



**FOURTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2019-2021)**

**NINETIETH REPORT**  
(Presented on: 18th June, 2019)

**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2019**

**FOURTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2019-2021)**

**NINETIETH REPORT**

**On**

**KERALA STATE ELECTRICITY BOARD LIMITED**

**(Based on the Report of the Comptroller and Auditor General of India for the  
year ended 31st March, 2009)**

## CONTENTS

	<i>Page</i>
Composition of the Committee ..	v
Introduction ..	vii
Report ..	1
Appendix I:	
Summary of main Conclusions/Recommendations ..	14
Appendix II:	
Notes furnished by Government on the Audit Paragraphs ..	16

**COMMITTEE ON PUBLIC UNDERTAKINGS  
(2019-2021)**

**COMPOSITION OF THE COMMITTEE**

*Chairman:*

Shri C. Divakaran.

*Members:*

Shri K. B. Ganesh Kumar

Shri C. Krishnan

Shri Thiruvanchoor Radhakrishnan

Shri P. T. A. Rahim

Shri S. Rajendran

Shri Raju Abraham

Shri Sunny Joseph

Shri C. F. Thomas

Shri M. Ummer

Shri P. Unni.

*Legislature Secretariat :*

Shri V. K. Babu Prakash, Secretary

Shri P. B. Suresh Kumar, Joint Secretary

Shri G. Harish, Deputy Secretary

Smt. Reji D. O., Under Secretary.

## INTRODUCTION

I, the Chairman, Committee On Public Undertakings (2019-2021) having been authorised by the Committee to present the Report on its behalf, present this Ninetieth Report on Kerala State Electricity Board Limited based on the Report (Commercial) of the Comptroller and Auditor General of India for the year ended 31st March, 2009 relating to the Public Sector Undertakings of the Government of Kerala.

The aforesaid Report of the Comptroller and Auditor General of India for the year ended on 31st March, 2009 was laid on the Table of the House on 25-3-2010. The consideration of the audit paragraphs included in this Report and the examination of the departmental witness in connection thereto was made by the Committee on Public Undertakings constituted for the years 2016-2019 at its meeting held on 13-12-2017.

This Report was considered and approved by the Committee (2019-2021) at its meeting held on 8-5-2019.

The Committee places on record its appreciation for the assistance rendered by the Accountant General (Audit), Kerala in the examination of the Audit Paragraphs included in this Report.

The Committee wishes to express its thanks to the officials of the Power Department of the Government Secretariat and Kerala State Electricity Board Limited for placing the materials and information solicited in connection with the examination of the subject. The Committee also wishes to thank in particular the Secretaries to Government-Power and Finance Department and the officials of Kerala State Electricity Board Limited who appeared for evidence and assisted the Committee by placing their views before it.

Thiruvananthapuram,  
8th May, 2019.

C. DIVAKARAN,  
Chairman,  
Committee on Public Undertakings.

**REPORT  
ON  
KERALA STATE ELECTRICITY BOARD LIMITED**

AUDIT PARAGRAPH: [4.14, 4.16, 4.17, 4.19, 4.20, 4.21 (2008-09)]

**4.14 Avoidable committed liability**

Failure to maintain security deposit account of individual consumers resulted in non-payment of interest on security deposit and consequent committed additional liability of Rs. 38.19 crore.

The Board by virtue of the provisions of Electricity Act, 2003 and Kerala Electricity Supply Code 2005, was empowered to collect security deposit equivalent to two/three months electricity bill from consumers having monthly/bimonthly billing cycle during the period of agreement in force. At the same time, the Board had to pay interest on these security deposits at bank rates prevailing as on April of the financial year commencing from April 2005, by way of deduction from consumer's electricity bills commencing from first quarter of financial year 2005-06, every year. In case of default/ delay in payment of interest, the interest payable was to be at double the normal rate. The Board fixed (November 2005) the rate of interest as 6 per cent for the period 2005-2008.

The security deposits eligible for interest held by the Board at the beginning of April 2005, April 2006 and April 2007 were Rs.478.44 crore, Rs. 545.46 crore and Rs. 624.08 crore respectively on which the aggregate interest payable at six per cent amounted to Rs. 98.87 crore had they been credited on due dates. The Board however, gave a credit of Rs. 60.68 crore only to consumers during the three years (2005-2008) resulting in short payment of interest of Rs. 38.19 crore.

Since the non-payment of interest on security deposit attracted interest at double the normal rate (12 per cent), the Board had to pay Rs. 76.38 crore as against Rs. 38.19 crore payable as per the requirements of Kerala State Electricity 956/2019.

Supply Code 2005. Audit observed that, non-payment of interest on security deposit to all consumers in time, as per Statutory requirements was due to incomplete maintenance of security deposit accounts of individual consumers during the period prior to 1 April 2005. The Board has treated the opening balance of security deposit of those consumers whose accounts are not maintained as Re. 1 on which interest was not paid.

The failure to maintain security deposit accounts on individual consumers and consequent delay in credit of interest on security deposit resulted in avoidable liability of Rs. 38.19 crore for the Board.

Audit suggests that the Board should undertake vigorous time bound exercise to streamline its financial and consumer records so that these types of unwarranted liabilities can be avoided as this deficiency is going to lead to further future liabilities on this account.

The matter was reported to Government/Management in June 2009; their reply was awaited (September 2009)

#### **4.16 Opportunity to recover money ignored**

Kerala State Electricity Board, a PSU did not either seize the opportunity to recover its money or pursue the matters to their logical end, as a result, recovery of money amounting to Rs. 7.63 crore remains doubtful.

A review of unsettled paras from Inspection Reports (Irs) pertaining to period up to 2003-04 showed that there were 42 paras in respect of Kerala State Electricity Board (Board) involving a recovery of Rs. 7.63 crore. As per the extant instructions contained in Article 63 of Kerala Financial Code Vol: I, Board was required to take remedial action within one month after receipt of Inspection Reports from Audit. However, no effective action had been taken to take the

matters to their logical end, i.e., to recover money from the concerned parties. As a result, the Board has so far lost the opportunity to recover its money which could have augmented the finances.

The paras mainly pertain to recovery on account of short assessment of current charges, penal charges and non-recovery of consumers' contribution amounts etc.

Above cases, point out the failure of the Board to safeguard its financial interests. Audit observations and their repeated follow up by Audit, including bringing the pendency to the notice of the Power Department and Board management periodically; have not yielded the desired results in these cases.

The board should initiate immediate steps to recover the money and complete the exercise in a time bound manner.

The matter was reported to Government/management in June 2009; their reply was awaited (September 2009).

#### **4.17 Lack of remedial action on audit observations**

Kerala State Electricity Board, a PSU did not either take remedial action to pursue the matters to their logical end in respect of 48 IR paras, resulting in foregoing the opportunity to improve their functioning.

A review of unsettled paras from Inspection Reports pertaining to period up to 2003-04, showed that there were 48 paras in respect of Kerala State Electricity Board (Board) which pointed out deficiencies in the functioning of this PSU. As per the extant instructions contained in Article 63 of Kerala Financial Code Vol: I; Board was required to take remedial action within one month after receipt of Inspection Reports from Audit. However, no effective action had been taken to take the matters to their logical end, i.e., to take remedial action to address these deficiencies. As a result, the Board has so far lost the opportunity to improve its functioning in this regard.



The paras mainly pertain to delay in execution of major works and resultant excess expenditure, idling of equipments, short realisation of electrical connection charges, non-reconciliation of bank accounts, non-identification of defaulters, cost overrun and transmission and distribution loss etc.

Above cases point out the failure of the Board to address the specific deficiencies and ensure accountability of its staff. Audit observations and their repeated follow up by Audit, including bringing the pendency to the notice of their administrative Department and Board management periodically, have not yielded the desired results in these cases.

The Board should initiate immediate steps to take remedial action on these paras and complete the exercise in a time bound manner.

The matter was reported to Government/ Management in June 2009; their reply was awaited (September 2009).

#### **4.19 Avoidable extra expenditure**

Avoidable extra expenditure of Rs. 1.07 crore due to purchase of Mild Steel Flats under single tender system.

The delegation of powers of Deputy Chief Engineer (Dy. CE), Civil Circle, Pallom of Kerala State Electricity Board (Board) for purchase of steel items from Government Companies, Steel Authority of India Limited (SAIL) and Visakhapatanam Steel Plant (VSP) was raised (December 2006 & May 2007) from Rs. 12 lakh to Rs. 50 lakh at a time, in order to meet urgent requirements to achieve targeted production of fabricated parts during May 2005-March 2008, with an overall ceiling of Rs. 2.50 crore. Later, based on the request of the Dy. CE sanction was given (May 2008) to purchase items not available with SAIL/VSP upto value of Rs. 50 lakh at a time with an overall limit of Rs. 5 crore from other suppliers during the years 2006-2008 on condition that non-availability of items from SAIL and VSP must be ensured before purchase through open tenders.

The Dy. CE invited tenders for purchase of Mild Steel (MS) Flats (1091 MT) during 2005-2007 of different specifications by placing advertisements in local dailies having limited circulation in and around Kottayam district only contrary to the provisions of Kerala Government Stores Purchase Manual and Tender Regulations. The Board received offers for supply from only two firms viz., Binu and Company (BC) and Alsteel Industrial from the nearby district of Kollam, except in one case where one dealer (Pipe Distributors) from Kochi had responded.

Audit observed, as evidenced from records that the proprietor of BC was also the authorised signatory of Alsteel Industrial and as such there was only one offer/tender in all the cases. The Board while evaluating the offers ignored the market trend and did not verify availability and prevailing prices of other reliable sources such as SAIL/VSP. The offers of BC were invariably accepted in all cases.

The Board purchased 960.215 MT of MS flats of different specifications in 14 purchase orders, at rates ranging from Rs. 32,150 to Rs. 39,970 per MT from BC during the two years 2005-07 involving an expenditure of Rs. 3.82 crore. Audit compared these rates to the rates at which MS flats were purchased at prevailing market price by Kerala Small Industries Development Corporation Limited (SIDCO), a Government Company, acting as agency for procurement and supply of steel items to small entrepreneurs and found that the difference ranged between Rs. 2,150 per MT to Rs. 13,942 per MT in four types of MS flats during the same period.

The delegation of powers given to the Dy. CE by the Board for purchase of steel items were thus grossly misused by resorting to purchase of MS flats from a single private party without adhering to normal tender procedures for publicity and comparison of prevailing market price as per Kerala Government Stores Purchase Manual resulting in avoidable extra expenditure of Rs. 1.07 crore during the two years 2005-2007.

It is suggested that the delegation of financial powers given to different circles be reviewed and internal control procedure strengthened. The Board should also follow its tendering procedures scrupulously.

The matter was reported to Government/Management in April 2009; their reply was awaited (September 2009)

#### 4.20 Avoidable loss of revenue

Failure of KSEB to convert HT connection into more beneficial LT connection has resulted on avoidable revenue loss of Rs. 43.18 lakh.

The Board has in Kerala Financial Corporation (KFC) a High Tension (HT) power consumer with a maximum contracted demand of 150 KVA for Ernakulam Branch Office. Due to restructuring (March 2006) of KFC's space requirement it retained part of the building and leased out balance to four institutions<sup>Y</sup>. KFC submitted (December 2006) an application of KSEB for conversion of the single HT connection into separate Low Tension (LT) connection for each floor of the buildings after the scheme for conversion into LT was approved (April 2006) by the Electrical Inspectorate KSEB received separate application for each floor with processing fee submitted by KFC in December 2006 and the contract demand as per the conversion schedule was fixed at 334 KW. Conversion into LT is, however, yet to take place (September 2009).

Audit observed that the energy charge applicable under LT VI C and VII A category was Rs. 8.40 and Rs. 8.05 per unit respectively, whereas energy charge under HT category was Rs. 6.66 per unit, yet KSEB did not take any steps for conversion of the HT connection into LT connection even after two years of application. As a result, the Board could not bill 1.90 million units of power consumed by KFC during April 2007 to June 2009 at the more beneficial LT tariff resulting in revenue loss of Rs. 43.18 lakh.

