lakh (in seven States[122])	
Number of households electrified out of the above 19.10 lakh	April 2019 to March 2020	12.57 lakh
	April 2020 to March 2021	6.14 lakh
Number of households reported un-electrified on 30 March 2021 (9th meeting of the MC for SAUBHAGYA)	11.64 lakh[123] (in seven States[124])	

The States had repeatedly reported un-electrified households in March 2019 and again in March 2021 (Table 6.5). MC sanctioned 241.95 lakh un-electrified households for electrification through Grid under the scheme, out of which 149.58 lakh households were electrified through Grid up to March 2019. Subsequently, the above stated seven States reported un-electrified households and requested MoP/ REC for extension of timeline. MC extended the timeline for electrification of additional households in respect of these seven States up to 31 March 2020. Audit noticed that 12.57 lakh households were electrified in the said seven States up to the extension period (March 2020) and 6.14 lakh households were electrified during the next one year i.e., April 2020 to March 2021.

[122] ***Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan and Uttar Pradesh.***

[123] ***Includes both previously unwilling households and new households which came up after 31 March 2019.***

[124] ***Assam (2,45,045), Madhya Pradesh (2,78,464), Manipur (60,000), Mizoram (729). Nagaland (2,123), Rajasthan (1,77,496), and Uttar Pradesh (4,00,000).***

Time extensions were given to the States by MoP, however, the objective of electrification of all households was not fully achieved as 11.76 lakh un-electrified households in eight States[125] as per decision taken in the 21st MC Meeting of DDUGJY were again sanctioned for electrification by MC under DDUGJY Scheme, out of which 4.31 lakh households in 05 States[126] were provided electricity connections up to December 2023.

MoP stated (June 2022) that new un-electrified households which were coming up on day-to-day basis in the States were not covered under SAUBHAGYA. The households under discussion in the ninth MC meeting held on 30 March 2021, were newly willing households which were later covered under DDUGJY. It added that electrification of households was a dynamic process, and SAUBHAGYA was only for a particular period which covered electrification of households identified up to March 2019, and the States had declared electrification of all willing households identified up to March 2019, hence the objective of the scheme had been achieved.

6.3.1.1 Delay in closure of projects

As per SAUBHAGYA guidelines, the States were required to complete the work of household electrification by 31 March 2019 and submit Project Completion Certificate (Closure Report) within one year of completion of work. Audit observed that against the target of 245.70 lakh connections including 3.75 lakh off grid Solar Photovoltaic (SPV) connections as sanctioned by MC (July 2018 to December 2018), total households electrified up to closure of the scheme were 174.36 lakh (71 *per cent*) including 4.16 lakh SPV connections. Five States, which declared saturation up to 31 March 2019 and were not given time extension by MoP, released 1.99 lakh[127] connections after March 2019. However, due to delay in completion of work by the DISCOMs, the process of closure of the projects also got delayed as 18 States had declared saturation by March 2019 out of which only two States submitted closure by March 2020. Further, 25 States had declared saturation by March 2021 but submitted the closure by March 2022.

Audit noticed that no pro-active action was taken by REC regarding delay in submission of closure proposals by DISCOMs and no action was taken for pre-closure[128] which indicated inadequate monitoring on the part of REC.

MoP, while accepting the delay, stated (June 2022) that State DISCOMs could not complete the projects within stipulated timeline of 24 months due to Rights of Way issues, delay in obtaining statutory clearances, various contractual issues etc. and sought permission for extension of timelines which was accorded by MC. It was also stated that all these factors contributed and caused delay in closure of projects by REC. It

[125] ***Assam (4,80,249), Chhattisgarh (21,981), Madhya Pradesh (99,722), Manipur (21,135), Meghalaya (420), Nagaland (7,009)), Rajasthan (2,10,843), and Uttar Pradesh (3,34,652).***

[126] ***Assam-3,68,610 households, Chhattisgarh-2,577 households, Meghalaya-401 households, Nagaland-7,009 households and Rajasthan-52,206 households.***

[127] ***Jammu & Kashmir including Ladakh-4466 households, Maharashtra-13751 households, Meghalaya-134794 households, Telangana-32235 households and Odisha-13735 households.***

[128] ***In case utility fails to submit the project completion certificate within a period of one year from the project completion date, REC should, suo moto, send a team to assess the work and expenditure incurred thereon and submit its recommendation for closure of project to MC.***

was added that SAUBHAGYA Projects in all States were completed with the extension of timelines beyond scheduled project completion date, and all the SAUBHAGYA projects had been closed, and balance funds had been released before the end of sunset financial year 2021-22.

6.3.1.2 Claiming of double benefit

Electricity connections are allowed to BPL households under DDUGJY and to economically poor[129] households under SAUBHAGYA. SAUBHAGYA guidelines stipulated that, if DISCOMs under DDUGJY were not able to find adequate number of BPL households as sanctioned in the project areas, they were allowed to release electricity connections to equivalent number of remaining un-electrified households in accordance with SAUBHAGYA. Funding for such connections would, however, be considered under DDUGJY only.

Audit observed that 16,728 households were released connections under DDUGJY in accordance with SAUBHAGYA in two States[130]. Despite getting the required grant under DDUGJY, grant of ₹7.53 crore[131] from REC was also claimed under SAUBHAGYA, resulting in double payment to DISCOMs. This reflected lapse on part of REC, as grant was released by REC to DISCOMs, and DISCOMs made double payment to the contractor without adequately verifying the claims.

During Exit Conference, MoP stated (August 2022) that instances of claiming of same connections under other schemes were noticed in other States, *viz.* Sikkim, Madhya Pradesh also at the time of closure of projects and grant were declined.

MoP stated (November 2024) that UP and MP both have remitted (April / May 2024 of UP and June 2024 of MP) the recovery of grant portion of ₹10.37 crore and ₹0.03 crore respectively to GoI towards the amount claimed against duplicate connections.

Recommendation No. 11: ***MoP may develop a robust mechanism to periodically reconcile the data of household electrification under all the schemes implemented during the same period and fix accountability of the officials responsible for lapses to ensure that works executed under one scheme are not claimed under other similar schemes too.***

6.3.1.3 Processing of ineligible works and ineligible payments

SAUBHAGYA guidelines required DISCOMs to ensure that funds received by them were utilized for the purpose for which those were released and not diverted for any other purposes. Audit, however, observed that District Divisional Authorities of Jammu & Kashmir booked an expenditure of ₹27.59 crore in seven projects on account of execution of works which were not approved in the DPRs resulting in execution of in-eligible works under the scheme. Detail of such instances of execution of ineligible

[129] ***Criteria of income for BPL, set by the Central Government is ₹27,000 per annum and that for economically poor, set by the State Governments, which varies from State to State.***

[130] ***Madhya Pradesh-159 households and Uttar Pradesh-16,569 households.***

[131] ***16,728 x ₹4,500 per connection.***

works in Jammu & Kashmir valued at ₹27.59 crore are discussed in ***(Annexure-7)***. Instances of extending undue benefits to the contractors, *viz.*, making payment without ensuring completion of work, and double payment for same work, amounting ₹2.24 crore were also noticed ***(Annexure-8)***. Audit further noticed that cost of unutilised material, amounting ₹1.01 crore resulted in blockage of fund/loading on the scheme fund by different DISCOMs ***(Annexure-9)***.

MoP stated (June 2022) that no irregular expenditure or ineligible works were allowed by REC and closures were approved by REC after scrutiny of claims as per the guidelines.

During Exit Conference, MoP stated (August 2022) that findings about incurring irregular expenditure, such as, (i) execution of works in deviation from DPRs, (ii) payment to contractors without completion of work, and (iii) loading of cost of unutilized material shall be verified and the missing annexures/ documents would be provided. MoP added (November 2024) that in respect of Mizoram, works were successfully completed and commissioned during 2019. Handing and taking over were done after rectification of DTs at site. In respect of Arunachal Pradesh materials were used for restoration of power supply during the natural calamities happened between 2021 and 2023. Further, budget provision in current Financial Year 2024-25 has been considered for ₹0.35 crore and upon receipt of allocation, the same would be remitted to the Consolidated Fund of the MoP. In respect of Manipur, recoverable amount of ₹0.66 crore has been remitted to MoP account through Bharatkosh on 11.07.2024. Latest reply (November 2024) of MoP is included in the respective Annexures.

Reply may be seen in light of the facts that in respect of Mizoram, full payment was released to the contractor prior to completion of work. In respect of Arunachal Pradesh, the cost of unused material was not recovered from the PIA at the time of final closure of the projects. In respect of Manipur, excess household connection kits were procured and were lying unutilized with DISCOMs. Thus, cases of irregular expenditure, extending undue benefit to contractor and instances of scheme fund getting blocked/loaded with cost of unutilized material were observed during audit indicating the deficiencies in implementation.

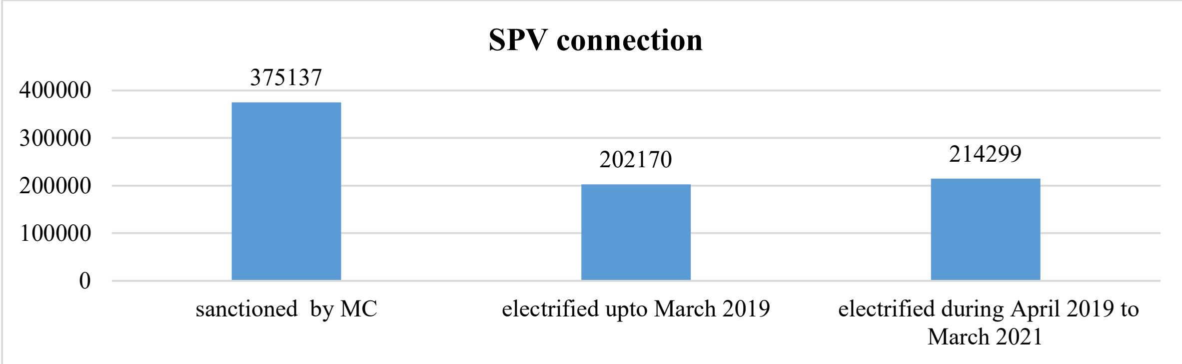
6.3.2 Implementation of household electrification through Solar Photovoltaic (SPV) based standalone system

Under SAUBHAGYA, provision for releasing Solar Photovoltaic (SPV) based standalone system was made for those un-electrified households, which were located at remote and inaccessible villages/habitations where grid extension was not feasible or cost effective. Total 3,75,137 households were sanctioned by MC (Figure 6.3) in 19 States[132] against which 4,16,469 households were electrified till March 2021 at a cost of ₹1,569.97 crore in 17 States through SPV systems under the scheme and no work was done in two States[133] ***(Annexure 10).***

[132] ***Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Jammu & Kashmir including Ladakh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Odisha, Punjab, Rajasthan, Tripura, Uttarakhand, Uttar Pradesh, West Bengal.***

[133] ***West Bengal and Punjab.***

Figure 6.3



6.3.2.1 State wise variation of households sanctioned and households electrified

As per SAUBHAGYA guidelines in case of un-electrified households in remote and inaccessible areas where grid connectivity is not feasible, power packs of 200 to 300 Watt Peak (WP) (with battery bank) with a maximum of five LED lights, one DC Fan, one DC power plug etc. were to be provided along with provision of Repair & Maintenance (R&M) for five years. Based on the DPRs submitted by the State DISCOMs in respect of electricity connections to be released through SPVs, the MC sanctioned (June to December 2018) 3,75,137 electricity connections through SPV mode in 19 States, subject to a maximum limit of ₹50,000/- per SPV connection or actual cost whichever is lower.

In nine States[134], MC sanctioned (June to December 2018) 1,70,701 households to be electrified through SPVs whereas 2,71,214 number of households were actually electrified which resulted in installation of total 1,00,513 extra SPVs in these nine states which were not sanctioned by MC before installation of SPVs. Such variation was maximum in Assam, where number of electrified households (i.e., 50,754) exceeded those sanctioned by MC (i.e., 6,376) by 44,378 households.

Further, in three States[135] number of households electrified was less than the number of households sanctioned. In Uttar Pradesh only 53,234 households were electrified as against 1,00,000 households sanctioned by MC.