This failure of KSEB to convert HT connection into more beneficial LT connection due to inadequate and deficient monitoring of application from electricity consumers led to non-safeguarding of financial interests of the organisation and resulted in avoidable revenue loss of Rs. 43.18 lakh to the Board.

---

<sup>Y</sup> South Indian Bank on ground floor; Small Industries Development bank of India on the second; Bajaj Allianz on the third and Geojit Financial Services Limited on the fourth, fifth and sixth floors.

Government replied (July 2009) that the delay in conversion to LT connection was due to delay in submission of necessary documents by KFC. The reply is not acceptable as KFC had submitted the application and processing fee as early as in December 2006 and any additional documents/ information could have been called for by the Board.

It is suggested that the Board should strengthen its internal control mechanism, to monitor consumer application/requests and make the response a time bound exercise.

#### 4.21 Avoidable extra expenditure

Failure of KSEB in analysing the extra cost involved in invoices of fuel resulted in extra expenditure of Rs. 27.88 lakh.

The Board entered into (January 1999) an agreement with Bharat Petroleum Corporation Limited (BPCL) for purchase of fuel<sup>P</sup> for its Kozhikode Diesel Power project (KDPP), Nallalam, valid for a period of 15 years (up to 2013), at the rate applicable on the date of drawl. According to the agreement, the total operation facilities including receipt of the product at Nallalam, storage and transferring of the product from Nallalam tanks to buyer's service tanks was also the responsibility of the seller.

In order to avail the excise duty concession on fuel consumed for power generation, the storage facilities at Nallalam were declared (March 2000) as a bonded warehouse of BPCL. Consequent to withdrawal (September 2004) of exemption by Government of India for products drawn from bonded ware houses, KDPP resorted (December 2004) to sourcing the fuel directly from Kochi Refineries Limited (KRL) of BPCL at Kochi to avail the excise duty exemption.

The Government of India withdrew (July 2005) the excise duty exemption for fuel used for power generation but KDP<sup>P</sup> switched over in October 2008 to sourcing of fuel from storage tanks at Nallalam. At the same time KRL continued invoicing fuel supplies as if withdrawals were from KRL, Kochi.

---

<sup>P</sup> Low Sulphur Heavy Stock (LSHS) High Speed Diesel (HSD)/Low Sulphur Furnace Oil (LSFO)/Low Sulphur Waxy Residue (LSWR).

Audit noticed that depot prices included basic price at Kochi including transportation cost to Nallalam, in which excise duty, education cess, sales tax (KVAT) and cess thereon amounting to Rs. 109.03 per MT had been included. The extra expenditure, thus, incurred on 25571.903 MT fuel during the period from November 2008 to February 2009 amounted to Rs. 27.88 lakh.

The failure of the Board in analysing the extra cost involved in invoicing the fuel drawn from storage tanks at Nallalam at depot prices at Kochi which included transportation cost from Kochi to Nallalam and duties thereon and other levies etc., resulted in avoidable extra expenditure of Rs. 27.88 lakh (November 2008-February 2009).

Government stated (June 2009) that the present practice followed was as per the agreement. Considering the interest on advance payment on bulk stock stored in the tank, purchasing fuel at depot price at Kochi was beneficial to the Board. The reply will not hold good as the agreement required payment only on withdrawal basis and Management failed to opt for invoicing on withdrawal basis at Nallalam, as was done prior to September 2004.

Audit recommends that this deficient purchase procedure be amended so as to avoid further loss to the Board.

[The Audit paragraphs 4.14, 4.16, 4.17, 4.19, 4.20, 4.21 contained in the report of the comptroller and Auditor General of India for the year ended 31st March 2009]

The notes furnished by the Government on the Audit paragraph is given in Appendix II.

### **Discussion and findings of the Committee**

The Committee enquired about non payment of interest on security deposit to consumers which resulted in additional liability of ₹ 38.19 crore and about deficiencies in the official procedure of KSEBL pointed out in the reply furnished by the department. The witness clarified that the amount of ₹ 38.19 crore pointed

out in the audit does not relate to the amount owed by KSEB. To a query of the Committee on the estimations of the said amount, he replied that as per The Kerala Supply Code, 2005, the Board had to pay 6% interest on Security Deposit to consumers and in the case of default or delay in payment of interest, double the interest rate should be paid. It was revealed that none of the consumers had approached KSEB for the interest amount. The witness added that at the time of upgradation of the list of security deposit in computer during 2004-05, the details of several consumers were seen disconnected/dismantled, and elucidated further that details of about 1.16 crore consumers were available in the database at present and that the interest on security deposit was being adjusted in their bill amount.

The Committee was not convinced with the reply and remarked this reply as a collateral explanation of the reply furnished to the audit para. The Committee expressed indignation at the Board arguing about the audit finding and stating it as hypothetical/ based on speculations. The Committee strongly criticized KSEBL for exploiting the ignorance of consumers about the interest owed to them for their security deposit. The Committee opined that it was not justifiable to abstain from paying interest to consumers for the mere reason that they were not putting forward claims in this regard. The Committee voiced that the financial management in KSEBL was an utter failure in the sense that several financial anarchisms prevail in the Board and that they did not even maintain relevant records of consumers.

The Committee enquired about the delay occurred in diverse areas like execution of major works and resultant excess expenditure, idling of equipments, short realisation of electrical connection charges, nonreconciliation of bank accounts, cost overrun, non identification of defaulters, transmission and distribution loss etc.; which indicate visibly the inefficiency of KSEBL in performing its functions. The witness submitted that the amount specified in the audit paragraph could be realised legally but due to litigation in several forums, the amount was not possible to be realised soon. The Committee expressed vehemence that the Board was trying to justify themselves by demoting audit observations when it was clear that the audit had in fact pinpointed the delay in KSEB in

implementing the projects and observed this as sheer negligence of duty indicating a sluggish attitude and inefficiency on the part of the Board. The witness then admitting the audit observation, explained that the delay in implementing the projects was due to the legal issues which caused hindrances in forest clearance and availability of land.

The Committee reprimanded the Board for not implementing projects in time and for not effecting maximum utilization of its labour force, adding along with that the purchases in KSEBL too were not according to the indent.

The Committee sought explanation for resorting to purchase Mild Steel (MS) flats from a single private firm by avoiding PSUs like Steel Authority of India Ltd. (SAIL) and Visakhapatanam Steel Plant (VSP) and without adhering to normal tender procedures thereby violating Kerala Stores Purchase Manual resulting in an extra expenditure of ₹ 1.07 crore for 2005-07. The witness elucidated that the non availability of MS steel in the said public sector companies was assured in 2006-07 before initiating open tender, and even though purchase order was issued to SAIL they had withdrawn from the deal and due to the urgent situation prevalent then, the Board decided to purchase the same from local market.

To a query about limiting the tender notification only in Kottayam based local dailies, the witness revealed that the purchase order was for ₹ 50 lakh and in addition several local suppliers were available so that transportation cost could be reduced. The Committee was not convinced with the reply and voiced that it suspected a nexus in this deal. The witness on this count submitted further that the two independent private firms having separate entities were participated in the tender and separate sales tax registration which was assured in the examination and that the Deputy Chief Engineer has been given delegated power to sanction purchase order up to ₹ 50 lakh.

The Committee refuted this statement and remarked that it was contradictory to the reply furnished by the department and criticized the Board for attempting to mislead the Committee with false remarks.

To a query of the Committee on the lapses in converting HT connections to LT connections resulting in an avoidable loss of ₹ 43.18 lakh, the witness explained that initially High Tension (HT) connection was provided to Kerala Financial Corporation (KFC), Ernakulam but later KFC applied for conversion to Low Tension (LT). Failing to submit the feasibility report in time by KFC, LT conversion was delayed, as a result of which KSEB suffered the loss of ₹ 43.18 lakh.

The Committee enquired about the extra expenditure of ₹ 27.88 lakh incurred due to failure in analysing the extra cost involved in invoicing fuel drawn from storage tanks at Nallalam at depot prices at Kochi. The witness explained that the issue was technical, adding along with that initially they had resorted to sourcing fuel from storage tanks at Nallalam but later they began drawing directly from Kochi Refineries Ltd. (KRL), due to the withdrawal of excise duty by Central Government for the consumption of fuel from bonded warehouses used for power generation. The witness further explained that due to withdrawal of excise duty exemption by the Central Government in KRL, they again switched over to Nallalam storage tank for sourcing of fuel and stated that this was more profitable for KSEBL.

The Committee accepted the reply, at the same time remarked that it was not however a normal purchase procedure and besides an extra expenditure of ₹ 27.88 lakh as pointed out by Audit incurred due to all these complications. The Committee reminded in this connection that such a situation should not be repeated in future.

### **Observations/Recommendations**

1. The Committee was able to find that the board was liable to pay interest on security deposit taken from consumers. As per this condition 6% as interest was to be given in normal instances and 12% in cases of default. But the Board was seen refraining from paying this interest. The Committee can only view this as an instance of the Board taking advantage of the ignorance of the consumers.



In this respect the Committee strongly criticizes the officials of KSEBL also for not maintaining and upgrading the list of consumers to whom the interest on security deposit was to be paid during 2005-2008. The Committee therefore urges that the eligible amount of ₹ 76.38 crore at the rate of 12% of interest as pointed out in the audit on security deposit due during the period 2005-2008, should be refunded to the consumers even if they did not raise any claims to get the same.

2. The Committee criticizes the inefficiency of the Board for not implementing the projects in time which resulted in excess expenditure, idling of equipments, short realization of electrical connection charges, non reconciliation of bank accounts, cost overrun, nonidentification of defaulters, transmission and distribution loss etc. It recommends to take effective steps to improve the over all functions of the Board by the maximum utilization of its labour force.

3. The Committee urges to take urgent steps to commission the projects remaining incomplete by solving legal issues involved, in a time bound manner.

4. The Committee recommends to experiment in other sources like thermal power, solar power etc. for making the state self sufficient in power production.

5. The Committee recommends that a proposal to install solar panel over all major stadiums in the State like a canopy, enabling the production of solar energy in bulk quantities should be prepared by KSEBL and submitted to the Government for approval.

6. The Committee insists that the board should strictly follow the tendering procedures as per Kerala Stores Purchase Manual. The Committee wants to be furnished with a detailed report on the Purchase of Mild Steel (MS) flats from a single private firm by violating tender procedures stipulated in the Kerala Stores Purchase Manual.

7. The Committee observes the misuse of delegated power in the purchase of MS flats. The Committee therefore recommends this act of delegating financial

powers to different circles of KSEBL should be reviewed and internal control procedure should be strengthened and report should be furnished to the Committee about action taken in this regard.

8. The Committee recommends that there should be a coordination between the State Electrical inspectorate department and KSEBL so that KSEBL can actively involve and take necessary steps to avoid delay in matters like conversion of HT connections to LT connections.

9. The Committee criticizes the deficient purchase procedures carried out by KSEBL in the purchase of fuel from Bharat Petroleum Corporation Ltd., Nallalam and Kochi Refineries Ltd. It recommends that such lapses should not be repeated in future and that the purchase procedure should be amended so as to avoid further loss to the Board. The Committee also wants KSEBL to view the audit observation more seriously.

Thiruvananthapuram,  
8th May, 2019.

C. DIVAKARAN,  
*Chairman,*  
*Committee on Public Undertakings.*

## APPENDIX I

## SUMMARY OF MAIN CONCLUSIONS /RECOMMENDATIONS

Sl. No.	Para. No.	Department Concerned	Conclusions/Recommendations
1	2	3	4
1	1	Power Department	The Committee was able to find that the board was liable to pay interest on security deposit taken from consumers. As per this condition 6% as interest was to be given in normal instances and 12% in cases of default. But the Board was seen refraining from paying this interest. The Committee can only view this as an instance of the Board taking advantage of the ignorance of the consumers. In this respect the Committee strongly criticizes the officials of KSEBL also for not maintaining and upgrading the list of consumers to whom the interest on security deposit was to be paid during 2005-2008. The Committee therefore urges that the eligible amount of ₹ 76.38 crore at the rate of 12% of interest as pointed out in the audit on security deposit due during the period 2005-2008, should be refunded to the consumers even if they did not raise any claims to get the same.
2	2	Power Department	The Committee criticizes the inefficiency of the Board for not implementing the projects in time which resulted in excess expenditure, idling of equipments, short realization of electrical connection charges, non reconciliation of bank accounts, cost overrun, nonidentification of defaulters, transmission and distribution loss etc. It recommends to take effective steps to improve the over all functions of the Board by the maximum utilization of its labour force.
3	3	Power Department	The Committee urges to take urgent steps to commission the projects remaining incomplete by solving legal issues involved, in a time bound manner.
4	4	Power Department	The Committee recommends to experiment in other sources like thermal power, solar power etc. for making the state self sufficient in power production.

1	2	3	4
5	5	Power Department	The Committee recommends that a proposal to install solar panel over all major stadiums in the State like a canopy, enabling the production of solar energy in bulk quantities should be prepared by KSEBL and submitted to the Government for approval.
6	6	Power Department	The Committee insists that the board should strictly follow the tendering procedures as per Kerala Stores Purchase Manual. The Committee wants to be furnished with a detailed report on the purchase of Mild Steel (MS) flats from a single private firm by violating tender procedures stipulated in the Kerala Stores Purchase Manual.
7	7	Power Department	The Committee observes the misuse of delegated power in the purchase of MS flats. The Committee therefore recommends this act of delegating financial powers to different circles of KSEBL should be reviewed and internal control procedure should be strengthened and report should be furnished to the Committee about action taken in this regard.
8	8	Power Department	The Committee recommends that there should be a coordination between the State Electrical inspectorate department and KSEBL so that KSEBL can actively involve and take necessary steps to avoid delay in matters like conversion of HT connections to LT connections.
9	9	Power Department	The Committee criticizes the deficient purchase procedures carried out by KSEBL in the purchase of fuel from Bharat Petroleum Corporation Ltd., Nallalam and Kochi Refineries Ltd. It recommends that such lapses should not be repeated in future and that the purchase procedure should be amended so as to avoid further loss to the Board. The Committee also wants KSEBL to view the audit observation more seriously.

## APPENDIX II

## NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS

(Audit Report 2008-09)

Sl No.	Audit Paragraph	Reply furnished by Government
1	2	3
		<p>In this regard, the following facts may kindly be taken into consideration.</p> <p>The security deposit balance outstanding in the accounts of the Board is the cumulative aggregate of the deposit collected from consumers for the past more than fifty years. Therefore, it is quite obvious that the connection to many of the consumers would have been dismantled for various reasons during this period. But the security deposit amount had not been refunded to them due to non compliance of procedural formalities like furnishing of original RD receipt or indemnity bond, in the case may be. Hence their security deposit amount will be still shown as outstanding liability in Board's accounts. However since interest on security deposit is payable as a credit in their electricity bill interest for these non-live/dismantled consumers will not be payable. Similarly as per the provisions of the Act, interest on security deposit is payable on the amount of security deposit outstanding on the first day of</p>

1	2	3
		<p>a financial year in the first quarter of the succeeding year and therefore no credit of interest is given for any additional security deposit collected during the financial year. However if the connection of a consumer is dismantled/terminated during the course of a financial year then also no interest is payable to the consumer as there is no electricity bill raised after dismantling. This has led to crediting a lesser amount as interest on security deposit in the electricity bills of consumers when compared to the amount calculated at the rate of 6% per annum on the security deposit balance.</p> <p>Moreover as stated above, the security deposit amount is collected by Board for the past many decades in a decentralized manner through more than 600 numbers of Electrical Section offices. are in distribution wing. Though every effort was taken by Board for the proper maintenance of consumer records, many of the very old records then kept manually are irrecoverably lost during the passage of time due to various reasons like frequent handling, lack of storage space in rented section offices, misplacing of records during bifurcation of offices, loss due to termites and natural calamities etc. Hence as stated in the audit report, at the time of transition of manual system to computer system the opening balance of security deposit for some of the very old consumers for which the records were not available are taken as Re; 1. This figure was corrected as and when reliable details were available from the office records or when the consumer brought proof for security deposit remittance. This is also one of the reasons for crediting lesser amount of interest through the bills. It may also kindly be noted that the above deficiencies in accounting security deposit have occurred only in case of LT consumers, where the amount of security deposit will be comparatively low. In the case of HT/EHT consumers where the amount involved is huge, there exists a centralized system in Board at the office of the Special Officer (Revenue), for the billing and accounting of such consumers and also there is a strong internal control mechanism to monitor and hence such lapses do not occur.</p>

1	2	3
		<p>However, it may kindly be noted that Board is providing in its account as expenditure (Account head 78.3xx) 6% interest on security deposit to consumers from the financial years 2005-06 onwards. The difference of amount of expenditure provided and the actual credit given to consumers as security deposit interest is shown as a liability in Balance sheet under the account head 48.3xx. It is also informed that no consumer has claimed interest on security deposit at penal rate for any of the years mentioned in Audit.</p> <p>However taking into account the observation of the audit in its right spirit, Board has given direction to all the concerned officials to maintain proper and complete up-to-date records of its consumers including registers of security deposit collection. Board has also implemented "ORUMA" software in all section offices for processing of consumer bills in which the data base of all the consumers are updated regularly. Similarly, in the case of HT/EHT consumers, Board has implemented 'ENERHIZE' software for monitoring and updating all consumer records.</p> <p>By shifting of consumer records from manual system to computerized system, it could be assured that such deficiency in upkeep and maintenance of consumer records would not recur in future and thus such chances of unwarranted liability will be remote.</p>

F. P. SINGH  
 Additional Secretary to Govt.  
 Power Department  
 Civil Secretariat, Uppna  
 Ph: 2518582

-4-

NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS  
(Audit Report 2008-09)

Sl No.	Audit Paragraph	Reply Furnished by Government
1	B 4.16	<p style="text-align: center;"><b>3</b></p> <p>Detailed report of action taken on the recommendation contained in para no. 4.16 in the report of the Comptroller and Auditor General of India for the year ended 31-03-2009 prepared on the basis of the details received from KSEB Limited is enclosed as <b>Annexure</b>.</p>



Sl. No.	Para reference in IR	Nature of audit observation	Amount Involved (Rs.)	Amount collected (Rs.)	Remarks	
1		Electrical Division, Perinthala Panna, Year of IR 2002-03, File No.4379				
		Short assessment and recovery of energy				
		Incorrect Average	94,415	85,518	Con. No	Remarks
					Short assessment amount	
					122	3,566 Collected Rs. 3566/- vide RI.No. 154/ 26.05.2004.
					1664	49,889 Service connection dismantled on 20-12-2003 after clearing all the dues.
					10651	2,495 Collected Rs.2495/- vide RI.No. 26/31.5.2004
					10420	2,400 Collected Rs.2400/- vide RI.No. 36/31.5.2004
					8784	2,287 This is a domestic consumer not an industrial consumer. Meter not changed during the said period.
					8672	2,351 This is a domestic consumer not an industrial consumer
					6885	26,338 Collected in Seven installments by 07.04.04
					715	4,247 Meter not replaced in 06.2002 as stated in the inspection Report. Hence no short assessment
					4647	842 Remitted Rs.830/- on 26.11.2003
					Con. No	Remarks
		Penal rate not applied for absence of capacitor	37,519	33,823	Short assessment amount	



					9498 Melady 1270 Melady 3622	11,868 Collected in 4 installments 28.11.2003, 26.12.2003, 26.12.2003, 26.01.2004 and 26.02.2004 3,282 Collected on 27.1.2003 749 Collected on 28.12.2003
		2,949.66		2934	Consumer No.220-Muttungal-Collected vide RL.no.110/852 dtd.25.11.2004. The amount of short collection pointed out in the IR for the year 2002-03 was Rs. 2424.65 only (for 2934 units) but an amount of Rs. 2934/- has been collected.	
		4,083		0	Consumer No. 19 - not traceable.	
				2377	Consumer No.2628-Nadapuram - RL No.66369/27.8.2009	
				0	Consumer No.3155-Nadapuram - Rs.1815/-, Executive Engineer reported that on verification of registers details were not found. No pre-system demand rose against the consumer.	
				800	Consumer No. F 53 - Muttungal-Short Assessment Bill - Collected vide RL.no.25/417 dtd.23.4.2008.	
3	V	8,807	Drawal of inadmissible HRA for holiday wages	0	Board had discontinued the practice of admitting HRA with holiday wages w.e.f.1.4.1996 as per BO No.1170989 (ACB IV 3810-96-97) dtd.20.5.96. Since then, employees were not given holiday wages inclusive of HRA.	
4	1	5,16,662	Electrical Division, Shornur, Teal of IR 2002-03, File No.4369	5,16,662	Con.No.& Sn	Remarks
			Short assessment of revenue due to non installation of capacitors		12439/EI.S n. Shornur	8,812 Remitted by the consumer. No arrear is pending.
					8829/EI.S n Shornur	9408 Remitted by the consumer. No arrear is pending.
					9540/EI.S n Pattambi	1,98,836 Demanded by APTS Remitted by the consumer dtd.7.7.2003
					7010/ EI.S n. Pattambi	2,550 Remitted by the consumer

1462/ El.Sn. Pattambi	9,504	Remitted by the consumer	
1999/ El.Sn. Pattambi	2,847	Remitted by the consumer	
2088/ El.Sn. Pattambi	5295	CD amount adjusted in the arrear.	
2443/ El.Sn. Pattambi	40,673	Remitted by the consumer	
10325/ El.Sn. Pattambi	219139.56	Short Assessment remitted by the consumer vide Recept.no.34/94.2003	
8570/ El.Sn. Pattambi	5232	Short assessment remitted.	
14058/ El.Sn. Ambalapar a	4,515	Unauthorised adl load remitted.	
	39744	The penal charges for unauthorised load are cleared by the consumer. No arrears pending against the consumer. Short assessment due to non imposition of penalty for non installation of capacitors has been collected from the consumers.	
	9,478.68	Remitted by the consumer	
	30,671.00	Remitted by the consumer	
	<b>(a) Tariffable Section:-</b>		
	The MG of Consumer No. 3341 L T IV has been revised as per the revised cost data w.e.f. 01-07-2002.		
		Revised MG	Rs. 1,45,906/-
		Add 10% Department Charges Claiming MG amount	Rs. 14,590/-
		Total	Rs. 1,60,496/-
5	40,149.68	Incorrect classification of tariff and non imposition of penalty	
6	2,32,604.19	Loss due to liability in preparation of estimate and adoption of incorrect cost data.	