Audit observed that variation in the number of connections released vis-à-vis sanctioned indicated weak assessment of targeted households not backed by field survey.

MoP stated (June 2022) that the estimation was made by States for providing SPVs to remotely located households but in case of Madhya Pradesh and Uttar Pradesh, large number of households were connected through grid mode and hence, connections released through SPVs were lower than the targeted, whereas, in case of Uttarakhand, connections were given to all willing and eligible households. In respect of Assam, it was stated that off-grid connections were given to those habitations which were relatively remote, hence un-electrified households data available with administration and DISCOM was inaccurate.

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[134] ***Assam, Bihar, Jharkhand, Maharashtra, Meghalaya, Mizoram, Odisha, Rajasthan, Tripura.***

[135] ***Madhya Pradesh, Uttarakhand, and Uttar Pradesh.***

The fact remains that the DPRs were not prepared based on actual field survey which resulted in large variation in the number of households in the States.

6.3.2.2 Premature declaration of saturation

Under SAUBHAGYA, the States were required to complete the electrification of 3.75 lakh households through SPV Standalone Systems by 31 March 2019. To ensure speedy and smooth implementation of the projects within stipulated time period, the DISCOMs were required to formulate an effective implementation plan.

Audit observed that in three States[136], where extension of time for work of household electrification through SPVs was not sought from the MoP/ MC beyond March 2019, had incorrectly declared saturation on 31 March 2019 and electrified 28,084 households thereafter.

MoP stated (November 2024) that MSEDCL identified 13,751 willing households for off-grid solar home light systems and issued work orders on 07 December 2019 to complete the electrification by 31 December 2019. In Odisha, although additional households had been identified before 31 March 2019, they could not be proposed / reported earlier due to pending reconciliation process by OREDA. For Meghalaya, the LoA for the electrification of 428 Nos. of remote households under SAUBHAGYA through SPVs (DDG) was issued on 8 March 2019 and later revised to 598 Nos. on 19 September 2019.

6.3.2.3 Coverage of eligible households through SPV mode

DISCOM (Jharkhand Bijli Vitran Nigam Limited (JBVNL)) in Jharkhand, provided list of 475 villages/ Tolas to Jharkhand Renewable Energy Development Agency (JREDA) for release of household electricity connections through off-grid (SPV) mode. Audit observed that 190 out of the said 475 villages/ Tolas were not considered for electrification owing to difficult terrain/hills, dense forest etc., thereby not achieving the objective of last mile connectivity to households in remote areas. The fact was also corroborated in field survey where the Mukhiya[137] of such villages/Tolas provided list of 10 villages/Tolas containing 506 households, which were not electrified.

During Exit Conference, MoP stated (August 2022) that audit observation regarding not providing Solar Photovoltaic (SPV) to eligible HHs in Jharkhand had been noted. REC intimated that for such matters, the State Project Implementing Agencies were relied upon as they had the ground outreach available to them.

MoP further replied (November 2024) that 178 out of 190 villages have been electrified under DDUGJY-DDG (off-grid) scheme by JREDA. Balance untouched 12 villages in Garhwa district have been created by migratory tribes located on hilly areas, dense forests and having difficult geographical terrain. Only after finding suitable mode of transportation, electricity connections are possible in those villages/tolas.

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[136] ***Maharashtra-13,751, Meghalaya-598 and Odisha-13,735.***

[137] ***116 HHs under Tajpur Panchyat of Chauparan block under Hazaribag and 390 HHs under Yogiyara Panchayat of Pratappur block under Chatra.***

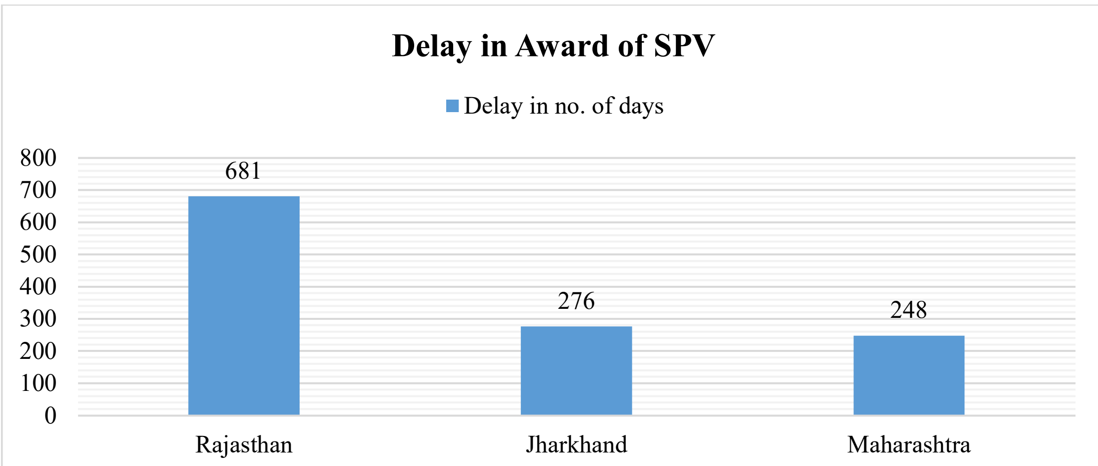
Reply of MoP may be viewed against the fact that 7,740 households against the proposed 11,851 households were electrified through SPV system and the facts were also corroborated during the surveys in 10 villages where Village heads stated that 506 households in their villages were un-electrified.

6.3.2.4 Observations on implementation of household electrification through off-grid (SPV) mode - contracts works

(i) Delay in award for supply of SPV systems for household electrification

As per the timelines provided in SAUBHAGYA guidelines, contracts were to be awarded by December 2017 and completed by March 2019. Audit observed that in three[138] out of 17 States[139] where the work of electrification through SPV was executed, the award for supply of SPV systems for household electrification was delayed by five DISCOMs[140] ranging between 248 and 681 days (Figure 6.4) from the stipulated date of award of projects, which in turn, delayed actual electrification of households in these States till March 2021. Reasons for delay in various States were on account of delay in identification of new un-electrified households, changes in terms and conditions of tender from time to time by DISCOMs, cancelling the notice inviting bids, poor coordination among DISCOMs, time taken by MC in approval, financial sanction by REC in piecemeal etc.

Figure 6.4



MoP stated (June 2022) that DISCOMs of Rajasthan had awarded work for off-grid electrification between Septembers 2018 and March 2019. It was added that in respect of Jharkhand, the work was awarded on turnkey basis on 17 January 2019 and DISCOM of Maharashtra issued work order on 07 December 2019.

The reply substantiates the audit observation that the work for off-grid SPV connection were issued by these States after significant delays.

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138 *Rajasthan, Jharkhand, Maharashtra*

139 *Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Jammu & Kashmir including Ladakh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Odisha, Rajasthan, Tripura, Uttarakhand and Uttar Pradesh.*

140 *Jharkhand-JREDA-276 days, Rajasthan-JVVNL, JDVVNL, AVVNL- 248 to 681 days, Maharashtra-MEDA- 248 days.*

(ii) Non-inclusion of condition of maintenance of SPV for five years in the tender documents/ Award letters

SAUBHAGYA guidelines prescribed that the contracts for supply/ installation of SPV should include Repair & Maintenance (R&M) for five years from the date of installation of the equipment.

However, in Madhya Pradesh, two DISCOMs Madhya Pradesh Poorv Kshetra Vidyut Vitran Company Limited (MPPoKVVCL) and Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited (MPMKVVCL) in Ratlam & Raisen-districts respectively, made provision for maintenance upto 18 months only in respect of off grid connections. Thus, due to non-existence of maintenance mechanism of SPV systems beyond 18 months in these two districts, the provision of the scheme guideline for providing last mile connectivity with provision of repair and maintenance for five years could not be ensured.

Further, as per the reports of REC Quality Monitors appointed by REC, 266 out of 1,203 SPV systems in 11 villages of eight projects provided by two DISCOMs[141] in Madhya Pradesh were found non-functional due to lack of repair. Further, 90 out of 587 SPVs provided in Betul project by the DISCOM were also noticed by REC Quality Monitors as not working due to battery problem.

MoP stated (June 2022/ November 2024) that after issuance of Awards, consent/ acceptance of award was taken from the concerned contractor / executing agencies for AMC of SPVs for a total 5 years period, without any additional financial implication. MPPoKVVCL and MPMKVVCL have certified that all defects observed by RQM were rectified.

(iii) Non-functioning /maintenance of SPVs by the contractors

The DISCOM in Arunachal Pradesh procured 5,398 SPV systems at a cost of ₹21.86 crore with warranty period of five years out of which, 154 cases of defective inverters were reported in four[142] districts during the warranty period. Audit observed that instead of claiming the same under warranty, the DISCOM awarded the repair work to its regular AMC contractor.

Arunachal Pradesh Energy Development Agency (APEDA) stated (December 2021) that the AMC contractor was recommended by REC Power Development and Consultancy Limited (RECPDCL) and they had written to RECPDCL for correcting the defects noticed but the supplier refused to do the necessary repair/replacement.

MoP stated (June 2022/November 2024) that APEDA had carried out only installation work of Solar PV Systems under SAUBHAGYA Scheme. Hence, APEDA entered into an Annual Maintenance Contract agreement with M/s Indian Power System (IPS), New Delhi in February 2020.

Reply of MoP may be viewed against the fact that defects for a minimum period of 5

[141] *MPMKVVCL-90 and MPPoKVVCL-176.*

[142] *East Kameng District (124 nos.), Anjaw District (26 nos.), Lohit District (3 nos.) and West Siang District (1 no.).*

years in electrical items including charge controllers/distribution boards/plug points etc. were also included in warranty clause besides manufacturing defects. APEDA has not ensured that defects were repaired or SPVs were replaced within the warranty period as per terms and conditions. Moreover, evidence regarding correspondences for rectification of defects was not furnished.

6.4 Summing up

DISCOMs were to prepare DPRs on the basis of detailed field surveys for which appropriate time was required to be invested in conducting such field surveys and preparing DPRs. Less than a month was provided to the DISCOMs to submit DPRs. DISCOMs submitted the DPRs with delays ranging between 71 and 418 days.

19.10 lakh households in 7 States were electrified after declaration of saturation. 16,728 households were released connections under DDUGJY as well as in SAUBHAGYA in two States which led to duplicate claim of same work by the contractor. In Jharkhand SPV systems were not provided to the eligible households in 190 villages thereby not achieving the objective of last mile connectivity to households in remote areas. Further, during the visit of RQMs in Madhya Pradesh and Arunachal Pradesh, SVPs were found in non-working conditions at many places due to lack of maintenance by the contractor/supplier in the absence of maintenance clause in the supply contract.

Chapter 7: Financial Management under SAUBHAGYA

As per fund disbursement guidelines of SAUBHAGYA, the pattern of release of capital grant to DISCOMs by REC is given in Table 7.1.

Table 7.1
Pattern of release of capital grant to DISCOMs

Sl. No.	Condition for release	Release of grant component of GoI (in *per cent*)
1	Release of 30 *per cent* of eligible grant component (1st tranche) after due adjustment of ad-hoc advance released, if any, on achievement of following: (i) Approval of Projects by MC (ii) Submission of Acceptance by States (iii) Placement of Letter of Award (LoA) for implementing of project by DISCOM	30
2	Progressive payment of 60 *per cent* (12 *per cent* in each of five tranches – Tranche No. 2nd to 6th) of GoI grant on per household grant basis on achievement of milestone of 20/40/60/80/100 *per cent* of the sanctioned households.	60
3	Release of balance eligible grant (7th Tranche) After completion of work as defined in the SAUBHAGYA guidelines	10
	Total	**100**

REC was required to release ad-hoc advance and grant as per Table 7.1, on receipt of request from eligible DISCOMs.

7.1 Raising excess amount through extra budgetary borrowings

REC raised (March 2020) ₹500 crore through extra budgetary borrowings out of which it could spend only ₹95.65 crore up to March 2021 and ₹404.35 crore (80.87 *per cent*) remained unutilized as funds were raised without assessment and completing the formalities for release of funds to Utilities. Further, this amount of ₹500 crore was raised by REC when a sum of ₹352.32 crore was already lying with it (Table 7.2). This reflected that requirement of funds for disbursement to DISCOMs was not adequately assessed by REC. Interest on ₹404.35 crore was payable @ 7.20 *per cent*, whereas this amount lying in the Savings bank account, fetched interest @ 3.25 *per cent* per annum. This resulted in avoidable interest burden of ₹15.97 crore[143] on MoP due to payment of interest on the unutilized funds raised through EBRs at higher rates.

[143] ***₹15.97 crore = Interest paid: ₹404.35 crore x 7.20/100 = ₹29.11 crore – Interest received: ₹404.35 crore x 3.25/100= ₹13.14 crore***

Table 7.2

Statement showing details of unspent extra budgetary resources.

<table>
<tr><th>Sl. No.</th><th>Particulars</th><th colspan="2">Amount</th></tr>
<tr><td>(i)</td><td>Amount demanded by REC between 2017-18 and 2019-20 from MoP</td><td colspan="2">₹5,623.32 crore</td></tr>
<tr><td>(ii)</td><td>Amount released by MoP between 2017-18 and 2019-20 (iii +iv)</td><td colspan="2">₹6,220.23 crore</td></tr>
<tr><td>(iii)</td><td>Budgetary support between 2017-2019[144]</td><td colspan="2">₹4,520.23 crore</td></tr>
<tr><td rowspan="2">(iv)</td><td rowspan="2">Amount raised by REC through bonds (Extra Budgetary Resource)</td><td>Amount raised by REC through bonds (EBR) in March 2019</td><td>₹1,200 crore</td></tr>
<tr><td>Amount raised by REC through bonds (EBR) in March 2020</td><td>₹500 crore</td></tr>
<tr><td>(v)</td><td>Amount disbursed by REC to DISCOMs till March 2020</td><td colspan="2">₹5,367.91 crore</td></tr>
<tr><td>(vi)</td><td>Amount unspent by REC till March 2020</td><td colspan="2">₹852.32 crore
(inclusive of ₹500 crore raised through EBR by REC in March 2020 despite having an unspent balance of ₹352.32 crore)</td></tr>
<tr><td>(vii)</td><td>Amount spent in subsequent year 2020-21</td><td colspan="2">₹447.97 crore</td></tr>
<tr><td>(viii)</td><td>Amount unspent till March 2021(vi-vii)</td><td colspan="2">₹404.35 crore</td></tr>
</table>

MoP stated (June 2022/ November 2024) that EBR amounting ₹1,200 crore was sanctioned by the MoP. Since the scheme had to be closed by March 2020, therefore, ₹500 crore was again arranged through EBR. However, due to sudden and heavy impact of Covid-19 pandemic lockdown, the States had been given further time extension for submission of closure proposals. No funds were made available in the Budget for SAUBHAGYA and additional fund requirement was anticipated. Accordingly, the funds had been raised through EBR against the allocated BE 2019-20. Thus, REC had submitted the fund requirements to the Ministry after due diligence.

During Exit Conference, MoP advised (August 2022) REC to ensure that due diligence is exercised before raising EBRs and seek release of funds from MoP only when all formalities for release are completed.

Reply of the Ministry may be viewed against the fact that in compliance of SAUBHAGYA guidelines, REC was to submit the proposal to MoP for further release of funds to Utilities when all the formalities for release of funds to Utilities were completed, to ensure the minimum gap between receipt of funds by REC and release of the same to Utilities by REC. As per UC submitted by REC to MoP, ₹852.32 crore was available with REC at the end of March 2020 (inclusive of EBR ₹500 crore) out of which only ₹447.97 crore could be disbursed during the year 2020-21 and ₹404.35 crore remained

[144] ***As per SAUBHAGYA guidelines, the spillover work, if any under the scheme had to be continued till 2021-22. However, MoP, did not allocate any budgetary support for the period beyond 31 March 2019 from its regular budget. MoP, rather, after taking approval from MoF, directed REC to raise funds through EBRs.***

unutilized for the whole year, which reflects that before raising the EBR, REC did not assess the requirement of funds to be disbursed on the basis of demands received from DISCOMs and closures submitted by them.

Recommendation No.12: MoP/ REC may develop a mechanism to ensure that funds through EBR are raised strictly as per the assessed requirements after completion of modalities for release of funds.

7.2 Discrepancies in reimbursement of Project Management Agency charges under SAUBHAGYA

7.2.1 SAUBHAGYA guidelines *inter alia* provided, if any State required services of Project Management Agencies (PMAs), the cost towards engagement of PMA should be included in the DPR.

All the DPRs submitted by States were without PMA charges and the same were approved by MC on the recommendations of REC. Since the States were requesting for permitting PMA for implementation of SAUBHAGYA, MoP (March 2019), issued instructions to REC that proposals duly corroborated with verifiable expenditure incurred by the State may be considered and submitted to MC along with recommendations of REC.

Accordingly, the States[145] requested (March 2019) for approval of PMA charges (₹419.71 crore) under SAUBHAGYA. The request was acceded to by MC (March 2020) and PMA charges @ 0.5 *per cent* of project cost in line with DDUGJY Guidelines were approved. Further, in 8th meeting held on 20 November 2020, the MC approved PMA charges @ 0.5 *per cent* of total sanctioned cost or executed cost whichever is lower, as 100 *per cent* grant. However, the States of Uttar Pradesh and Bihar stated (March 2020) that they had incurred PMA charges in excess of 0.5 *per cent* of the project cost and Uttar Pradesh requested for reimbursement of sum of ₹238.50 crore, as PMA charges incurred towards preparation of DPRs, deployment of manpower at head office and field for monitoring physical and financial progress at various levels for successful implementation of SAUBHAGYA. Accordingly, the MC in 9th meeting dated 30 March 2021 approved PMA charges, as 100 *per cent* grant under SAUBHAGYA @ 5 *per cent* of the project cost or actual expenditure against PMA charges, whichever is lower.

Audit observed that in 14[146] out of 25 States, PMAs were appointed for management of projects/ works execution under the Scheme against which ₹187.66 crore was released as PMA charges as per the approved final closure reports. However, 11 States[147], which electrified 23.31 lakh households, had not appointed PMAs during the implementation of SAUBHAGYA. For six States[148], which electrified 65.38 lakh households, PMA charges reimbursed were within the limit of 0.5 *per cent* (₹9.79 crore) against the final project closure cost i.e., ₹3,044.68 crore, whereas, for other eight States ***(Annexure***

[145] ***Assam, Bihar, Himachal Pradesh, Jammu & Kashmir including Ladakh, Jharkhand, Maharashtra, Meghalaya, Mizoram, Nagaland, Tripura, Uttar Pradesh***

[146] ***Assam, Bihar, Haryana, Jammu & Kashmir including Ladakh, Jharkhand, Maharashtra, Madhya Pradesh, Meghalaya, Mizoram, Nagaland, Odisha, Rajasthan, Telangana and Uttar Pradesh***

[147] ***Arunachal Pradesh, Chhattisgarh, Himachal Pradesh, Karnataka, Kerala, Manipur, Punjab, Sikkim, Tripura, Uttarakhand and West Bengal***

[148] ***Bihar, Jharkhand, Madhya Pradesh, Maharashtra, Meghalaya and Odisha.***

11) which electrified 85.67 lakh households, the PMA charges of ₹177.87 crore ranged between 0.85 *per cent* and 5.43 *per cent* of the project cost of ₹4,353.59 crore. Audit also observed that PMA charges permitted to Uttar Pradesh, Rajasthan and Assam were to the extent of 5.43 *per cent,* 1.70 *per cent* and 1.76 *per cent* respectively of the project cost (₹4,149.62 crore).

MoP stated (June 2022) that PMA charges to Uttar Pradesh was allowed to the extent of ₹150.58 crore.

Reply of MoP may be viewed against the fact that the PMA charges of ₹150.58 crore allowed @ 5.43 *per cent* to Uttar Pradesh against project cost ₹2,773.38 crore were over and above the norms.

7.2.2 Irregular expenditure on PMA charges for ineligible activities done by DISCOMs under Project Management

Significant cases of discrepancies in the expenditure incurred on Project Management Agencies in two out of 14 States[149] amounting to ₹46.66 crore, noticed in audit, are discussed in Table 7.3.

Table 7.3

Statement showing discrepancies in the expenditure incurred on the PMA

Sl. No.	Name of the State	Audit observations
1	**Mizoram**	PIA (Mizoram Power Department) released full amount of PMA fee of ₹0.39 crore before completion of the work, in violation of terms of the agreement[150]. MoP stated (November 2024) that due diligence will be followed in future payments towards project management agencies of other schemes.
2	**Uttar Pradesh**	Four DISCOMs deployed (February-April 2018) manpower supplied for preparation of DPR, award of contracts and monitoring of the project by different contractors at a cost of ₹73.47 crore against the funds released for appointment of Project Management Agency. The agreements were later terminated (December 2018 to February 2019) with clarification that availability of funds in the consultancy was meagre as payment was to be made in other head like PMA and Communication. The DISCOMs had, however, already made payment of ₹46.27 crore to the contractors from the budget allocated for Project Management Agency charges. MoP stated (June 2022/ November 2024) that PMA charges incurred under Contingency Fund for ₹219.34 crore, however, REC admitted PMA charges ₹150.58 crore only and the balance of ₹68.76 crore (PMA: ₹22.89 crore + Manpower agencies: ₹45.87 crore) was paid by DISCOMs from its internal funds.

149 ***Assam, Bihar, Haryana, Jammu & Kashmir including Ladakh, Jharkhand, Madhya Pradesh, Maharashtra, Meghalaya, Mizoram, Nagaland, Odisha, Rajasthan, Telangana and Uttar Pradesh***

150 ***As per the payment terms in the appointment, (a) 25 per cent of the contract price will be released after receipt of acknowledgment and security deposit, (b) balance 50 per cent will be released within three months from the date of appointment and (c) the remaining 25 per cent will be released within two months from the physical completion of work.***

7.3 Temporary diversion of SAUBHAGYA funds by the DISCOMs

SAUBHAGYA guidelines required that the DISCOMs should ensure that funds released was utilized for the intended purpose of release and should not be diverted for any other purpose. Audit observed that eight DISCOMs of four States diverted funds/ material worth ₹507.18 crore to other works/schemes as discussed in Table 7.4.

Table 7.4
Details of Temporary diversion of Funds

Name of the State	Audit observations
Assam	The DISCOM[151] released ₹61.55 crore in different tranches from SAUBHAGYA funds for procurement of material under DDUGJY/ RGGVY/ DDG Schemes during 17 November to 1 December 2018.
Jammu & Kashmir including Ladakh	A DISCOM (JKPDCL) diverted unutilized material of ₹18.60 crore for the purpose other than the implementation of SAUBHAGYA in the 5 Projects/Districts of Jammu & Kashmir.
Madhya Pradesh	Three DISCOMs[152] transferred the funds from the dedicated bank account of SAUBHAGYA into their own bank accounts and utilized the same for procurement of material worth ₹226.96 crore, which was not utilized under SAUBHAGYA.
Uttar Pradesh	Three DISCOMs[153] diverted ₹200.07 crore of SAUBHAGYA to make payment towards the material procured under DDUGJY/ RGGVY.

While accepting the facts, MoP stated (June 2022) that the funds were utilized by the DISCOMs temporarily for meeting the time gap for receipt of funds within exclusively funded Schemes under Central Sector, GoI and, later on, these were regularized. These diversions of funds were done mainly for expediting the progress of physical work to optimally utilize funds released under the Scheme and minimize unspent balances.

7.4 Summing up

MoP released more than the required funds during 2018-19 whereas, in subsequent period, allowed REC to raise the funds through EBR without utilizing the funds which were already available with REC. REC did not assess the actual requirement of funds, due to which ₹404.35 crore remained undisbursed during the whole year 2020-21 and led to avoidable interest burden of ₹15.97 crore. Against the limit of reimbursement of

151 *Assam Power Distribution Company Limited.*
152 *Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited; Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited and MP Poorv Kshetra Vidyut Vitran Company Limited.*
153 *Madhyanchal Vidyut Vitran Nigam Ltd; Dakshinanchal Vidyut Vitran Nigam Limited and Pashchimanchal Vidyut Vitran Nigam Limited.*

PMA charges @ 0.5 *per cent* of the Project cost in other similar schemes, MC allowed the reimbursement of PMA charges to three states to the extent of 5.43 *per cent,* 1.70 *per cent* and 1.76 *per cent* respectively of the project cost without any detailed analysis. There were instances of spending of PMA funds by the State DISCOMs for purposes, other than appointment of PMAs. Further, DISCOMs in four states temporarily transferred and utilized the SAUBHAGYA funds for execution of works under other schemes.