MG per month	Rs. 3,343/-		
<p>The current charges paid by the consumer based on meter reading is above this amount. The average current charges collected during this period was Rs. 4,275/- per month. Hence no loss sustained to Board.</p>			
<p><b>(b) Pattambi Section &amp; Ambalappara Section:-</b></p>			
<p>The estimate for the work serially numbered from 1 to 24 of Pattambi section and 1 to 19 of Ambalappara section were prepared as per the cost data available in the field offices at that time (ie prior to the new data 2002-03). In the field offices as the work has to be carried out urgently for maintaining uninterrupted power supply, hazardous condition and keeping safety standards etc. Since the work was carried out in a prior date of receipt of new data the material utilized was previously purchased one and MCS accounted also was with prior rate, there is no loss to the Board on this account.</p>			
<p>Regarding the consumer serially numbered 20 of Ambalappara section - M/s Oil India Coconut Products Ltd., they have executed MG agreement during 1998-99. The connection was effected on 02-09-2002 after carrying out all the work required for supplying power to the consumer and after executing revised MG agreement. On 18-07-2002 revised estimate sanctioned as per the actual quantum of work involved. The revised MG amount of Rs 13,116/- to this effect was also collected from the consumer. It is evident that the revised estimate was sanctioned only after completing all the work i.e., prior to 18-07-2002. Therefore the material and labour utilized was also with prior rate and data. The new cost data applicable from 01-07-2002 onward was issued by Board only on October 2002 and hence could not be taken in this case as the work was carried out before 01-07-2002.</p>			
<p>Moreover the quantum of work involved for effecting service connection to this consumer was construction of 1.8 km 11 KV line, installation of one number 11 KVA transformer and construction of 60m three phase four wire line. The cost of estimate prepared based on the cost data 2002-03 and calculation of MG amount are hereunder:</p>			
Sl. No.	Details	Calculation	Amount (Rs.)
1.	Estimate for construction of 1.8 km 11 kv line on PSC pole using ACSR Raccoon with ordinary cross arm	1.8 x 231800	4,17,240
2	Installation 100KVA transformer (standard) using PSC pole	1 x 97800	97,800
3	Construction of 60 meter 3 phase four wire line on PSC poles	0.06 x 175000	10,500
4	Total (1+2+3)		5,25,540
5	Add 10% Department charges claiming MG amount		52,554
6	Gross Total		5,78,094
7	MG amount per month		12,044

7	VIII	Loss due to fluxity in assessing Unauthorized load and non- installation of valid capacitors	9,86,634.6 1	3,93,181.38	Shornur Section	Since Board has already collected Rs. 13,116/- per month from the consumer as MG amount which was higher than the above calculated MG mount based on the cost data 2002-03, no loss has been sustained to the Board on this account.
Arnalapara Section						
Con. No.1260/L T VII A						
12,277.38 The amount remitted by consumer.						
Con. No.40 82/VII C						
1,07,894						
Short assessment bill revised from Rs. 193817.72 to Rs. 107894. The amount remitted by consumer on 31-10-2011.						
Con. No.48 84						
55,835						
Short assessment on penal bill for unauthorized additional load was revised from Rs. 95,978.61 to Rs. 55,835 and the penal charge was remitted by the consumer on 27-10-2001.						
Con. No.11 796/VI B						
36,651						
Short assessment bill has been revised from Rs. 72,657.13 to Rs. 36,651 and the same was remitted.						
Arnalapara Section						
Con. No.2250 (Old No.16697) /LT IV						
69,483						
Penal charge remitted and Addl. Load regularised						
Con. No.56 45(Old No.14056) LT IV						
12,912						
Penal charge collected vide Remittance no.46 dated. 16-4-2005.						
Con. No.33 06/LT IV						
98,129						
The penal charge has been collected vide remittance no.48 dated. 16-4-2005 and the capacitors with correct ratings were installed in 10/2003.No arrears pending now.						
Pattambi Section						
Con. No.43 1						
0						
Alleged amount as per IR is Rs. 4,31,384.04. It is a Domestic consumer with connected Load 368 watts, effected on 30-04-1966 as per records. Hence, penal charges of unauthorized additional load have not been demanded against the consumer. It is a domestic consumer in the name of S.L.P. Mohanraj and no arrears is pending against him. No penal charge is outstanding as arrears due to unauthorized additional loads and non-installation of rate capacitors.						

	<p>Regional store Kundara Year of R. 2002-03.</p>	<p>File No 3482</p>	<p>Purchase of 10,56,000 ACSR Squirel price escalation for belated supply-loss</p>	<p>2,26,875</p>	<p>3,00,163</p>															
<p>8</p>			<p>The Chief Engineer (IC &amp; M) placed Purchase Order No. TA 34/Els/98-99/ACSR Electrical Circle (86) 2375 dated 21.08.99 with M/s. Elizabeth Conductors, Industrial Estate, Thiruvananthapuram for supply of 4310 Kms of ACSR Squirrel conductors. As per the orders the entire quantity was to be supplied to the Regional Stores Division, Kailash. A part of the supply had been effected to the stores as per dispatch instruction (371.235 kms).</p> <p>As per amendment order No.TA 34/Els/98-99/ACSR/1670 dated 01.08.2001 delivery period extended up to 14.12.2001 for the remaining quantity of 3074.178 Kms and the rate also revised as per order dt. 23.10.2001.</p> <p>Again delivery schedule extended up to 31.03.2002 as per order No.TA 34/Ele 5/98-99/ACSREC (86)/1568 dated 25.07.2002. Then on 19.11.2002 extended up to 15.12.2002.</p> <p>Due to the extension of delivery periods no penalty has to be imposed. Materials were supplied as per orders within time limit and no penalty was assessed and to be recovered.</p> <p>The date of extension of the delivery period and also the price escalation was made after taking all conditions prevailing at that time to the best interest of the Board.</p> <p>Board has the authority to extend the delivery schedule and re-fix the rates considering the conditions prevailing at the time of contract execution to the bonafide interest of the Board. Also note that due to financial stringency, payment to contractors could not be released in time. Considering these delays in payments delivery period was extended without penalty and payment of interest. Since the amount was released due to specific reasons it cannot be treated as undue benefit.</p>																	
<p>9</p>	<p>VI</p>	<p>Supply of 11 KV VXA arm-Short imposition of penalty</p>	<p>As per P.O. dated 08.06.2000 the firm (Navabharat Industries, Moovattupuzha) has to supply 12500 nos of 11 KV VXA arm with clamps bolts and nuts to Kundara with all inclusive rate of Rs.363/- at a minimum monthly supply of 1000 numbers as per amendment order date 20.07.2000 (commence within 30 days from the date of amendment.)</p> <p>The firm has supplied 12600 nos and was levied a penalty of Rs.1,35,405/- for belated supplies. The date of commencement of supply was within 30 days from 20.07.2000. The supply was effected as follows:-</p>	<p>2,26,875</p>	<p>3,00,163</p>															
			<table border="1"> <thead> <tr> <th>Date of receipt</th> <th>Quantity supplied</th> <th>Penalty recovered</th> </tr> </thead> <tbody> <tr> <td>31.08.2000</td> <td>1000</td> <td>Nil</td> </tr> <tr> <td>22.09.2000</td> <td>1000</td> <td>Nil</td> </tr> <tr> <td>29.09.2000</td> <td>1000</td> <td>Nil</td> </tr> <tr> <td>30.11.2000</td> <td>1000</td> <td>Nil</td> </tr> </tbody> </table>	Date of receipt	Quantity supplied	Penalty recovered	31.08.2000	1000	Nil	22.09.2000	1000	Nil	29.09.2000	1000	Nil	30.11.2000	1000	Nil		
Date of receipt	Quantity supplied	Penalty recovered																		
31.08.2000	1000	Nil																		
22.09.2000	1000	Nil																		
29.09.2000	1000	Nil																		
30.11.2000	1000	Nil																		

18.12.2000	All	1000	
08.01.2001	No	1000	
10.08.2001		700	12,705
12.10.2001		1000	20,942
13.11.2001		1000	27,923
18.01.2002		1100	25,131
15.02.2002		1000	20,942
16.04.2002		1000	
30.07.2002		800	27,762
Total		12600	1,35,405
The Chief Engineer (TC & M) by his order dated 15.12.2003 re-fixed the unit price to 320.68 (All inclusive) for the belated supply.			
By the time the supplier had been paid for the entire supply except for the last two 10% bills. The supplier has got excess payment of 77,547/- (6800 nos supplied belatedly).			
Finally, as reply to Chief Engineer letter dated 05.04.04 after adjusting the pending two 10% bills the amount reported as liability is Rs.2,49,166/- for adjustment from the Bank Guarantee.			
Present status			
The CE (TC&M) reported that the total excess payment made to the firm was Rs.4,37,390/- (Rs.2,77,419/- on supplies to Kundara store + Rs. 1,59,972/- on supplies to Aluva store). The firm was requested to settle the claim vide letter dated 22.7.2004. Since no reply was received from the firm, the Bank Guarantee amounting to Rs.2,26,875/- furnished by the firm towards security deposit was encashed and credited to boards account. Registered letter dated 6.8.2009 was issued to the firm directing to remit the balance amount of Rs.2,10,515/- within 15 days failing which Revenue Recovery action will be initiated. But the firm failed to remit the amount within the time allowed to them, and hence R.R Revenue Recovery Certificate (RRC) issued on 10.04.2013 for Rs.2,95,759/- towards DC Suit File No.2013/22020/17 (Req File No.68837/RR/2013).			
Based on the letter of District Collector Ernakulam dated 23-09-2013, new RR issued on 05.11.2013 (requisition No.RR/2013/88307) for Rs.337540/- as the defaulter is residing at Jews street of Ernakulam Village of Kaniyannur Taluk.			
The Thalassidhar RR, Kaniyannur vide letter dated 14.07.2014 has reported that the partners of the firm were Sri. Akbar and his wife, and requested to report the address of the partner, if RR can be made against the individual.			
10	Vii	Purchase of AAC 703.01, 1000 Kms of AAC 7/2.21mm & 7/3.1mm from M/s. Translink Industries-	20,85,000
			0

Two purchase orders were placed dated 26.06.95 and 16.11.95 with the above firm, for supply of 800 Kms of AAC 703.01, 1000 Kms of AAC 7/2.21mm, 400 Kms of ACSR Raccoon and 300 Kms of ACSR Rabbit. The firm vide letter dated 02.09.98 expressed their inability to complete the supply and requested for short close the orders. The Chief Engineer (TC & M) in his letter dated 22.06.99 informed that the above 2 purchase orders are short closed. In that letter he asked the firm to remit an amount of Rs.15,88,015/- in Regional Stores Division, Aluva in view of the fall in price. Excess ST drawn and penalty consequent of rescheduling the delivery period taking in to account the impact of power cut.



<p>payments.</p>	<p>40,63,000</p>	<p>Waiver of penalty/short billing for unauthorized load at premises of consumer No. 2534 Kalpetta UAL 50 KWT-VII A telephone exchange</p>	<p>364294</p>	<p>The firm has represented to the then Hon'ble Minister for Electricity for favourable consideration. Based on the audit para, the amount to be recovered was requested by the Aluva Division as per the direction of Chief Engineer and the amount was awarded at Rs.2085054/-. Efforts were made to find out the whereabouts of the firm. But the firm was already liquidated and registered letters sent were returned. Vide Order dated 01/10/2013, Board has decided to take up the matter of writing off the liability amounting to Rs.2085054/- with the Government. However the Additional Chief Secretary to Government, vide letter dated 07.03.2014, has directed to examine the scope of revenue recovery from the property of Directors of the Company, as the proposal will cause financial loss to Government. Accordingly enquiries were made with Industries Department, Kollam, State Bank of Travancore where the firm had maintained accounts, Kerala Finance Corporation and Commercial Tax Officer, Kollam. Also the report from vigilance wing regarding details of owners/partners of the firm were enquired. A report to the Government will be furnished after collecting the pending reports from Kerala Finance Corporation and Vigilance wing.</p> <p><b>Present Status</b></p> <p>The District Industrial Centre has reported that M/s Translink Industries is registered in 1999 in partnership with Sri. Radhakrishnapilla, Ramavilasam with Sri. Ram Manohar and Sri. Sitharam being other 2 partners. The property of Sri Radhakrishnapilla is at present legally attached. The property in which M/s. Translink Industries is handed over to other person. Further outcome of Vigilance Enquiry is as under.</p> <p>The connection is taken by the Kalpetta Telephone Exchange. According to the inspection at the premises of consumer no.2534 of Electrical Section, Kalpetta, a penal bill for <b>Rs.9,96,261/-</b> was issued to the consumer by the Assistant Engineer, Electrical Section Kalpetta. The consumer filed appeal against the penal bill. The appeal petition was disposed of by the Deputy Chief Engineer vide Order No.GB16/Inspection/2002-03/2710 dated <b>7.1.2013, with a decision:</b></p> <ol style="list-style-type: none"> <li>(1) To reassess energy charge at normal rate for 26660 units/month from 03/2001 to 11/2001.(Being the average consumption three months after the replacement of energy meter).</li> <li>(2). To charge three times of Fixed Charge for additional load of 50 KW from 3/2001 to 11/2001.</li> <li>(3) To deduct the energy charge already billed for the period 3/2001 to 11/2001.</li> </ol> <p>Accordingly revised bill was issued by the Assistant Engineer, Electrical Section, Kalpetta.</p> <p>The consumer had remitted the bill and no liability is outstanding against the consumer as reported by the AE, Kalpetta</p> <p><b>Present Status</b></p>
------------------	------------------	--	---------------	---

12	II BV	Detection of fraud Conts. No. 8783, Sarada Industries, Muttill	10,19,000	1,00,000	<p>Tariff of the consumer has been changed wef 11/2000 from VIC to VII A. UAL of 50 KW has been detected at the premises and penal bill issued.</p> <p>FC 44567</p> <p>CC 774285</p> <p>Duty 77429</p> <p>Total 898281</p> <p>Consumer has submitted 30 % of the bill amount Rs.268884/- also the consumer paid 10 % Rs.86545/- and 18.10.2002 for making appeal to Dy. Chief Engineer, Kalpetta as per order no. GS-16/Inspection/2002-2003/2710 dtd 7.1.2003 of Deputy CE, Kalpetta, the penal bill revised to Rs.364294/-. Consumer has already remitted Rs.355429/- and balance amount Rs.8654/- has been collected on 24.02.2003</p> <p>The consumer, Sri, G.Ramakrishnan, Kalpetta (Consumer.No.8783, Electrical Section, Kalpetta) on receiving the penalty bill of Rs.18,827/- sued against the demand at the Hon'ble High Court of Kerala, and as per order of the Hon'ble High Court the Deputy Chief Engineer, Electrical Circle, Kalpetta revised the bill amount to Rs.2,54,707/- vide order No.G.B4/QP No.12902/2002/2004-05/1933 dated 11.01.2005. The party remitted an amount of Rs.1,00,000/- on 22.02.2005 and filed another suit vide No. WP (C) 2940 of 2005 in the Hon'ble High Court of Kerala. In this case, the Hon'ble High Court quashed the demand raised by the Board. The Board filed an appeal against the order and the case is pending in the</p>																																	
13	VII	Billing of street lights excess billing	-3,53,000	3,52,612	<p>The entire amount of Rs.3,52,612/- have been collected in excess from the local body by way of incorrect billing was completely credit adjusted for the period from 6/2012 to 1/2013 as follows.</p> <table border="1" data-bbox="528 962 647 1409"> <thead> <tr> <th>Sl No.</th> <th>Billing month</th> <th>Amount of credit adjusted (Rs)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Jun-12</td> <td>50000</td> </tr> <tr> <td>2</td> <td>Jul-12</td> <td>50000</td> </tr> <tr> <td>3</td> <td>Aug-12</td> <td>50000</td> </tr> <tr> <td>4</td> <td>Sep-12</td> <td>50000</td> </tr> <tr> <td>5</td> <td>Oct-12</td> <td>50000</td> </tr> <tr> <td>6</td> <td>Nov-12</td> <td>50000</td> </tr> <tr> <td>7</td> <td>Dec-12</td> <td>50000</td> </tr> <tr> <td>8</td> <td>Jan-13</td> <td>50000</td> </tr> <tr> <td></td> <td>Total</td> <td>2612</td> </tr> <tr> <td></td> <td></td> <td>3,52,612</td> </tr> </tbody> </table> <p>The wrong application of tariff rate to 250W sodium vapour street light under Electrical Section, Kalpetta has been corrected. Action is being taken to adjust the excess amount collected on this account.</p> <p>Bills have been issued for the street light consumers as per correct tariff. Excess amount collected being adjusted against their current charges.</p>	Sl No.	Billing month	Amount of credit adjusted (Rs)	1	Jun-12	50000	2	Jul-12	50000	3	Aug-12	50000	4	Sep-12	50000	5	Oct-12	50000	6	Nov-12	50000	7	Dec-12	50000	8	Jan-13	50000		Total	2612			3,52,612
Sl No.	Billing month	Amount of credit adjusted (Rs)																																				
1	Jun-12	50000																																				
2	Jul-12	50000																																				
3	Aug-12	50000																																				
4	Sep-12	50000																																				
5	Oct-12	50000																																				
6	Nov-12	50000																																				
7	Dec-12	50000																																				
8	Jan-13	50000																																				
	Total	2612																																				
		3,52,612																																				

14	VIII	Inadequate rating of capacitors - short billing	1,833	1,634/-	Inadequate rating of capacitor - short billing Con.No. 6753 Kalpetta. Short assessment bill for Rs. 1,634/- issued and collected on 26-08-2009.
15	XI	Short assessment of revenue due to wrong application of tariff. cons.No 1797 (Vythiri section)	1,37,006	0	This consumer (Consumer No.1797 Vythiri) is running a Hostel for the students of a private college for Hotel Management courses. A short assessment bill under LT VIVA Tariff, amounting to Rs.2,89,751/- was issued by the Assistant Engineer, Electrical Section, Vythiri, to the Consumer No.1797 VTY on 21/02/2008. But the consumer moved to the Hon'ble High Court of Kerala in WPC) No.5611/2008, challenging the bill. The Hon'ble Court issued interim order staying all the further proceedings pursuant to the notice and bill issued by the Assistant Engineer, Electrical section, Vythiri, pending disposal of the Writ Petition. Thereafter, the Hon'ble Court extended the stay order on various occasions for 6 weeks, 2 Months, 6 Weeks, 5 months and 2 Months as per order dated 22/07/2008, 04/09/2008, 03/11/2008, 14/01/2009 and 12/06/2009 respectively. Thereafter, the Hon'ble court revived and extended the stay until further order as per order dated 26/08/2009. The case is still pending disposal. Hence, the Board is not in a position to recover the amount from the consumer until the case is disposed off.
16	XII	Billing temporary connection Cons.TS4-ommission to collect electricity duty.	1,286.25	0	OTS 4 - LT VII A. - This service connection was availed for a temporary purpose. Though demand notice was issued in the available address, the consumer did not respond till date. Recovery process of electricity duty could not be completed since his present address could not be traced.
17	XIV	Short assessment due to wrong application of tariff of consumer	37,824	56,185	The consumer is Coffee Board under Electrical Section, Vythiri. Re-assessment bill as per audit report issued to the consumer and the consumer remitted the balance amount of Rs.56,185/- including arrears on 29.04.2004.
18	XV	Non implementation of public lighting tariff order 2002- Revenue loss	49,014	80,478	Electrical Section, Vythiri
Bills have been issued as per tariff order 2002 with effect from 10/02. Short assessment bills issued and collected as per detailed below:-					
			Consumer Number	Amount	Date of Collection
			8675	27,251	05/03/2004
			8676	6,836	03/03/2004
			11596	32,062	26/04/2005
			11597	14,229	29/03/2004

19	XVI	Short assessment of energy charges during meter faulty period consumer No.3436 Meppady.	35,283	38,563	Con. No. 3436 - Reassessment bill issued as per audit report and consumer remitted Rs. 38,563/- on 24-06-2008 including arrears.
20	XVIII	Short collection of OYEC charges	6,205	3,500	1. Con. No. 9576 - Supervision charge for laying LIG Cable of 185m @ Rs. 10/Mtr. - 1850 Charge for single phase meter - 1650 - 3500 Amount collected is not 3150/- but Rs. 3,500/- which is sufficient for giving the above service connection. 2. Con.No.9614 - Short amount Rs. 550/- collected 3. Con. No. 9670 - Short amount Rs. 300/- collected. 4. Con. No. 8644 - Actual length of OH is 45 Mtr. And WP is 20 mtr. Amount collected Rs. 12,000/- is sufficient for this length.
				550	
				300	
				12,000	
			Total	16350	
		Transmission Circle. This is for year of IR 2002-03. File No.4363			
21	II	Short recovery of work contract tax	28,66,000	8,13,994	
				1	
					WCT short assessed
					1,80,354
					WCT recovered
					1,44,278
					Remarks
					Recovered as per CWIPDB 2 of 10/2003 and remitted to the Department Now the commercial Tax Officer informed that no liabilities outstanding against M/s. BSES (Reliance Infra Structure Ltd.) towards work contract tax. It may be presumed that the contractor has remitted all the sale tax dues to the sales tax department of Rs. 56,076/-. Hence there is no need for further recovery.
				2	
					M/s BSES - TK - 10
					12,41,188
					NH
					The contractor has remitted WCT 8% +15% AST to the department directly. Hence no need to recover.

3	M/s RPG	6,69,716	6,69,716	Recovered vide CWIPDB 6 of 06/2004
4	M/s ARM Ltd [M/s Icom Tele Ltd.]	Nil	8,35,012	They have remitted Sale Tax amount to the Department for Rs. 10,07,133/-.
Total		29,26,275	8,13,984	
<p align="center"><b>Chief Engineer (Civil Construction) South, Invendurra</b></p>				
22	Implementation of Chembukadavu Dam and Urumi SHEPS with Chinese participation Non recovery of stacking charges for rubbles from civil contractors	27,34,485		<p>Year of IR 2002-03, File No.4982</p> <p>Chembukadavu Stages I &amp; II and Urumi stage I &amp; II Small HE Projects are the four pilot schemes implemented by Kerala State Electricity Board with Chinese collaboration. The schemes were implemented under the design and consultancy from HIC-IN-SHP, China. The Civil works of these schemes were executed under four different contract agreements and the schemes were commissioned during 2003-04.</p> <p>The estimated rate of rock excavation included in the contract schedule of the above projects is inclusive of stacking charges of serviceable rubble. All the serviceable rubbles extracted from excavation which can be used for the project work was stacked for measurements and stack measurements of useful rubble were taken and recorded. Since the agreed rate of rock excavation is inclusive of stacking charges the amount of non stacked rubble, if any, could not be recovered from the work bill at the time of payment, as this would be against the contract agreement.</p> <p>Later during 02/2014, the Board constituted a committee to study the various issues prevailing in the closure of accounts related to the contract of these four Chinese schemes. Subsequently as per the recommendations of the above committee, the Board decided to effect recovery amounting to Rs. 14,12,534/- from the final bills of contracts of Chembukadavu stage I&amp;II and Urumi-II, towards the amount paid for non-stacked rubble. Since there exists a vigilance case charged by the state V&amp;ACB related to Urumi-II SHEP, the settlement of final accounts of this scheme is kept in pending.</p>
23	VI (2) Un authorized road.			
	Cons. 4017-Kumily	34,410	34,410	Amount Collected Vide Receipt No. 114,5817 dated 17.03.2004
	Cons. 10173	1,16,913	1,16,913	Collected in these installments on 26.02.2004, 26.03.04 and 17.04.2004

Electrical Division, Kallaranga Year of IR 2002-03. File No.4428	24 II Non application of multiplication factor in Cons.438.V	3,72,000 3,72,000 31,846/-	Collected Rs.3,72,000/- in installments.  The service connection was effected on 12-08-2000 under LT IV tariff based on the SSI Registration issued by the Industries Department. The LT IV (a) Tariff for Cardamom Drying & Curing units was introduced vide B.O (FM) No. 110/2003/TRAC/TO 12002 Thiruvananthapuram dated 28-01-2003 of the Tariff And Regulatory Affairs Cell. It is clear that this order was issued during 1/2003 (and not 1/2002 as per finding of AG Audit) since the order itself refers to modification in the Part IV Low Tension Tariff of the Gazette notification No. 1577 & 1578 dated 01-11-2002. The tariff would come into effect from 01-11-2002 or the date of commissioning of the TOD meter, whichever is later. As per the finding of the Audit Party, the Consumer No. 5795 Kly was liable to be assessed from 1/2002 onwards, But this was considering the date of the order as 28-01-2002. But the actual date of the order was 28-01-2003 and the consumer is liable only after this date. However, the assessment was limited for a period of six months, as in practice in the KSEB at that point of time. Accordingly, the consumer was assessed for the amount of Rs. 31,846/- for the period from 12/2003 to 5/2004. The consumer was also continued to be assessed under LT VII (a) tariff from 6/2004 to 13-10-2004, the date of commissioning of the TOD meter. Subsequently, the billing was carried out under LT IV (a) tariff. The assessed amount of Rs. 31,846/- has been remitted in installments as follows. Rs. 15,000/- on 15-04-2005. Rs. 4,210/- on 25-05-2005. Rs. 4,210/- on 29-06-2005. Rs. 4,210/- on 29-07-2005. Rs. 4,216/- on 31-08-2005.
Cons. 5795 Kurnily	24 III Non application of multiplication factor in Cons.438.V	2,47,972 3,700	Collected Rs.3,700/- vide RT.No. 08/28-04-2004
Cons. 5042 Nedumkandam	25 III Non application of multiplication factor in Cons.438.V	3,700	Collected Rs.3,700/- vide RT.No. 08/28-04-2004