Chapter 8: Quality Assurance and Monitoring under SAUBHAGYA

SAUBHAGYA guidelines envisaged in-house Quality Monitoring at the level of DISCOMs and Third-Party Quality Monitoring at the level of REC through REC Quality Monitors (RQM), which were to oversee the compliance of SAUBHAGYA guidelines and adherence to laid down procedures for monitoring.

8.1 Ineffective/ deficient quality assurance mechanism

SAUBHAGYA Projects were to have a single tier Quality Assurance Mechanism (QAM) in addition to in-house process quality checks followed by the DISCOMs. The DISCOM was solely responsible & accountable for assuring quality in SAUBHAGYA works. The DISCOM was to formulate a detailed comprehensive Quality Assurance (QA) plan for the works to be carried out under the scheme with an objective to create quality infrastructure works. The QA and Inspection Plan was to be integral part of the contract agreement with turnkey contractor or equipment supplier and erection agency in case of turnkey/ partial turnkey/ or departmental execution of works. The DISCOM had to ensure that the quality of materials/ equipment supplied at site and execution of works carried out at field under the scheme was in accordance with Manufacturing Quality Plan (MQP)/ Guaranteed Technical Particulars (GTP) and Field Quality Plan (FQP)/Approved Drawings/Data Sheets respectively.

Inadequacies observed in quality assurance at each level are discussed in table below:

Table 8.1
Inadequacies observed in the quality assurance

Level of Monitoring	Particulars
DISCOM	Against the requirement of ensuring quality in the SAUBHAGYA works by DISCOMs as mentioned at Para 8.1 above, the following deficiencies in the quality checks by DISCOMs were noticed: (a) Pre-dispatch inspection of all the materials was not carried out by all the 15 DISCOMs of 11 States[154] out of 24 States as per the Quality Assurance (QA) guidelines of the SAUBHAGYA. (b) 100 *per cent* verification of household connections released was not carried out by all the 12 DISCOMs in 10 States[155] out of 24 States as per the Quality assurance mechanism of SAUBHAGYA.

[154] ***Arunachal Pradesh, Assam, Jammu & Kashmir including Ladakh, Madhya Pradesh, Maharashtra, Manipur, Mizoram, Nagaland, Rajasthan, Sikkim and Tripura.***

[155] ***Arunachal Pradesh, Assam, Jammu & Kashmir including Ladakh, Madhya Pradesh, Maharashtra, Manipur, Mizoram, Nagaland, Sikkim and Tripura.***

Level of Monitoring	Particulars
	MoP stated (June 2022/ November 2024) that verification of pre-dispatch inspection of materials and field inspection of various items/ equipment in project areas comes under first tier monitoring mechanism i.e. in the scope of PIA and most of the DISCOMs had ensured quality checks of the completed and commissioned items including Power Distribution Infrastructure (PDI) of major materials and had done 100 *per ce*nt verification of household connections as per their scope of work and executed Bill of Quantities in their sanctioned closure proposals. The DISCOMs had already formulated Quality Assurance and Inspection Plan including Manufacturing Quality Plan (MQP) and Field Quality Plan (FQP) and included in the provisions of their customized Standard Bid Document (SBD) as per their specific needs and quality plan under Quality Assurance Mechanism Guidelines of SAUBHAGYA in tender documents and made them an integral part in LoA/ Contract Agreement executed with the turnkey contractors before commencement of the works at the project sites. The reply may be viewed against the fact that such compliance was mandatory for all the States which was not ensured.
REC	**(i) Deviation from REC Quality Monitoring (RQM) guidelines** As per SAUBHAGYA Quality Assurance Mechanism guidelines, REC Quality Monitor was to verify quality of works in five *per cent* villages in a project where infrastructure works had been carried out, with 100 *per cent* verification of household connections released under SAUBHAGYA in two stages[156]. Audit observed that REC changed the conditions[157] in the tender document for appointment of REC Quality Monitors without obtaining approval of MC and issued letters of award to the REC Quality Monitors. Hence, the provision of tender documents and letter of award regarding achievement of physical progress of work in a project/district for commencement and completion of stage I and stage-II inspection by the REC Quality Monitor was in deviation from the MC approved Quality Assurance Mechanism guidelines. MoP stated (June 2022) that as per Quality Assurance Mechanism Guidelines under SAUBHAGYA, REC Quality Monitors verified quality of works in 5 *per cent* villages on random sampling basis where infrastructure works were created with 100 *per cent* verification of household connections released under SAUBHAGYA.

[156] ***Stage- I and stage-II inspections shall cover 2.5 per cent villages in each stage based on actual progress reported by PIA Stage- I inspection calls shall be issued by REC and completed when physical progress between 40 and 50 per cent is achieved whereas stage –II inspection call shall be issued and completed when physical progress between 80 and 90 per cent is achieved in a project/ district.***

[157] ***Stage-I inspection shall commence and complete in a project when physical progress of 2.5 per cent to 5 per cent is achieved in a project. Five villages in each project shall be inspected by RQM at the very beginning of project execution as soon as the villages are physically completed by PIA. Stage –II inspection of RQM shall commence and complete in a project when physical progress of 60 to 70 per cent is achieved in a project.***

Level of Monitoring	Particulars
	The reply was silent about the deviation from approved guidelines in respect of REC Quality Monitor without the approval of the MC. **(ii) Delay in appointment of REC Quality Monitors** As per the SAUBHAGYA guidelines, REC Quality Monitors' inspections were to be carried out under single tier Quality Assurance Mechanism[158]. REC issued letters of award for REC Quality Monitor in May 2019 for 17 States and in October 2019 for another two States though the scheme was scheduled to be completed in March 2019. In remaining 5 States, the RQMs appointed earlier for Quality Monitoring of DDUGJY were assigned the RQM work under SAUBHAGYA. Audit noticed that 86.46 *per cent* of the households electrified under the scheme in totality were completed between 11 October 2017 and 31 March 2019, when 17 States had already declared saturation. REC Quality Monitor for village inspections in all 24 States were appointed by REC between May 2019 and October 2019 only. Further, REC Quality Monitors of DDUGJY were given additional work of quality monitoring in the State of Kerala, Sikkim and Himachal Pradesh under SAUBHAGYA. However, material/village inspection work in Kerala and Sikkim was not started by the appointed RQM till 31 March 2021. MoP stated (June 2022/ November 2024) that SAUBHAGYA was sanctioned till December 2018 and tentative scope of works was finalized and tender was floated for REC Quality Monitors appointment on 21 May 2018 for 20 States/UTs covering 489 projects. Due to non-receipt of village-wise details of beneficiaries who had received household connections under the scheme by the DISCOMs, the same could not be uploaded on Sakshya portal, which delayed the REC Quality Monitors inspection. Reply may be viewed against the fact that REC Quality Monitor for village inspections in all 24 selected States were appointed by REC between May 2019 and October 2019. Further the 17 out of 24 States had declared saturation up to 31 March 2019 and in remaining seven States more than 85 *per cent* household electrification work was also completed by the same period. As such, the verification of village/ household electrification should have been completed by 31 March 2019. Delayed appointment of REC Quality Monitors, and the resultant delay in verification of electrified households also delayed the rectification of defects pointed out by RQM in the works executed under the scheme.

[158] ***REC shall outsource independent third party agency(ies) designated as REC Quality Monitors (RQM) to ensure quality of materials procured and shall also verify quality of the works executed under SAUBHAGYA. The RQM shall carry out pre-dispatch inspection of major materials like Poles, Conductor, Cables.***

<table>
<tr><th>Level of Monitoring</th><th>Particulars</th></tr>
<tr><td></td><td>
(iii) Deficiencies in the duties performed by REC Quality Monitors during village inspections

As per the terms and conditions stipulated in the letters of award with regard to REC Quality Monitors for material & village inspections, REC Quality Monitors were to ensure uploading of monitoring observations including photographs having date and time printed thereon and compliance furnished by the DISCOMs including site photographs on designated web portal (Sakshya) for Stage-I & Stage-II inspections carried out by them.

Audit reviewed the village inspection reports submitted on Sakshya portal by the REC Quality Monitors from the sample of 518 villages selected in 20 States[159] and the observations are presented in the table below:

Table 8.1.1
<table>
<tr><th>Particulars</th><th>Number of Villages</th><th>%age of 518 sample villages</th></tr>
<tr><td>Gram Panchayat Certificate not uploaded</td><td>205</td><td>40</td></tr>
<tr><td>Handing over Certificate not uploaded</td><td>174</td><td>34</td></tr>
<tr><td>Picture of SAUBHAGYA signboard not uploaded</td><td>483</td><td>93</td></tr>
</table>
Audit observed that in the absence of relevant documents, it could not be established that work was completed in the stipulated time frame with quantity & quality infrastructure as per BOQ and scheme guidelines.

MoP stated (November 2024) that in cases where a picture of SAUBHAGYA sign board is not uploaded, RQM village inspection has been carried out prior to installation of village signboards. However, sign boards have not been installed by State DISCOMs/PIAs in most of the States under SAUBHAGYA Scheme and no amount is claimed against the installation of signboards.

The reply substantiated the audit observation. Further, it may be viewed against the fact that these certificates were prescribed as part of Quality Assurance and Monitoring Mechanism of REC, and it was essential to ensure the availability of all such certificates. REC also did not ensure that signboards were installed by the DISCOMs immediately on completion of work and prior to inspection of REC Quality Monitor.
</td></tr>
</table>

[159] ***Arunachal Pradesh, Assam, Chhattisgarh, Haryana, Jammu & Kashmir including Ladakh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Mizoram, Meghalaya, Nagaland, Odisha, Punjab, Rajasthan, Telangana, Tripura, Uttar Pradesh, Uttarakhand and West Bengal.***

Level of Monitoring	Particulars
	• As per SAUBHAGYA guidelines, the assets to be created under the scheme such as poles, cable, energy meter distribution transformers, LED lamps etc. should be suitably identifiable with printing of prescribed logo of SAUBHAGYA or the name SAUBHAGYA on the name plates, engraved/painting on poles or suitably color coded etc. On review of the photographs of village inspection reports submitted by REC Quality Monitors, Audit observed that this compliance was not done by the DISCOMs in cases given in Table 8.1.1. MoP stated (June 2022/ November 2024) that many agencies were deployed for execution of work under SAUBHAGYA in the States, therefore, quantities assigned to each of them were limited, thus printing the name of the Scheme on each of the materials was a great challenge. In the absence of logo of scheme, it was difficult to establish authenticity of assets created under SAUBHAGYA.

8.2 Ministry Level Monitoring in SAUBHAGYA

Monitoring mechanism as followed in DDUGJY was required to be followed in SAUBHAGYA and at the Central level, MoP and Inter-Ministerial Monitoring Committee (MC) of DDUGJY were required to monitor and oversee implementation of this scheme. First MC meeting of SAUBHAGYA was held in December 2017.

Audit noticed that no timeline was prescribed in the scheme proposal/ guidelines/ Cabinet Committee on Economic Affairs' note for conducting MC meetings and the meetings were held with intervening periods ranging from one to 11 months as shown below:

Table 8.2
Details of Monitoring Committee Meetings

Sl.No.	Number of MC meeting	Date of on which MC meeting held	Time interval w.r.t. previous meeting (in months)
1	1st MC meeting	05 December 2017	--
2	2nd MC meeting	28 March 2018	3
3	3rd MC meeting	07 June 2018	2
4	4th MC meeting	09 July 2018	1
5	5th MC meeting	12 December 2018	5
6	6th MC meeting	26 March 2019	3
7	7th MC meeting	16 March 2020	11
8	8th MC Meeting	20 November 2020	8
9	9th MC Meeting	30 March 2021	4
10	10th MC Meeting	28 May 2021	2
11	11th MC Meeting	13 July 2021	1
12	12th MC Meeting	02 August 2021	1

Audit observed that the approvals in many important cases such as requests of States for extension of timeline of the scheme for electrification of additional 19.10 lakh households beyond 31 March 2019, approval of the award scheme notified by MoP amounting to ₹301 crore and approval of increase in PMA charges from 0.5 to 5.0 *per cent* etc., were given by MoP which were ratified by MC in subsequent meetings through ex-post facto approval.

MoP stated (June 2022) that no timeframe was stipulated for conducting the MC meetings in the guidelines of SAUBHAGYA; the same was held as and when a request was made by REC. MoP further stated (June 2022) that the 7th MC meeting was postponed on health consideration due to nation-wide outbreak of Covid-19 and informed that that future MC meetings would be conducted at regular intervals.

Decisions of MC relating to some of the important issues, such as extension of timeline of scheme, approval of the award scheme notified by MoP etc. could not be sought from MC within time and the same had to be ratified only through ex-*post facto* approval.

Recommendation No.13: MoP may ensure that the control and monitoring mechanism is strengthened at all levels, as well as Quality Assurance framework is followed strictly by the Project Implementing Agencies in the upcoming schemes.

8.3 Deficiency noticed in Dashboard

As per Para 1 of the Chapter-IV of SAUBHAGYA Guidelines, monitoring mechanism as followed in DDUGJY was to be followed, including the institutional mechanism of DISHA Committee[160]. Audit observed that:

- In all the 146 selected projects of 13 States[161] out of 479 projects of 24 States, DISHA Committees did not conduct meetings at regular intervals[162] (required to be conducted quarterly). Also, DISHA Committees did not discuss/oversee the 146 selected projects of SAUBHAGYA in their meetings.
- The DISCOMs did not prepare comprehensive Quality Assurance (QA) plan in 224 projects of 21 States[163] out of 479 projects of 24 States (47 *per cent*).

[160] ***DISHA Committee are formed to ensure better coordination among all the elected representatives in Parliament, State Legislatures and Local Governments to promote participative governance and deliberative democracy by facilitating a quarterly review of all development activity at the district level. DISHA committee meetings will be held on a quarterly basis, under the chairmanship of the MP, and will be attended by all elected representatives and officials from the district.***

[161] ***Arunachal Pradesh, Chhattisgarh, Himachal Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Mizoram, Punjab, Tripura, Uttar Pradesh, Uttarakhand.***

[162] ***DISHA Committees meeting for SAUBHAGYA were either not conducted in each district of the States or conducted with a frequency of 12 months to 24 months period in many districts.***

[163] ***Arunachal Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir including Ladakh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim, Telangana, Tripura, Uttar Pradesh, Uttarakhand.***

- Quality Assurance Plan was not made integral part of the contract agreement with turnkey contractors in 80 projects in seven States[164] out of 479 projects of 24 States (17 *per cent*).

MoP stated (June 2022) that DISHA Committee was not formed in Madhya Pradesh for SAUBHAGYA. In Uttarakhand, total 121 meetings of DISHA Committee were held during 2015-16 to 2020-21. In Chhattisgarh, DISHA Committee was formed, and it reviewed progress periodically. It was added that the DISCOMs were directed to make QA and Inspection Plan an integral part of the contract agreement with turnkey contractor or equipment supplier/vendor and erection agency and to ensure that the quality of materials/ equipment supplied at the site and field execution of works under the project was in accordance with QA and Inspection Plan.

Reply of MoP is silent about other States which had not conducted DISHA Committee meetings at regular intervals. The fact, however, remained that meetings of DISHA Committee were not conducted regularly in 12 out of 13 States mentioned above and thus, progress of SAUBHAGYA projects could not be discussed in the meetings. Regarding QA plan, the reply did not address the fact that comprehensive QA plan was not prepared in 21 States and the same was not made integral part of the contract agreement in 7 States.

Recommendation No.14: MoP may ensure that DISHA meetings are conducted regularly to ensure that issues related with project execution are reviewed and resolved timely.

8.4 Summing up

Quality Assurance Mechanism of SAUBHAGYA was not followed strictly by the DISCOMs. DISCOMs did not prepare the Comprehensive Quality Assurance (QA) plan and the same was not made integral part of the Contracts. Due to absence of such QA plan in the contracts, it could not be ensured that the work executed by the Contractors met all the requirements as per the SAUBHAGYA guidelines.

Pre-dispatch inspection of material was not carried out by the DISCOMs in 11 States and 100 *per cent* verification of electrified households under scheme was not done. REC Quality Monitors were not appointed timely which led to delay in concurrent monitoring of household electrification. DISHA Committee meetings for monitoring of projects were not conducted regularly as per the schedule and in some States DISHA Committee was not formed. Frequency of MC meetings was irregular, and meetings were conducted with a time gap ranging between one and 11 months.

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[164] ***Arunachal Pradesh, Chhattisgarh, Madhya Pradesh, Maharashtra, Manipur, Meghalaya and Sikkim.***

Chapter 9: Conclusion

Performance Audit of 'Deen Dayal Upadhyaya Gram Jyoti Yojana' (DDUGJY) and 'Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) was carried out to assess the achievement of defined objectives of the Schemes. The audit objective of DDUGJY included review of separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission and distribution system in rural areas, complete electrification of villages, including metering of distribution transformers/ feeders/ consumers' end. The audit objective of SAUBHAGYA was to assess whether the electrification of households by providing last mile connectivity has been achieved. Project planning, financial management, project implementation, quality assurance and monitoring mechanism were also assessed for their soundness and efficiency for the purpose of the achievement of the intended schemes' objectives.

DDUGJY/ Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was implemented with a total outlay of ₹75,893 crore including budgetary support of ₹63,027 crore and closed with a cost of ₹64,495 crore including budgetary support of ₹45,025 crore. SAUBHAGYA was implemented with a total outlay of ₹16,320 crore including budgetary support of ₹12,320 crore and closed with a cost of ₹9,246 crore including budgetary support of ₹5,782 crore.

Ministry of Power also sanctioned funding of ₹14,183 crore for additional infrastructure to strengthen the distribution network required for electrification of balance un-electrified households under SAUBHAGYA and the scheme was closed with a cost of ₹11,373 crore including budgetary support of ₹7,543 crore.

The components of system strengthening were achieved[165] in the range of 96.71 *per cent* to 180.69 *per cent* w.r.t the quantities sanctioned by the Monitoring Committee (MC). The feeder separation component was achieved 86.85 *per cent* compared to the sanctioned quantity. Significant variations in the number of feeder separation works actually executed vis-à-vis the numbers sanctioned by MC indicated that the State-wise requirement of feeder separation was not assessed well.

The targets of AT & C losses envisaged in the DDUGJY guidelines were achieved in nine States whereas the corresponding targets were not achieved in 12 States and one UT and ranged between 11.08 *per cent* and 59.28 *per cent* against the norms of 10 *per cent* to 26 *per cent* as on 31 March 2022.

Due to the efforts of GoI, States, Power Utilities and other stakeholders, a total of 2.86 crore households were electrified under SAUBHAGYA/ DDUGJY and other State

[165] ***33 kV/11 kV new/augmented sub-stations (112.60 per cent), 66 kV/33kV lines (110.06 per cent), 11 kV line (104.90 per cent), distribution transformer (96.71 per cent), LT lines (180.69 per cent) and Meters (112.26 per cent)***

schemes. However, as against the target of electrification of 300 lakh households, a total of 174.36 lakh households were electrified under SAUBHAGYA.

Significant delays were noticed in various stages of project execution. Under DDUGJY, there was delay in award of work in 494 projects (81.65 *per cent)* out of 605 projects in 24 States and two UTs. There was a delay of more than 12 months in the cases of 184 projects (30 *per cent*) in fourteen States and one UT. There was also delay in completion of 555 projects (91.74 *per cent)* out of 605 completed projects in 27 States and three UTs. There was a major delay of more than 24 months in the cases of 263 projects (47 *per cent*) in 19 States out of 27 States and three UTs. Under SAUBHAGYA, all the 36 participant DISCOMs of 24 States submitted DPRs with a delay ranging between 71 and 418 days, which delayed the review of DPRs and sanction of Households by the Monitoring Committee for implementation of scheme.

Out of the funds amounting to ₹57,766 crore released by MoP to REC, which were in turn released to DISCOMs by REC under DDUGJY (including RGGVY), SAUBHAGYA and additional infra, instances of non-compliance of CCEA approved funding mechanism were observed in release of funds amounting to ₹2,391.65 crore to DISCOMs in 10 States prior to fulfilment of prescribed conditions/ milestones.

In contravention of schemes guidelines of DDUGJY, out of 27 States and three UTs, DISCOM level quality assessment plans were not prepared by DISCOMs in four States and two UTs. Further, in three States and one UT, the materials were not procured from authorised vendors and lists of approved vendors were also not uploaded on the web portal of DISCOMs.

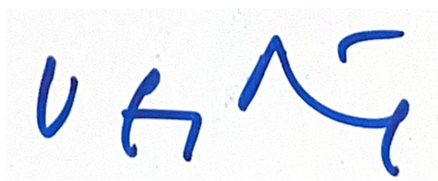
In order to ensure concurrent monitoring of the works executed under DDUGJY, inspection of projects was to be done by the REC Quality Monitors (RQMs). However, delay in RQM inspection for monitoring of the projects was observed in 564 villages out of 741 villages in 20 States and one UT under DDUGJY, 75 villages of six States out of 143 villages in eight States under RGGVY and 43 villages out of 44 villages in five States under DDG projects.

Under SAUBHAGYA scheme, out of 24 States, pre-dispatch inspection of material was not carried out by the DISCOMs in 11 States whereas 100 *per cent* verification of electrified households was not done in 10 States. RQMs under SAUBHAGYA were appointed during May 2019 to October 2019 whereas the scheme was scheduled to be completed in March 2019; this led to delay in concurrent monitoring of household electrification.

Audit has made 14 recommendations which will aid the Ministry in better planning, execution and monitoring of future schemes. Further, in response to the performance audit report, Ministry of Power stated (14 November 2024) that recommendations of CAG have been considered suitably by MoP/REC and the same shall be ensured in implementation of the future Schemes in line with the mechanism adopted by the Ministry of Power.

New Delhi **(Anand Mohan Bajaj)**
Dated: 08 August 2025 **Deputy Comptroller and Auditor General**
and Chairman, Audit Board

Countersigned



New Delhi **(K. Sanjay Murthy)**
Dated: 13 August 2025 **Comptroller and Auditor General of India**