26	IV	Short realization of OYEC charges	4,24,000	0	<p>The Secretary, Peermedu Co-operative Marketing Society, Kumily, applied for SOP for 100 KVA Transformer. The estimate for the work was sanctioned as AS No. 55/2000-01 dated 01-01-2001 of Executive Engineer, Electrical Division, Kattappana under the Line Extension (Minimum Guarantee) Scheme (Clause 4 of the Conditions of Supply of Electrical Energy (Revised) vide BO No. TC/93/14/88 Dated Trivandrum 04-12-1989). The estimate, based on the actual cost of materials and labour, was sanctioned for Rs. 3,96,180/- under the LE MG Scheme. The proposed consumer then executed Minimum Guarantee Agreement No. 3/2000-2001 dated 09-01-2001 with the Assistant Executive Engineer, EMS Vandipeniyar for availing the connection under the LE MG Scheme.</p> <p>Accordingly, the Consumer/ Guarantor guaranteed to pay the minimum amount of Rs. 9,079/- per month for Seven Years. Subsequently, connection was effected to the industrial unit under this scheme as consumer No. 6729 under Kumily Centre of Vandipeniyar Section, The Minimum Guaranteed amount/ Actual Current Charges, whichever is higher, has been recovered for the period of seven years from the date of connection on 26-04-2002. Since the connection was effected under the LE MG Scheme and not under the OYEC scheme the Audit proposal for revision of the estimate under OYEC rate was not carried.</p>
27	XII	Supply of power to S. Chandanam and 80 other at 'Chappattu' under Electrical Section Peermedu - short recovery of minimum guarantee.	15,26,525		<p>The Idukki District has been practically a fully hilly area, gravely under developed and with sparse population. During the period of 1989, the majority of population is agriculturists and labourers. The only means of electrification was by drawing kilometers of 11 KV lines and installing transformers. This was also possible only under the Minimum Guarantee scheme by a community of prospective consumers. Due to large quantities of sanctioned works and limited availability of materials the works were considerably delayed.</p> <p>It is true that the work was sanctioned for an estimated cost of Rs.3,07,050/- but the number of guarantors who executed the MG agreement No.4/89-90 dated 23.3.1990 with AEE,EMS Peermedu, was 74 and not 80 as found in audit. Prior to 1993 the MG amount was calculated at 15% of estimated cost plus 10% establishment cost for a period of 10 years. Hence the amount guaranteed for the estimated cost of Rs.3,07,050/- was Rs.50,663.25 per year by the 74 guarantors. This comes to Rs.684.65 per guarantor/year or Rs.57.35 per guarantor/month, for a period of ten years. The audit made an error in assessing the revised MG amount. The revised MG amount as per the re estimated cost of Rs.11,00,000/- comes to Rs.1,81,500/- per year (Rs.15,125/- per month) for 10 years and not Rs.3,02,500/-. Then the monthly payable amount would be Rs.204.39 for 10 years by each guarantor.</p> <p>The audit recommendation for revision of the MG amount would require each of the 74 proposed consumers to remit Rs.204/- per month at a time when the tariff minimum charge for domestic category in effect was only Rs.42.50. This is in excess of the minimum charges by 480%. Moreover the originally agreed amount (Rs.57/-per month) would be increased by 3.58 times on revision. This would result in a grave socio economic inequality especially since similar persons enjoying the full benefits of towns in the plain area, would be paying only the minimum charges as above. Considering the condition the MG amount was not revised and collected @Rs.57/- per month for the 10 complete years for each consumer. The transformer of higher ratings had to be installed since KSEB had dispensed with the purchase of 63</p>

28	II	Electrical Circle, Mysore Year of RS 2002-03. File No.4354	7,89,000		Not traceable (Remarks will be submitted if the para is traced).
28	VII	Billing M/s. TATA TEA Ltd. Muzhar violating the Board Order - loss of revenue.			
		Short billing:			
		Incorrect average	4,24,130	2,50,890	Con. No
					Remarks
				4725	Collected Rs. 1,51,653/- during 01/2004
				590	Collected Rs. 8,884/- during 08/2003
				319	Kerimnoor-Collected Rs. 1,266/-
				1523	Sri. T.P. Baby-Collected Rs. 21,910/- . The demand for the short assessment has been raised. Assistant Engineer reported that capacitor exists in the premises from 1/03, and hence the short billing is to be reviewed
				1478	Telephone Exchange-Muttom-PR action initiated for Rs. 1,99,388/-
				3533	M/s. Marthoma Granites-Collected [54,127+13,050] Rs. 67,177/- during 08/2003
		Non imposition of penalty cons. 38 Kanjiramatto	55,058		Separate light meter was provided in the premises with Con.No.37 K. Hence no short assessment
		Non installation of capacitors - penalty cons. 997	1,188	1,188	Remitted on 08.02.2004.
		Public lighting	32,834	36,062	Short assessment made good.
		Meter rent	1,760	1,760	Short assessment made good in 08/2003.



30	Investigation Circle, Thrissur Year of IP 2001-02, File No 4234.	16,03,000	As per the detailed project report (1983) dispenser valve was directed towards the right bank by 40°. But as per the drawing No.84-2-G1 which was issued by Chief Engineer (Civil) IA & G in 1984, the orientation of dispenser valve is parallel to the penstock. This drawing has been communicated to the Chief Engineer, Project-II (Investigation), Taluk Office Building, Government of Kerala, Thiruvananthapuram by Chief Engineer (Idamaliayar and Northern Projects), vide letter No.PHC/HM-1/86/135139 dated 28.05.1987. The same has been copied to Deputy Chief Engineer, Investigation Circle, Thrissur and endorsed to Executive Engineer, Investigation Division, Thrissur on 23.06.1987. As per the progress reports it is seen that installation of Y-piece and penstock pipe had been carried out during the period 11/1988 to 05/1989.						
31	Improper investigation and ineffective planning rendering the project unworkable at original site, and the amount spent became infructuous (1991-92)	1,13,44,000	<p>The split up details of expenditure incurred is as below.</p> <table border="1" data-bbox="621 154 766 979"> <tr> <td>Board's work</td> <td>Rs.13,07,550.32</td> </tr> <tr> <td>Deposit work with Irrigation Authorities</td> <td>Rs.15,34,290.00</td> </tr> <tr> <td>Establishment expenditure</td> <td>Rs.49,65,390.35</td> </tr> </table> <p>The expenditure under Board's work is for the construction of field office and dormitory buildings. Though advertised for private participation in 1984 it was not materialized. After a lapse of 4 years the proposal of implementing the scheme by Board itself is revised in 1989. The lapse of three to four years was not due to improper investigation or ineffective planning of the scheme.</p> <p>As per the Board Order (F&amp;M) No.3246/2006 (Estt.III/7451/2006) dated 29.12.2006, the Chimmony Division was formed and started functioning in the dormitory building owned by the K.S.E.Board at Chimmony on 17.01.2007. This division was intended for the implementation of the Small Hydro Electric Projects Peechi and Chimmony.</p>	Board's work	Rs.13,07,550.32	Deposit work with Irrigation Authorities	Rs.15,34,290.00	Establishment expenditure	Rs.49,65,390.35
Board's work	Rs.13,07,550.32								
Deposit work with Irrigation Authorities	Rs.15,34,290.00								
Establishment expenditure	Rs.49,65,390.35								

32	iii	Contract for PSC poles excess payment. Excess payment contract for transportation of poles	16,50,811	<p>In the mean time, Thirissur Jilla Panchayath had requested the Board to identify, and allot a Small HE Project in Thirissur District to the Panchayath for implementation as an IPP. Accordingly as per the recommendations of the Chief Engineer (Corporate Planning) the Board vide Board Order (FM) No.12/18/2008 (CP7/JP/SHP/07-08) dated 14.05.2008 accorded sanction to transfer the project to the Thirissur Jilla Panchayath on the following conditions.</p> <p>1. Thirissur Jilla Panchayath should reimburse the amount spent so far by the K.S.E.Board for the Chirmony HE Project.</p> <p>2. If construction of the project does not commence within a year, K.S.E.Board reserves the right to take the project back.</p> <p>As per the instruction of the Chairman, K.S.E.Board, vide note No.CM/107/Civil/Projects/2008/dated 21.05.2008, the project team assigned for Chirmony SHEP was attached to the Project Manager, Athirappilly. Subsequently, the Chief Engineer (HRM) has transferred the project team, to the office of the cancelled allotment given to the Thirissur Jilla Panchayath and taken steps for implementation of the scheme. The Board had prioritized Chirmony Project to be tendered during December, 2009.</p> <p><u>Essential status of the Dam</u></p> <p>The Chirmony Small Hydro electric project is a dam ice scheme proposed downstream of the existing Chirmony dam of irrigation Department. The scheme proposes to utilize the irrigation release of Chirmony dam owned by the Irrigation Department to generate 6.7 Mu of power with an installed capacity of 2.5 MW. Now the scheme has been commissioned on 22-05-2015. Approximate expenditure incurred so on date is about Rs. 15 crore. Since the scheme has been commissioned and is running satisfactorily the amount incurred initially cannot be considered as infructuous.</p> <p>The Board had entered into a contract with Sri.K.J.Vasudevan Nair, Contractor vide Agt.No:CEC No.9/95/96 TSR dated 15.05.1996, onwards. Considering the contractor's representation and its recommendation, the official date of commencement of work was reckoned as 08.06.1996 and 2 nos. escalation invoices were sanctioned time to time and allowed to the contractor as per contract conditions.</p> <p>As per the records, it is stated that the departmental materials such as HTS Wire and Cement for casting poles were obtained on 07.08.96 and 11.09.96 respectively and the mix design was made available to the contractor on 17.08.96 and he commence production of poles from 23.09.96 onwards.</p> <p>The Chief Engineer (Civil-North), Thirissur while fixing the actual date of commencement of the work as 08.06.1996, directed that the condonator in delay for the commencement of the work and for regular production can be done by the Deputy Chief Engineer level. So the Deputy Chief Engineer condoned the delay. The same has been ratified by the Chief Engineer (PDS) vide letter No:CEC/NDB-137/96/157 dated 15.07.2009. The revised targets as on 01.07.99 were fixed as 32,647 Nos. for 5 m poles and 4,951 Nos. 9 m poles, considering the date of commencement of work as the actual date of commencement on 23.09.96 and also considering the delay condonation sanctioned by the authorities from time to time.</p> <p>Hence escalation was given only after achieving the re-fixed target. So there is no excess payment made to the contractor.</p>
----	-----	--	-----------	--