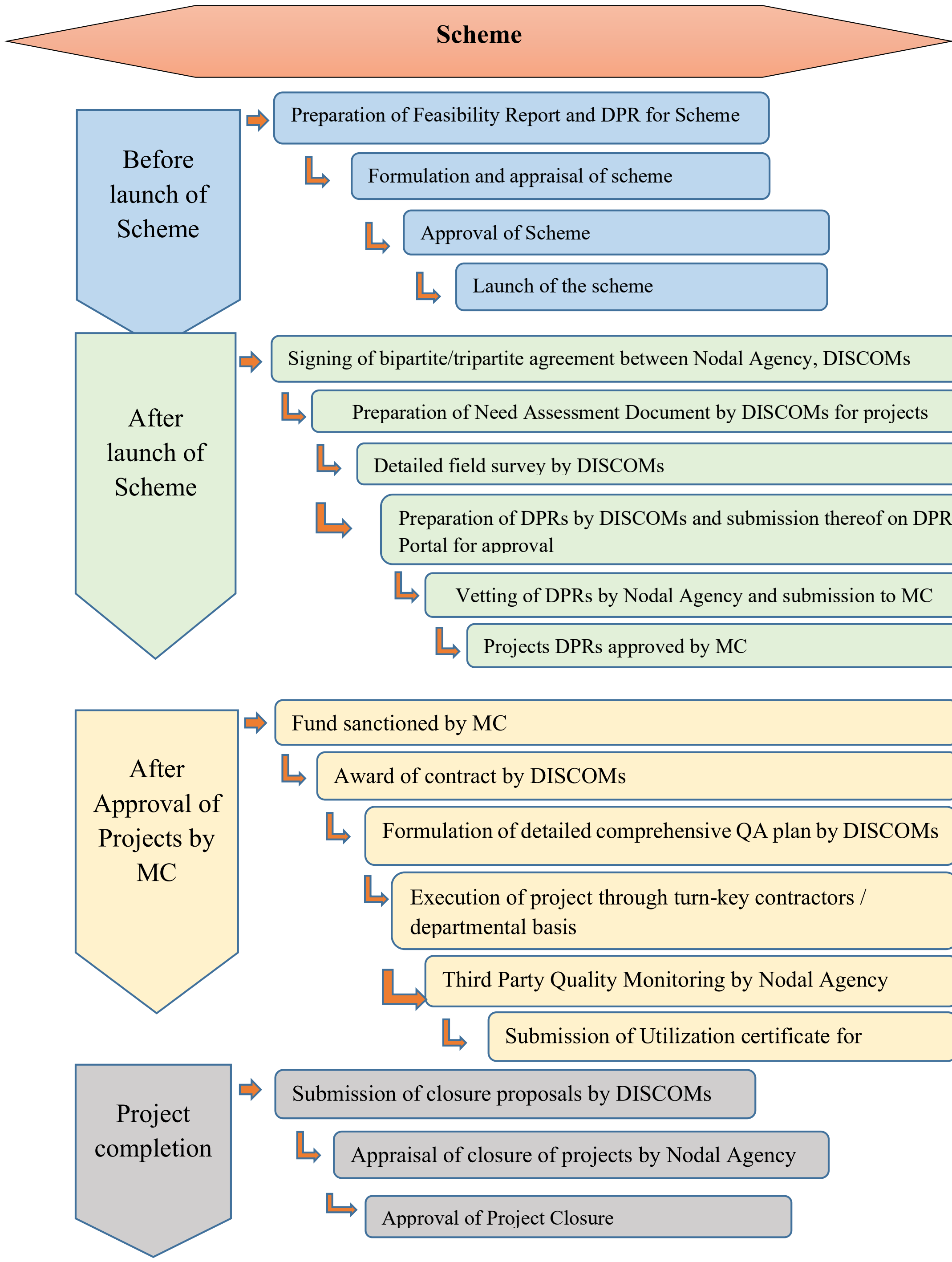

SIEJ GOVERNMENT L.P SCHOOL
ESTD-1944
SIEJ VILLAGE

Annexures

Annexure 1

(Refer Para 1.3)

Flowchart showing steps to be taken before launching scheme till completion



Annexure-2
(Refer Para 2.2)
State/Union Territory-wise number of selected Projects, Blocks and Villages

Sl. No.	Name of State /UT	DDUGJY		RGGVY		DDG (12th Plan)	DDG (New)	Villages
		Projects	Blocks	Projects	Blocks	Projects	Projects	
	States							
1	Arunachal Pradesh	4	7	-	-	-	60	85
2	Assam	7	17	4	9	-	**21**	**197**
3	Chhattisgarh	7	14	2	5	2	36	183
4	Goa*	2	3	-	-	-	-	3
5	Gujarat*	7	14	-	-	-	-	70
6	Haryana	5	7	-	-	-	-	46
7	Himachal Pradesh	3	8	-	-	-	-	75
8	Jammu & Kashmir including Ladakh	5	11	2	4	-	1	85
9	Jharkhand	6	15	4	9	-	13	227
10	Karnataka	8	17	2	4	2	2	202
11	Kerala	4	11	-	-	2	-	65
12	Madhya Pradesh	13	30	9	21	-	2	467
13	Maharashtra	9	24	-	-	-	-	218
14	Manipur	1	2	2	4	-	5	32
15	Meghalaya	2	4	-	-	-	5	44
16	Mizoram	5	4	-	-	-	-	10
17	Nagaland	6	8	3	6	-	-	86
18	Odisha	6	8	7	13	**-**	**-**	**176**
19	Punjab	8	10	-	-	-	-	78
20	Rajasthan	8	19	7	16	-	8	304
21	Sikkim	2	4	-	-	-	-	23
22	Tamil Nadu*	7	14	-	-	-	-	52
23	Telangana	3	9	-	-	-	-	58
24	Tripura	2	4	2	5	-	-	46
25	Uttar Pradesh	4	10	3	7	-	-	166
26	Uttarakhand	3	6	-	-	-	2	48
27	West Bengal	5	15	2	5	-	-	65
	Total (A)	**142**	**295**	**49**	**108**	**6**	**155**	**3111**
	Union Territories							
1	Andaman & Nicobar Island*	1	2	-	-	-	-	15
2	Dadra & Nagar Haveli*	1	3	-	-	-	-	13
3	Puducherry*	2	3	-	-	-	-	11
	Total (B)	**4**	**8**	**0**	**0**	**0**	**0**	**39**
Grand Total (A+B)		**146**	**303**	**49**	**108**	**6**	**155**	**3150**

SAUBHAGYA scheme was not implemented in these States and Uts

Annexure 3
(Refer Para 3.1.4)
Audit findings and impact of DPRs prepared without field survey

Sl. No.	Name of the State/ UT	Findings and impact thereof
1	Assam	• Only 974 out of 2,588 villages in seven projects were covered during execution. • Out of 22 Un-electrified villages included in DPR for Kamrup project, DISCOM, during survey for execution, found that only one village was UE, two villages were un-inhabited, one village had already been electrified and the remaining 18 villages were partially electrified (PE). • In Udalguri Project, 78 villages were electrified out of which 72 villages were not part of the approved DPR. • 11 out 12 villages included in the DPR of Goalpara project were found already electrified. While admitting the above facts, MoP stated (June 2022) that during preparation of DPRs, 100 *per cent* field survey of the villages could not be done due to time constraint in submission of DPRs. The DPRs were prepared based on information available.
2	Chhattisgarh	• In Kabeerdham project, out of nine feeder separation works included in the DPR, the work in six feeders had already been completed in High Voltage Distribution Scheme (HVDS) before approval of the DPR under DDUGJY. This resulted in over-estimation of cost in the DPR to the tune of ₹21.97 crore. • 56 UE villages were shifted to grid connectivity from off-grid connectivity, out of which, 16 villages could not be electrified through grid and, therefore, had to be moved back to off grid. • Variation in number of actual UE/PE villages electrified vis-à-vis sanctioned villages ranged between (-) 59.54 and 53.15 *per cent* and in context of BPL households, the variation ranged between (-)58.51 and 96.84 *per cent*. *(sanctioned/DPR figures)* • In RGGVY 12th Plan, in two projects[166], 52 villages and 24,096 households could not be covered because those were already electrified. • In two projects[167] under DDG 12th Plan, variation in households sanctioned vis-à-vis actually electrified ranged between (-)16.58 and 88 *per cent* and in 34 projects of DDG new, the variation ranged between (-) 89.94 and 641.18 *per cent*. MoP stated (June 2022) that due to Naxal disturbances/ approach restrictions/ located under dense forest areas villages changed from grid to off grid and launch of other State scheme/ Mukhya Mantri M/T Electrification Yojana (MMMTY) also contributed in shortfall of BPL households.

[166] ***Dhamtari and Janjgir Champa***
[167] ***Badwar and Pundag***

Sl. No.	Name of the State/ UT	Findings and impact thereof
3	Haryana	All the 112 feeder separation works sanctioned under the scheme were already separated before approval of DPR. Thus, the cost was overestimated in the DPR by ₹26.80 crore and was later utilised by the DISCOM in system strengthening works. MoP while accepting the facts stated (June 2022) that the scheme was launched in 2015 and many electrical strengthening works were already being carried out by the DISCOM from time to time through their own funds, due to priority of works.
4	Jharkhand	• The approved DPR included 372 feeder separation works. The scope was reduced to 162 feeder separation works during execution, showing over-estimation in DPRs. • During actual execution in the eight test-checked projects, 155 villages were found already electrified and 379 villages were not traceable. MoP, while admitting the facts stated (June 2022) that reduction in feeder separation is due to inclusion of SAUBHAGYA in the mid-way of implementation of DDUGJY as JBVNL had to cover infrastructure requirements for all households of Jharkhand. Accordingly, sanctioned fund of Feeder Separation was utilized for creating infrastructure for household connections to achieve the goal of SAUBHAGYA.
5	Rajasthan	DPRs included 41765 habitations to be electrified. The site survey, carried out by the turnkey contractor before start of the execution of the work revealed that 16765 habitations shown as un-electrified in the DPRs were already electrified and 2327 habitations were not in existence. While admitting the facts, MoP replied (June 2022) that variation in habitation data was due to its coverage in State ongoing schemes (MMSLVY) after being surveyed in DDUGJY and before execution of the same. Further, many households were of migratory nature and used to change location, therefore 2327 habitations were not in existence.
6	Manipur	In Churachandpur Project, the length of 11 kV line as per the supply LOA was 529.25 CKM, out of which, only 453.03 CKM of 11 KV were strung. MoP stated (June 2022) that the quantity got reduced due to priority field requirement and implementation of SAUBHAGYA at the same time.
7	Karnataka	99 & 44 DTs in Tumkur and Kunigal towns under Tumkur Project, which were already covered in other scheme(s), were included in DDUGJY. MoP stated (June 2022) that during execution, the said proposed works were carried out in other schemes of the State/BESCOMs due to urgency and hence were not taken up under DDUGJY.

Sl. No.	Name of the State/ UT	Findings and impact thereof
8	Tamil Nadu	There were variations in Partially Electrified villages between DPR and actual execution as against the proposal of 6,171 APL households in 972 PE villages in 22 projects[168]. TANGEDCO executed 6,679 APL households in 1,031 PE villages. While admitting the facts, MoP replied (June 2022) that variation in number of proposed APL households was due to covering additional APL households in Salem District (390) as there were difficulties in awarding and execution of the above work under solar roof top system and in Sivaganga district (118 APL households) by providing single phase connection instead of three phase connection to both proposed and additional APL households.
9	Telangana	Variation of 612 villages between those sanctioned in the DPRs and the closures thereof submitted by the DISCOM, was noticed in audit. While admitting the facts, MoP replied (June 2022) that the DISCOM had to carry out few Emergency network additions to maintain uninterrupted power supply and release of services as per regular procedure. Therefore, there are changes in infrastructure as well as release of services based on the field requirement from time to time in different villages.

[168] ***Erode, Namakkal, Salem, Dindigul, Ramanathpuram, Sivaganga, Theni, Kanniyakumari, Thoothukudi, Virudhunagar, Ariyalur, Karur, Nagapattinam, Perambalur, Pudukottai, Thiruvarur, Vellore, Cuddalore, Tiruvannamalai, Viluppuram, Kanchipuram and Thanjavur.***

Annexure 4

(Refer Para 3.1.5)

Details of targets and achievement of AT & C losses

S. No.	States/ Uts	Targets for AT&C loss[169] for 2021-22 (*in per cent*)	Actual achievement of AT&C loss for 2021-22 (*in per cent*)	Difference (*in per cent*)
1	Chhattisgarh	14.00	18.13	(-) 04.13
2	Himachal Pradesh	10.00	12.90	(-) 02.90
3	Jharkhand	18.00	33.79	(-) 15.79
4	Jammu & Kashmir	26.00	59.28	(-) 33.28
5	Madhya Pradesh	15.00	22.55	(-) 07.55
6	Maharashtra	14.00	15.25	(-) 01.25
7	Meghalaya	20.79	27.30	(-) 06.51
8	Odisha	20.50	31.26	(-) 10.76
9	Puducherry (UT)	11.00	11.08	(-) 00.08
10	Rajasthan	14.00	17.49	(-) 03.49
11	Sikkim	20.00	30.77	(-)10.77
12	Uttar Pradesh	15.00	30.52	(-) 15.52
13	Uttarakhand	14.00	14.15	(-) 00.15

Sources: DDUGJY guideline, Report on Performance of Power utilities (2021-22) of PFC.

169 ***AT&C losses Data for Jammu & Kashmir was not available in the PFC Report on Performance of Power utilities for 2021-22, therefore data for year 2020-21 was taken in the above table.***

Annexure-5

(Refer Para 4.2.1)

Statement showing fund diverted from DDUGJY and RGGVY 12th Plan to another plan/scheme and vice-versa

(₹ in crore)

Sl. No.	Name of the State	Amount of fund diverted	Remarks
1	Assam	179.15	Transferred to SAUBHAGYA
2	Gujarat	59.35	Utilised (from March 2019 to August 2021) for day-to-day activities until transferred to GETCO
3	Jammu and Kashmir including Ladakh	4.49	FDR of ₹4.49 crore was made from DDUGJY funds not credited back to dedicated bank account.
4	Jharkhand	160.99	Diverted (₹128.99 crore and ₹32.00 crore) from RGGVY XII Plan to DDUGJY
5	Madhya Pradesh	212.26	DISCOMs MPMKVVCL (₹49.45 crore), MPPaKVVCL (₹70.31 crore) and MPPoKVVCL (₹92.50crore) diverted funds to other schemes
6	Manipur	2.49	Material was diverted for operation & maintenance and other deposit works without replenishing.
7	Mizoram	0.65	Diverted to works not related to DDUGJY
8	Nagaland	9.19	• DDUGJY fund of ₹5.99 crore were diverted to meet payment for SAUBHAGYA works • Material of ₹3.20 crore procured under the scheme was diverted temporarily for other purposes.
9	Sikkim	0.21	Released funds for supplies for works other than DDUGJY
10	Tripura	0.22	Diverted from RGGVY 12th Plan to DDUGJY
11	Uttar Pradesh	105.01	Material of ₹17.17 crore procured through RGGVY 12th Plan fund was diverted to other schemes (SAUBHAGYA – ₹10.82 crore, SUGAM – ₹0.06 crore, RML Yojana – ₹0.56 crore and Business Plan – ₹5.73 crore). Moreover, material of ₹14.55 crore procured from RGGVY 12th Plan fund was shown as short fall of value/scrap in the records of the DISCOM (MVVNL). Further, ₹ 73.29 crore of DDUGJY funds were diverted to SAUBHAGYA Scheme.
Total		**734.01**	

Source: Respective State DISCOMs data

Annexure 6

(Referred to in Para 5.1)

DDUGJY

Sl. No.	Name of State	Number of villages test checked	Number of villages where Inspection was done with delay	Delay in conducting of inspection by RQM	Range of delay in conducting of inspection by RQM		
					No of villages wherein delay was upto 100 days	No of villages wherein delay was more than 100 days to 300 days	No of villages wherein delay was more than 300 days
1	Andhra Pradesh	33	32	1 day to 134 days	26	6	0
2	Assam	93	90	1 day to 463 days	44	15	31
3	Chhattisgarh	29	24	8 days to 231 days	22	2	0
4	Uttar Pradesh	139	135	1 day to 594 days	87	31	17
5	Gujarat	25	16	1 Day to 21 Days	16	0	0
6	Maharashtra	196	79	1 Day to 93 Days	79	0	0
7	Tamil Nadu	27	23	2 Days to 54 Days	23	0	0
8	Kerala	17	1	109 days	0	1	0
9	Mizoram	7	5	10 days to 112 days	3	2	0
10	Meghalaya	22	20	26 days to 145 days	13	7	0
11	Manipur	3	3	259 days to 270 days	0	3	0
12	Nagaland	17	14	15 days to 500 days	3	7	4
13	Jammu & Kashmir	31	26	7 days to 493 days	11	5	10
14	Haryana	22	22	4 days to 127 days	21	1	0
15	Puducherry	2	2	12 days	2	0	0
16	Sikkim	10	9	70 days to 134 days	8	1	0
17	Telangana	18	17	20 days to 47 days	17	0	0
18	Tripura	6	6	73 days to 109 days	4	2	0
19	West Bengal	12	12	48 days to 331 days	5	4	3
20	Uttarakhand	22	19	2 days to 48 days	19	0	0
21	Punjab	10	9	1 day to 83 days	9	0	0
	Total	**741**	**564**	**1 day to 594 days**[170]	**412**	**87**	**65**

[170] *Delay up to 100 days=412 villages, More than 100 days to 300 days=87 villages, More than 300 days=65 days*

RGGVY-12th Plan

S. No.	Name of the state	Number of villages test checked	No of Villages wherein delay in inspection from handing over of these villages	Delay in inspection from handing over of these village	Range of delay in conducting of inspection by RQM		
					No of villages wherein delay was upto 100 days	No of villages wherein delay was upto 100 days	No of villages wherein delay was upto 100 days
1	Assam	16	6	211 days to 1148 days	0	2	4
2	Jharkhand	20	2	133 days to 592 days	0	1	1
3	Manipur	10	7	808 days to 1523 days	0	0	7
4	Rajasthan	5	5	546 days to 642 days	0	0	5
5	Uttar Pradesh	45	25	169 days to 1238 days	0	4	21
6	Odisha	35	30	26 days to 921 days	2	6	22
	Total	**131**	**75**	**26 days to 1523 days**[171]	**2**	**13**	**60**

DDG Projects

S. No.	Name of State	Number of villages test checked	Number of villages where Inspection was done with delay	Delay in conducting of inspection by RQM	Range of delay in conducting of inspection by RQM		
					No of villages wherein delay was upto 100 days	No of villages wherein delay was upto 100 days	No of villages wherein delay was upto 100 days
1	Arunachal Pradesh	10	10	309 days to 437 days	0	0	10
2	Assam	8	8	84 days to 421 days	2	0	6
3	Chhattisgarh	13	12	1 day to 201 days	10	2	0
4	Jammu & Kashmir	1	1	75 days	1	0	0
5	Jharkhand	12	12	41 days to 220 days	7	5	0
	Total	**44**	**43**	**1 day to 437 days**[172]	**20**	**7**	**16**

[171] *Delay up to 100 days=2 villages, More than 100 days to 300 days=13 villages, More than 300 days=60 villages.*

[172] *Delay up to 100 days=20 villages, More than 100 days to 300 days=7 villages, More than 300 days= 16 villages.*

Annexure 7

(Refer Para 6.3.1.3)

Statement showing irregular expenditure due to inclusion of ineligible works

Sl. No.	Name of the State	Audit observations
1	Jammu & Kashmir including Ladakh	District Divisional Authorities booked an expenditure of ₹27.59 crore in seven projects of Jammu & Kashmir including Ladakh on account of execution of works which were not approved in the DPRs resulting in execution of in-eligible works under the scheme. MoP stated (June 2022) that in respect of KPDCL, no irregular expenditure or ineligible works was included in the closure of schemes as closure was approved by REC after scrutiny as per the guidelines and approval of Monitoring Committee. Regarding JPDCL, the closure for the scheme has been submitted and only those works which were complete in all respects had been loaded on the scheme fund. In response of Audit Rebuttal to above reply, MoP provided the closure report covering only one division portion that incurred the expenditure of ₹0.09 crore. In respect of balance portion, no document in support of the reply was provided to Audit.

Annexure 8

(Refer Para 6.3.1.3)

Statement showing instances of extending undue benefits to the contractors

Sl. No.	Name of the State	Audit observations
1	Mizoram	In Mamit project, two works of erection and commissioning for DTRs in West Phaileng and Zawlnuam sub-division were awarded to the contractor in October 2018 at a cost of ₹1.78crore with completion date up to 15 December 2018. As per the progress report, the works were not completed up to July 2019, yet full payment was released to contractor on 21 December 2018 i.e., prior to the completion of works. MoP stated (June 2022/ November 2024) that works were successfully completed and commissioned during 2019. Handing and taking over were done after rectification of DTs at site. The reply confirms that the works were not complete as per the scheduled time, yet the full payment was released to the contractor prior to completion of work. The same will be verified during vetting of ATN.
2	Uttar Pradesh	The work of electricity connection was given to TKCs, individual contractor and Department. During cross verification of connection data of different TKCs/contractor of two projects (Varanasi and Kaushambi), Audit noticed that 1,540 (Varanasi-780 and Kaushambi-760) connections, having same account numbers, were claimed by two TKCs/contractors from the DISCOM (PuVVNL). Thus, the DISCOM made excess payment amounting to ₹0.46 crore (1,540 X ₹3,000) for such claim. MoP stated (June 2022/) that an amount of ₹8.65 crore has been imposed for recovery including taxes from the concerned firm against 36,792 Nos. of duplicate connections. PuVVNL has remitted the recovery amount of ₹4.74 crore (subsidy portion) to MoP. The fact remains that due diligence was not applied at the time of execution of work under SAUBHAGYA which led to illegitimate claim by the Contractor.

Annexure-9

(Refer Para 6.3.1.3)

Statement showing instances of scheme funds getting blocked/ loaded with cost of unutilised material under SAUBHAGYA

Sl. No.	Name of the State	Audit Observations
1	Arunachal Pradesh	In Lower Dibang Valley project, work was completed during March 2019 and materials valuing ₹0.35 crore remained unutilised, however, the expenditure against the unutilized material was booked/ charged under the scheme and also claimed from REC. MoP stated (November 2024) that these materials were used for restoration of power supply during the natural calamities happened between 2021 and 2023. Further, budget provision in current Financial Year 2024-25 has been considered for ₹0.35 crore and upon receipt of allocation, the same would be remitted to the Consolidated Fund of the MoP. The reply may be viewed against the fact that the cost of unused material should have been recovered from the PIA at the time of final closure of the projects.
2	Manipur	DISCOM (MSPDCL) procured household connection kits for departmental execution of household connections in nine projects. The household connection kits worth ₹0.66 crore in these projects were lying unused with the DISCOM (August 2021) even though the projects had been declared completed by March 2020. MoP stated (June 2022/ November 2024) that recoverable amount of ₹0.66 crore has been remitted to MoP account through Bharatkosh on 11.07.2024. The fact remains that due diligence was not applied at the time of execution of work under SAUBHAGYA

Annexure 10

(Refer Para 6.3.2)

Household electrification through Solar Photovoltaic (SPV) system

Sl. No.	State	Sanctioned Cost (₹ In crore)	Number of Households sanctioned to be electrified through SPVs as of October 2017	Actual number of Households electrified through SPVs up to 31 March 2019	No of Households electrified through SPV between 1 April 19 to 31 March 2020	No of Households electrified through SPV between 1 April 20 to 31 March 2021	Total Electrification of Households under SPV mode	Variation in targeted and actual Households electrification (in number) through SPVs Excess/ Short (+/-)	Final Cost of SPVs as per Closure Reports (₹ In crore)
1	Arunachal Pradesh	27.15	5,430	5,398	0	0	5,398	(-)32	25.37
2	Assam	31.88	6,376	33,332	17,422	0	50,754	44,378	237.69
3	Bihar	100.05	20,010	39,100	0	0	39,100	19,090	194.52
4	Chhattisgarh	326.87	65,373	37,519	22,060	5,794	65,373	0	199.39
5	Jammu & Kashmir (Incl. Ladakh)	10.23	2,046	168	0	0	168	(-)1,878	0.51
6	Jharkhand	18.69	3,738	3,738	4,002	0	7,740	4,002	28.68
7	Karnataka	1.04	207	0	207	0	207	0	0.86
8	Madhya Pradesh	87.81	17,562	12,651	0	0	12,651	(-)4,911	38.33
9	Maharashtra	117.80	23,560	16,787	13,751	0	30,538	6,978	117.57
10	Manipur	16.94	3,387	208	3,179	0	3,387	0	16.76
11	Meghalaya	2.14	428	0	598	0	598	170	2.94
12	Mizoram	6.95	1,390	1,466	0	0	1,466	76	5.93
13	Odisha	35.44	7,088	0	13,735	0	13,735	6,647	68.68
14	Punjab	0.07	14	0	0	0	0		0.00
15	Rajasthan	522.56	1,04,512	14,152	97,853	11,677	1,23,682	19,170	420.69
16	Tripura	18.00	3,599	3,601	0	0	3,601	2	14.85
17	Uttar Pradesh	500.00	1,00,000	29,213	4,076	19,945	53,234	(-)46,766	175.31
18	Uttarakhand	42.78	8,556	4,837	0	0	4,837	(-)3,719	21.89
19	West Bengal	9.31	1,861	0	0	0	0		0.00
	Total	**1,875.71**	**3,75,137**	**2,02,170**	**1,76,883**	**37,416**	**4,16,469**	**43,207**	**1,569.97**