33	II (b) Recovery of 3,48,900 hire charges	Generation Circle, Moozhir, Year of IR 2001-02, File No. 4431		Though the recovery of hire charges for T & P is mentioned in the agreement, the contractor has not used any of the Board's machinery due to non availability of serviceable T & P. In consideration of the above fact, recoveries of hire charges for T & P have not been effected. The matter has been taken up with the Chief Engineer (PDS) and the finalisation in this regard has been obtained vide letter No. CECN-DB/137/05/295 dated 22.10.2003.
34	IIA/1	Fire accident at Kakkad HEP - avoidable loss	82,78,000/- 38,48,242/-	<p>During the course of erection, the machinery parts suffered serious damages in a fire accident that occurred on 28.10.1992. The fire caused damages to Unit # 2 Generator. At the time of the fire accident the storage and erection insurance of equipments existing with M/s. Kerala State Insurance Department (KSID), and the insurance coverage was for Rs. -16.85 Crore and the insurance premium for the storage cum erection insurance of the Kakkad HEP was paid from time to time to KSID. Immediately after the fire accident, the Board assessed the loss due to fire accident as Rs. 1,31,26,399/- and raised claim to M/s. KSID for compensation.</p> <p>After the accident, the Board arranged the repair / replacement of the damaged stator bars of generator No 2 with M/s BHEL for an amount of Rs. 106 lakh. The total amount of repairing work was Rs. 1,31,26,399/- lakh including cost of transportation and rewinding works of the repaired stator bars. Board made claim for Rs 1,31,26,399/- from KSID. M/s KSID forwarded the claim bill to their advisers M/s. United India Insurance Co Ltd. Subsequently M/s United India Insurance Company Ltd asked K SE Board to provide them with the completed value of items insured after completion of the project. The completed value estimated from the work order value of the reconditioning work obtained from the letter from M/s BHEL was Rs.2,06,89,449/-, M/s United India Insurance Company was informed accordingly vide letter dated 28-4-2001. But, the claim amount allowed by M/s KSID to KSE Board was only Rs. 38,48,242/-.</p> <p>Procedure applied by KSID for arriving at the amount to be granted to KSE Board.</p> <p>According to M/s. United India Insurance Co., acting as the advisors to the KSID, the damaged equipment, the generator, was insured for Rs. 1,7651 Crore only whereas the cost of a new generator as on December 1992 was Rs 5.10 Crore, and hence was under-insured.</p> <p>1) The original cost of the generator (arrived from the invoice)= Rs 1,76,52,800/-  2) Cost of a new generator in 1992 at the time of accident = Rs 5,10,00,000/-  % of insurance = 1,76,52,800/5,10,00,000 = 34.61 % (or underinsurance of 65.38 %)  Assessed Loss = Rs. 1,23,54,303/-  Less: Under insurance @ 65.39%, i.e. Rs. 42,75,825/-  Rs. 80,78,478/-  Less: 10% excess applicable as per policy i.e. Rs. 58,48,242.50  Rs. 4,27,582.50  Not adjusted loss = Rs. 38,48,242/-</p>

On the amount arrived after application of under insurance an excess @ 10% of the claim amount is deducted as envisaged in the policy the amount comes to Rs. 38,48,242/- KSE Board received the amount under protest.	
KSID had reduced the claim to 34.06 % of total eligible claim based on theory that the damaged equipment was insured for Rs. 1,7651 Crore only and it was costing Rs 5.1 Crore in December 1992.	
The Surveyors after their assessment has applied heavy under-insurance. The original cost of the damaged generator supplied by M/s. BHEL was Rs. 176.518 Lakh. (Purchased in 1989) KSID computed Under insurance since the damaged equipment was insured for just Rs. 1,7651 Crore where as the cost of a new Generator as on December 1992 was Rs. 5.10 Crores. The under insurance applied was thus 34.60% [(1,765/5.10)X100], which means the liability under the policy is only 34.60 % of the total assessed loss.	
Even though the awarded amount was very low when compared to the claimed amount, the Deputy Chief Engineer, Generation Circle, Moolchiyer received the amount under protest, vide letter No.KSID/MI/56369/92 dtd.03-07-04 of the Director of Insurance, Thiruvananthapuram.	
Points raised by KSE Board against the award of KSID:	
KSE Board had taken up the matter with KSID to substantiate the claim, in respect of the fire accident, for Rs. 1,31,26,399/-. But KSID had settled only for Rs. 38,48,242/- stating that there is under insurance in the insurance coverage of the Generator.	
The argument of the firm that the damaged equipment was insured for Rs.17651Crores was wrong. Original project cost relating to electrical work was Rs.8.25 Crore, of which generator plant and equipment portion was Rs.7.43 Crore. But taking into consideration some escalation in the prices as on the date of insurance, we had insured the electrical parts for a total sum of Rs. 18.85.Crore.	
The original project cost relating to Electrical works	8.25 Crore
The cost of original generator	1,765 Crores
Percentage cost of generator with respect to cost of electrical works = 1,765/18.25	21.40%
Actual sum insured for electrical works	18.85 Crores
The escalated cost of electrical works in 1992	25.43 Crores
The cost of generator which is accepted by KSID for finding the percentage of under insurance	5.10 Crore
The percentage cost of the generator in 1992 with respect to the cost of electrical works (6.10 / 25.43)	20.10%
(This means percentage of cost generator w.r.t. cost of electrical works is 20 %)	
Therefore if KSEB insured the electrical works for Rs. 18.85 Crores, the cost of the generator insured would be 20 % of 18.85 Crores	
i.e. the sum insured for the generator	3.77 Crore
From this it is clear that the generator was insured for Rs.3.77 Crore and not for 1,7651 lakh as KSID claims. Even when the same method of calculation adopted by the insurance firms to find out the under insurance it comes to (1,765/3.77) x 100 = 46.85 not 34.6%. The insurance firms conveniently took the cost of generator at the time of ordering and in 1992 to arrive at the percentage of under insurance.	

The Board had arranged repair works for the fire affected generator at the works of M/s. BHEL. The insurance claim made was purely based on the repairing charges given to M/s. BHEL. Majority of the expenditure was for the re-insulation of the stator bars of the damaged generator. So the under insurance claimed by the KSID may be applicable only for the materials utilized for the repair work of the stator bars. It is interesting to note that the firms neither took the cost of the damaged stator bars nor the total cost of electrical works at different points of time to arrive at, the percentage of under insurance. Had they taken cost of electrical works, the percentage of under insurance would have been  $1885/2543 = 74.43\%$ .

The above calculation and arguments put forward to show the ingenuity of the insurance firms in finding reasons to disallow legitimate claims. The method adopted by the insurance firms to arrive at amount to be released is not acceptable. KSE Board demands the full claim of Rs 2,05,89,449/- or at least the actual expenditure incurred by the Board for repairing the damaged generator Rs.1,31,26,399/- and accordingly balance amount should be released after deducting Rs.38,48,242/-.

The matter was placed before the Full Time Members meeting held on 20.10.2006 and as decided in the FTM meeting, a letter dated 09.11.2006 was sent to KSID requesting to pay the balance compensation amount with interest for settling the claim belatedly, citing the following points:

1) The argument of KSID that the damaged equipment was insured for Rs.1.7651 Crore was wrong. Original project cost relating to electrical works was Rs.8.25 Crore, of which the cost of Generator, Plant & equipment portion was Rs.7.43 Crore. But taking into consideration escalation on the date of insurance, the Board had insured the electrical parts for a total sum of Rs. 18.85 Crores. These facts were brought to the notice of KSID and to M/s. United India Insurance Company, the advisor to KSID and requested them to allow full claim. Though the Board had produced all the documents to substantiate our claim, KSID had settled it only for Rs. 38,48,242/- that too after a lapse of 11 years.

2) The original cost of the damaged generator supplied by M/s. BHEL was Rs. 1.765 Crore. The cost comparison made by KSID with the cost of a new generator is not correct, since KSEB has only repaired the old generator and not purchased a new one. The Board had arranged repair works for the fire affected generator at the works of M/s. BHEL. The insurance claim made was purely based on the repairing charges given to M/s. BHEL. Majority of the expenditure was for the re-insulation of the stator bars of the damaged generator. So the under insurance claimed by KSID may be applicable only for the materials utilized for the repair works of the stator bars.

The Board made numerous correspondences with M/s. KSID for settling the claim with interest belatedly, but there is no response from the KSID to the request of the Board. Since no reply was received from KSID, it was decided in the FTM meeting held on 19.03.2007 to file an appeal before the Insurance Regulatory Development Authority (IRDA). Accordingly an appeal was filed before IRDA on 20.11.2007 as per BO dated 24.10.2007. The IRDA referred the matter to KSID for re consideration. Subsequently, IRDA vide letter dated 03.07.2009 have just forwarded a letter from KSID, as a reply, in the letter KSID has pointed out that the quantum of loss settled is reduced due to under insurance since the subject matter was not insured for adequate replacement cost as on the date of occurrence.

Having considered the above in the Full Time Members meeting held on 20.05.2010 and Vide BO (FM) No. 1324/2010 (GPC4/KSID/67/2010) Dated TVPM 24.05.2010, Board ordered to refer the matter to the High Power Committee in Government for settling the issues. The High Power Committee meeting held on 28.2.2011 has directed that competent officials from KSEB and KSID may examine the claim in detail to rectify the defects and work out an agreeable solution.

Present status

	<p>In the meeting between KSID and KSEB held on 27.4.2011 in the chamber of the Director of Insurance the matter was discussed the claim of Rs. 1,31,26,399/- but a compensation of Rs.38,48,242/- was only paid because the surveyor had opined that it was heavy under insurance. A survey was arranged and the second surveyor also found that the damaged assets were under insured. Hence the insurance department decided that the claim of KSEB regarding the matter will not be reconsidered.</p>				<p>The recovery could not be effected due to a stay order of the Hon'ble High court of Kerala. The restriction of payment of Surrender Leave Salary was implemented to overcome the financial crisis. Subsequently the restrictions were lifted and restored the Earned Leave Surrender up to 08.08.2002 as per Board Order (FB) No. 2561/2004/Estt.(I)6671/2004 dated 14.10.2004. Hence there was no need to recover the surrender value and no loss has occurred to K.S.E.Board in this regard.</p>
<p>Transmission Circle, Poovalthuruthu Year of IR 2002-03, File No. 4392</p>	<p>Inadmissible Payment of surrender leave salary</p>	<p>5,78,000</p>		<p>0</p>	<p>Shri. Paneer Selvam was suspended on 18.04.2002. Vide Order No.EBVS/1/10/2002 dated 19.04.2002 of Chief Engineer (HRM) on charges while he was working at Electrical Section, Peerumedu as per the Report of the Deputy Chief Engineer, Electrical Circle, Theodupuzha. The Suspension Order was issued while he was working at Sub-Station, Moolamattom. Several reminders were given to the Chief Engineer (HRM) that Shri. Paneer Selvam was enjoying full salary benefits from 11/2002 onwards and requested for immediate action. But it is learned that the case was under the scrutiny of the Inspector General of Police (Vigilance &amp; Security), K.S.E.Board. Since this is a complicated issue, delay occurred in finalizing the disciplinary proceedings. The Chief Engineer (HRM) has reinstated him on Board's service on 19.11.2004 and a suitable punishment was imposed on him.</p>
<p>35</p>	<p>36</p>	<p>II* III</p>	<p>Infructuous expenditure and resultant loss to the Board due to pay and allowance to staff under suspension with</p>	<p>80,388</p>	<p>0</p>
<p>956/2019.</p>	<p>1. Shri.PaneerSelvam-shif assistant Sub-Station, Moolamattom</p>	<p>2. Shri.J.P. Roy, A E in charge 66kv Substation at Vazhathope (laps of 5 years)</p>			<p>During the course of disciplinary proceedings the control of the officer was with 2 circle offices, i.e., Transmission Circle, Poovalthuruthu and Transmission Circle, Kalamassery. This has resulted in delay in finalizing the proceedings. Sri. J.P. Roy was suspended from service on 03.08.1998 by the Deputy Chief Engineer, Transmission Circle, Poovalthuruthu as per Order No.GB3/DA/98-99/423 dated 03.08.1998. Enquiry was ordered by the Chief Engineer (HRM) since the control was shifted to Transmission Circle, Kalamassery immediately after suspension. As per Order No.Vig:BIV/3271/98 dated 12.12.2001 of Hon'ble Chairman, KSEBI, the case was returned to the Legal Advisor &amp; Disciplinary Enquiry Officer for detailed enquiry. A criminal case was also registered by the Idukki Police Station as Crime No.93/98. The final verdict of the Hon'ble Judicial First Class Magistrate Court, Idukki was pronounced only on 28.04.2003 in C.C.No.28/99.</p> <p>Thus the disciplinary proceedings was closed then and there. His suspension period from 08.07.1998 to 31.12.2002 was treated as Leave Without Allowance having no pensionary benefits. By this order he has suffered a huge loss in pension benefits of 4 years and 6 months.</p>