Annexure 11
(Refer Para 7.2)
Reimbursement of PMA charges to State DISCOMs at higher rates

(Amount in crore)

Sl. No.	States	Name of the DISCOMs	Households electrified (Grid & Off-Grid)	Closure Cost under SAUBHAGYA excluding PMA	PMA charges admissible @ 0.5% of Project cost as per earlier Sanction of MC	PMA charges released under SAUBHAGYA	Difference
			(A)	(B)	(C)=(B*0.5%)	(D)	(E) =(D-C)
			Numbers	Amount	Amount	Amount	Amount
1	**Assam**	APDCL	13,99,688	882.66	4.41	15.52	11.11
2	**Haryana**	DHBVNL	4,8714	13.48	0.07	0.37	0.30
3	**Jammu & Kashmir**	JKPDD	17,6935	58.23	0.29	1.67	1.38
4	**Mizoram**	Mizoram Power Deptt.	26,926	45.35	0.23	0.38	0.15
5	**Nagaland**	Nagaland Power Deptt.	74,463	59.49	0.30	0.64	0.34
6	**Rajasthan**	AVVNL, Ajmer	5,52,557	319.71	1.60	5.11	3.51
		JdVVNL, Jodhpur		163.75	0.82	2.81	1.99
		JVVNL, Jaipur		10.12	0.05	0.47	0.42
7	**Telangana**	TSNPDCL	69,690	27.42	0.13	0.32	0.19
8	**Uttar Pradesh**	PuVVNL	62,18,197	1,003.26	5.02	54.89	49.87
		MVVNL		927.02	4.64	50.15	45.51
		PsVVNL		317.02	1.58	17.16	15.58
		DVVNL		526.08	2.63	28.38	25.75
	Sub Total of Uttar Pradesh			**2,773.38**	**13.87**	**150.58**	**136.71**
			85,67,170	**4,353.59**	**21.77**	**177.87**	**156.10**

Glossary of Terms

Sr. No.	Terms	Meaning
1	Aggregate Technical and Commercial losses	Technical losses occur due to inherent character of equipment used for transmitting and distributing power and commercial losses occur due to theft of energy, defective meters and drawl of unmetered supply.
2	Budgetary Support	The government's support to the Central plan is called Gross Budgetary Support.
3	DDG	Decentralized distribution-cum-generation from conventional or renewable or non-conventional source such as biomass, bio fuel, bio gas, mini hydro, geo thermal and solar etc., is envisaged for villages where grid connectivity was either not feasible or not cost effective.
4	DDUGJY guideline	Guidelines applicable for the components (i) & (ii) above of the scheme viz. feeder separation and augmentation of distribution infrastructure including metering in rural areas and any new project sanctioned under Rural Electrification component.
5	Details Project Report	A final, detailed appraisal report on the project and a blue print for its execution and eventual operation.
6	Dedicated feeders	A HT feeder through which power is supplied to a single consumer from the substation where transformation to required voltage takes place
7	DLMS	Device Language Message Specification is the application layer protocol that is used to transform the data into messages
8	Distribution Transformer	A transformer that provides the final voltage transformation in the electric power distribution system
9	Electrified Village	A village is declared electrified if 10% of the households can access power, along with public institutions such as schools, the panchayat office, health centres, dispensaries and community centres.
10	Energy accounting	Energy Accounting prescribes accounting of all energy inflows at various voltage levels in the distribution periphery of the network, including renewable energy generation and open access consumers, as well as energy consumption by the end consumers
11	Feeders Separation	Erection of HT lines for drawing new feeders and reorientation/re-alignment of existing lines.
12	Households	Consumer of State to whom electricity has to be supplied.
13	Ineligible works	The work which could not be carried out under this Scheme.
14	load	In an AC circuit the supply is the source of power and the load is anything that you are switching on or off to control it like a light fitting, element, motor etc.

Sr. No.	Terms	Meaning
15	Monitoring Committee	Composition of official who will approve the project, implement, evaluate and monitoring the project under Scheme
16	Partially Electrified Village	The villages which had been earlier declared electrified as per the then prevailing definition of electrification, were treated as Partially Electrified under new definition and, therefore, the intensification works like extension of HT/ LT lines and additional transformer were required to be carried out in those villages to retain their classification as electrified villages.
17	Project Management Agency	An appropriate Project Management Agency (PMA) shall be appointed preferably utility-wise to assist them in project management ensuring timely implementation of the project.
18	Rural Electrification	Rural electrification is the process of bringing electrical power to rural and remote areas.
19	Rural Electrification Data Hub:	A Rural Electrification (RE) data hub was to be created at REC. This data hub shall primarily be a nodal information centre for data and information related to rural power distribution systems and will broadly collate the state wise updated status of rural electrification in the country.
20	RGGVY guideline	The existing operational Guidelines of RGGVY shall continue to prevail for implementation of already sanctioned RE projects.
21	Schedule of Rates	All the Governments / Departments every year prepare and update rates of normally used building items / Materials / works item. Number of such items may range from 500 to 1000. This is called Schedule of Rates.
22	Solar Photo Voltaic	Photovoltaic cells, convert sunlight directly into electricity.
23	Substations	A set of equipment reducing the high voltage of electrical power transmission to that suitable for supply to consumers
24	Tripartite/ Bipartite agreement	A Tripartite agreement executed between REC as the Nodal Agency on behalf of Ministry of Power, the State Government and the Utility for undertaking and agreeing to their stipulated roles/responsibilities as per provisions of the scheme guidelines and Bipartite agreement executed in case of State Power Departments.

Abbreviations

Abbreviations	Full form
AB Cable	Aerial Bunched Cable
AMC	Annual Maintenance Contract
AMR	Automatic Meter Reading
APDCL	Assam Power Distribution Company Limited
APL	Above Poverty Line
AREP	Accelerated Rural Electrification Programme
AT&C Losses	Aggregate Technical & Commercial losses
ATN	Action Taken Note
AVVNL	Ajmer Vidyut Vitran Nigam Limited
BESCOM	Bangalore Electricity Supply Company
BG	Bank Guarantee
BOMT	Build, Operate, Maintain and Transfer
BOQ	Bill of Quantity
BPL	Below Poverty line
CAG	Comptroller and Auditor General of India
CCEA	Cabinet Committee on Economic Affairs
CEA	Central Electricity Authority
CESC	Chamundeshwari Electricity Supply Corporation Limited
CINB	Corporate Internet Banking
CKM	Circuit Kilometre
CLTD	Corporate Liquid Term Deposit
CPG	Contract Performance Guarantee
CPI	Consumer Price Index
CPSEs	Central Public Sector Enterprises
CSPDCL	Chhattisgarh State Power Distribution Company Limited
DDG	Decentralized distribution-cum-generation
DDUGJY	Deen Dayal Upadhyaya Gram Jyoti Yojana
RGGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
DEC	District Electricity Committee
DHBVN	Dakshin Haryana Bijli Vitran Nigam
DISCOMs	Distribution Companies
DISHA	District Development Coordination and Monitoring Committee
DLMS	Device Language Message Specification
LED	Light Emitting Diode
Kms	Kilometers
DPR	Detailed Project Report
DT	Distribution Transformer
DVMC	District Vigilance and Monitoring Committee

Abbreviations	Full form
EBR	Extra Budgetary Resource
FDR	Fixed Deposit Receipt
FQP	Field Quality Plan
FR	Feasibility Report
FSs	Financial Statements
GARV	Grameen Vidyutikaran mobile App
GBS	Gross Budgetary Support
GESCOM	Gulbarga Electricity Supply Company
GETCO	Gujarat Energy Transmission Corporation Limited
GoI	Government of India
GPC	Gram Panchayat Certificate
GPS	Global Positioning System
GTP	Guaranteed Technical Particulars
HHs	Households
HT	High Tension
HVDS	High Voltage Distribution Scheme
IDEA Software	Interactive Data Extraction & Analysis software
IE	Intensively Electrified
IFD	Integrated Finance Division
IITM	Indian Institute of Technology, Madras
ITD	Income Tax Department
JBVNL	Jharkhand Bijli Vitran Nigam Limited
JKSPDC	Jammu & Kashmir State Power Development Corporation Limited
JDVVNL	Jodhpur Vidyut Vitran Nigam Limited
JVVNL	Jaipur Vidyut Vitran Nigam Limited
KSEBL	Kerala State Electricity Board Limited
KV	Kilovolt
KVA	Kilovolt-Ampere
L1	Lowest Tender or Lowest Bid
LoA	Letter of Acceptance of Tender
LoI	Letter of Intent
LT	Low Tension
LED	Light Emitting Diode
MA	Mobilization Advance
MC	Monitoring Committee
MD	Managing Director
MESCOM	Mangalore Electricity Supply Company Limited
MePDCL	Meghalaya Power Distribution Corporation Limited
MIS	Management Information System
MMS	Module Mounting System

Abbreviations	Full form
MMMTY	Mukhya Mantri Majra Tola Vidyutikaran Yojana, Chhattisgarh
MMSLVY	Mukhya Mantri Majra Sabke Liye Vidyut Yojana, Rajasthan
MNP	Minimum Needs Programme
MoF	Ministry of Finance
MoP	Ministry of Power
MPPaKVVCL	Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited
MQP	Manufacturing Quality Plan
MQV	Model quality village
MSEDCL	Maharashtra State Electricity Distribution Company Limited
MSPDCL	Manipur State Power Distribution Company Limited
MVA	Mega Volt-Ampere
MVVNL	Madhyanchal Vidyut Vitran Nigam Ltd
NABL	National Accreditation Board for Testing and Calibration Laboratories
NAD	Need Assessment Document
NFMS	National Feeder Monitoring System
NIT	Notice Inviting Tender
NQM	National Quality Monitor
PCC	Project Completion Certificate
PCC pole	Plain Cement Concrete pole
PE	Partially Electrified
PFC	Power Finance Corporation Ltd
PIA	Project Implementing Agency
PMA	Project Management Agency
PMGY	Pradhan Mantri Gramodaya Yojana
POG	Project Operation Guarantee
PSPCL	Punjab State Power Corporation Limited
PVVNL	Purvanchal Vidyut Vitran Nigam Limited
QA	Quality Assurance
R&M	Repair and Maintenance
RDSS	Revamped Distribution Sector Scheme.
RE	Rural electrification
REC	REC Limited (erstwhile Rural Electrification Corporation Limited)
RECPDCL	REC Power Development and Consultancy Limited
REPOL	Rural Electrification Policy
RESPO	Rural Electrification & Secondary System Planning and Organization
RGGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
RPM	Review Planning and Monitoring Meeting
RoW	Right of Way

Abbreviations	Full form
RQM	REC Quality Monitors
SAGY	Saansad Adarsh Gram Yojana
SAUBHAGYA	Pradhan Mantri Sahaj Bijli Har Ghar Yojana
SBD	Standard Bid Document
SECC	Socio Economic Caste Census
SGST	State Goods and Service Tax
SLD	Single line Diagram
SLSC	State Level Standing Committee
SoR	Schedule of Rates
SPV	Solar Photovoltaic
SRSWOR	Simple Random Sampling without Replacement
SSs	Sub-Stations
ST&D	Sub-Transmission & Distribution
T&P	Tools and Plants
TANGEDCO	Tamil Nadu Generation and Distribution Corporation Limited
TKC	Turkey Contractor
TPIA	Third Party Inspection Agency
TPNODL	TP Northern Odisha Distribution Limited
TSECL	Tripura State Electricity Corporation Limited
TSNPDCL	Telangana Northern Power Distribution Company Limited
TSSPDCL	Telangana Southern Power Distribution Company Limited
UC	Utilisation Certificate
UDC	Uninterrupted Direct Current
UE	Un Electrified
UHBVN	Uttar Haryana Bijli Vitran Nigam
UT	Union Territory
WAPCOS	WAPCOS Limited earlier known as Water and Power Consultancy Services (India) Limited
WBSEDCL	West Bengal State Electricity Distribution Company Limited
Wp	Watt-Peak
WPI	Wholesale Price Index
WWC	Workers Welfare Cess
WCT	Work Contract Tax

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