					Hence the amount disbursed as Subsistence Allowance has been covered through Death-Cum-Retirement Gratuity and Pension benefits. Hence in this case no loss has been sustained to K.S.E. Board.
37	1	Transmission Circle, Malappuram Year of IR 2001-02, File No. 433B.	Double payment of 53,82,000 excise duty on vague terms in turnkey contract		<p>In clause 12 of the W.D.No.CE/SSTLC/12000-1 dated 12.07.2000, it is inter alia stated that Taxes and Duties as applicable to the Government will be reimbursed to the contractor. Further, on the foot note included by the contractor on "Price Schedule" it is stated that for Col.B (Sale tax and other taxes if any) the quoted rates are inclusive of Excise Duty. So Excise Duty has been reimbursed on the production of original supporting documents subjects to the limits prescribed.</p> <p>As per the price schedule of turnkey contract SPIC-SMO Melattur Project, SPIC-SMO Malappuram project and Andrew Yule &amp; Co. Edankode Project, the description of price details were "Unit price Ex-factory, Ex-work, Ex-show room". It means that the price quoted was exclusive of Excise duty, Sales tax, Freight etc.,. But the audit argued that this is the inclusive of taxes and duties and judged that double payment was effected. Upon objection raised by audit party the matter was take up with Board and in the clarification obtained from Financial Adviser. It is cleared that the Excise Duty is reimbursable to the contractor provided. It does not result in double payment of Excise Duty.</p> <p>The taxes and duties were reimbursed on the production of documentary evidence and double payment was not effected on account of excise duty.</p>
38	1	Transmission Circle, Kannur Year of IR 2002-03, File No. 440Z	Supply of power to Panyarum Medical college through deputed feeder - short assessment of OYEC amount.	57,29,000	<p>The Medical College, Panyarum deposited an amount of Rs.73.5 lakh during January 1989 for drawing a separate dedicated 11 KV feeder from Thaliparamba 110 KV Sub-Station which is about 12 KM away. Meanwhile, as part of System improvement scheme aided by Rural Electrification Corporation, Board sanctioned 66 numbers of 33 KV Sub-Station vide Order dated 23.07.1989, out of which one was 33 KV Sub-Station at Panyarum. While looking out land for the Sub-Station, it was informed that 1 Acre land will be given by Government from that given for Medical College and it was handed over free of cost during April 2002. Meanwhile, the Panyarum Medical College approached K.S.E.Board to give power from the new 33 KV Sub-Station, which is only 500 meters away instead of from Thaliparamba which is 12 KM so that lot of interruption because of lengthy line can be avoided. They also requested for refunds of excess amount if any already deposited.</p> <p>Vide letter TC/No.73158 dated 05.11.2001, Secretary, K.S.E.Board had directed Chief Engineer (Distribution) North, that setting up of Panyarum 33 KV Substation was made for meeting the power requirements of the area under normal development. Even if medical college was not given power from Substation, Board has to incur expenditure towards cost of Substation buildings and yard structure etc. Therefore, Secretary directed to finalize estimate including proportionate cost of capacity transformer, outlets and any other items, which are to be installed for meeting the power requirement of the Medical College. The Chief Engineer (Distribution) North intimate this to Deputy Chief Engineer, Electrical Circle, Kannur and he in-turn requested the then Deputy Chief Engineer, T.C. Circle, Kannur to prepare the estimate including proportionate cost of transformer vide letter 3925 dated 16.11.2001</p>

39	ii	Contract agreement LD recovery— Non completion of SS.LD	1,72,71,000	2,08,990	<p>Accordingly vide letter 1282 dated 14.12.2001 Deputy Chief Engineer, Transmission Circle, Kannur gave a general estimate giving turpsum amount for Rs.174 lakh with 1/4 amount as Rs.43.53 lakh to Chief Engineer, SS&amp;TLC, Emakulam after detailed scrutiny and considering Board's direction after taking actual rates approved the estimate vide letter 324 dated 21.05.2002 addressed to the Deputy Chief Engineer, Electrical Circle, Kannur for Rs.26.072 lakh taking 1/4 value of common equipments. Again vide letter TC1/N/3158/98/462 dated 18.05.2002, Secretary, KSEB has requested Chief Engineer, SS&amp;TLC, Emakulam to expedite work of 33 KV Substation, Panyatam if Medical College is ready to bear the cost of Substation partly. Please also note that one acre of land was handed over free of cost to KSEB by Medical College Authorities on direction from Government for the Substation. Hence KSEB did not have to spend anything on that account.</p> <p>The 33 KV Sub-Station Panyatam was envisaged at the initial state itself with 2 Nos. 33/11 KV 5MVA Transformer. This is the common practice for almost all 33 KV Sub-Station. Only at places where there is very low load one transformer is fixed. But majority of 33 KV Station are with 2 Transformer. This is for more flexibility and if any problem occurs for one, the other can be made operation and supply interruption is avoided. Hence the audit observation that the 2<sup>nd</sup> Transformer was necessitated because of Medical College feeder is not correct. Further as per letter TC1/N/3158/98/1473 dated 05.11.2001 Secretary, K.S.E Board has specifically directed to take proportionate cost of Transformer and other item. The amount sanctioned by Chief Engineer, SS &amp; TLC of Rs.26.07 lakh have been taken by adding actual cost of Transformer at that time. Hence there is no short levy of OYEC charges.</p> <p>1. When the final bill payment was made to the Turnkey Contractor, the LD amount of Rs.1,72,71,424/- was recovered from the work bill in respect of M/s Larsen &amp; Toubo Ltd vide JL 3 &amp; 4 of 05-04. Out of this, Rs.1,80,62,434/- was released to the party as per direction vide Board Order No.768/2005 (TC1/S/1910/80/Turnkey) dated 10.03.2005, balance amount of Rs.12,08,990/- was kept as LD as per the contractual agreement. The requisite clause No. 2 of B.O regarding releasing of LD for Larsen &amp; Toubo is as follows.</p> <p><i>To extend the period of whole project up to 30.08.2002 without imposing Liquidated Damages and without any financial commitment to the board in this regard. The above decision is subject to the condition that the firm withdraws its entire claim, if any, for interest on belated payments, compensation for overstay etc. However, this period of completion of the whole project is extended up to 08-09-2002 (actual completion date), with imposition of Liquidated Damages for the period beyond 30.08.2002, as per the terms and conditions of the agreement.</i></p> <p>As per the Board Order only 9 days LD had to be deducted which amounted to Rs.12,08,990/-</p> <p>2. As per contract the Board has to make payment within 30 days, but this could not be done in the case of L &amp; T due to shortage of funds and some other reasons, and the contractor had claimed interest for delayed payment. This aspect was also considered by Board in the Board Order dated 10.03.2005. While releasing part of LD payment B.O has specified that the firm should withdraw all claims for interest for belated payment, compensation for overstay etc. The Board Order dated 10.03.2005 is a comprehensive order in case of Turnkey contract of L &amp; T considering all aspect in execution of the project by both K.S.E Board &amp; L &amp; T.</p>
		Transmission Circle, Kottarakkara Year of IR 2002-03, File No.4393			



40	VII	Avoidable payment of excise duty and sale tax	<p>Against the Purchase Order No. T2832/00-01/ARM/1704 dt. 28.12.2000, M/s. ARM Limited has supplied yard structures to Edappally, Punalu and Kozhanchery substations. The payment was made from Transmission Circle, Kottarakkara and 66 kv substation site at Thennalle/Kuttanadd during the year 2000.</p> <p>The price details of the above order was detailed below:</p> <table border="1"> <thead> <tr> <th data-bbox="335 158 367 284">Sl.No.</th> <th data-bbox="335 284 367 485">Rate per MT</th> <th data-bbox="335 485 367 685">Qty. MT</th> <th data-bbox="335 685 367 885">Rate /MT (RS.)</th> <th data-bbox="335 885 367 1024">Total Amount</th> <th data-bbox="335 1024 367 1418">Remarks</th> </tr> </thead> <tbody> <tr> <td data-bbox="367 158 388 284">1</td> <td data-bbox="367 284 388 485">Fabrication, galvanizing and delivery of yard structures as per specification including supply of galvanized bolts nuts and washers at 110 kv substation sites.</td> <td data-bbox="367 485 388 685">285</td> <td data-bbox="367 685 388 885">32,500</td> <td data-bbox="367 885 388 1024">92,62,500</td> <td data-bbox="367 1024 388 1418">Inclusive of taxes and duties, insurance, fasteners and cost of washers, charges for unloading at site and stacking for verification.</td> </tr> </tbody> </table>	Sl.No.	Rate per MT	Qty. MT	Rate /MT (RS.)	Total Amount	Remarks	1	Fabrication, galvanizing and delivery of yard structures as per specification including supply of galvanized bolts nuts and washers at 110 kv substation sites.	285	32,500	92,62,500	Inclusive of taxes and duties, insurance, fasteners and cost of washers, charges for unloading at site and stacking for verification.	<p>As per the Purchase Order clause 10.1, price quoted is inclusive of insurance, freight charges, excise duty, sales tax and charges for unloading at site and stacking for verification. As per clause 11.2 of terms of payment "excise duty if at any time is refundable, it should be refunded to KSEBL.</p> <p>As per the order no. 13011/29/86 dated 9.5.1987 of Ministry of Power, Government of India purchasing, cutting, drilling and galvanizing of tower parts could not be termed as on manufacture and hence no excise duty was leviable on these items. The payment of excise duty and sales tax paid in respect of above order comes to Rs. 12,09,312/-.</p> <p><u>Present status</u></p> <p>The letter dated 25.08.2001, M/s. ARM Ltd. informed the Financial Adviser of KSEB that Excise Duty and Central Sales Tax were paid for the supplies made. Board requested them to produce documentary evidence for the said payment.</p>
Sl.No.	Rate per MT	Qty. MT	Rate /MT (RS.)	Total Amount	Remarks											
1	Fabrication, galvanizing and delivery of yard structures as per specification including supply of galvanized bolts nuts and washers at 110 kv substation sites.	285	32,500	92,62,500	Inclusive of taxes and duties, insurance, fasteners and cost of washers, charges for unloading at site and stacking for verification.											

41	IX	Irregular payment of holiday wages	83,293		<p>OAs per BQ (FM ) No.2561/2004/Estt.1/667/2004) Dated, Trivandrum 14.10.2004,"It was ordered to disburse the holiday wages in respect of those who have been engaged on holidays prior to 18.1.2002, but sanctioned after 18.1.2002". On verification, it is found that the holiday wages payment were made after 18.1.2002 was only upto 7/2002, and that payments were in respect of those who worked on holidays prior to the period of January 2002. Holiday wages paid from 18-01-2002 was worked out to Rs. 83,293 and personal liability was also fixed to its recovery.</p>
42	VII (i)	Electrical Division. Kambhanged Year of IR 2002-03. File No 4365	2,22,000	1,23,275	<p>Short collection-non segregation of power and light consumption and industrial consumers.</p>
					<p>Remarks</p>
					Light and power meter segregation is made and short assessment Rs.9,259/- is collected from the party.
					Segregation of power and light meter is done and short assessment Rs.9,748/- is collected from the party.
					This Service Connection is dismantled on 27.03.2007. Short assessed amount Rs.5,400/- is collected vide Receipt No.209 dated 10.01.2007.
					Short assessed amount Rs.28,124/- is collected vide Receipt No.03 dated 23.05.2007.
					Rs. 12,564/- was collected in installments from 09.08.2006 to 09.07.2007.
					Collected vide Receipt No.04 dated 09.07.2007.
					Power meter and light meter is segregated in this premises and consumer was billed and collected regularly as per rules and no short collection.
					This Service Connection is dismantled on 05.02.2008. The short assessment Rs.3,744/- is collected vide Receipt No.07 dated 04.07.2007.
					From the date of connection onwards 100% of FC and EC is billed and collected. Hence there is no short assessment. This service connection is dismantled on 15-02-2008 and cash deposit is adjusted on dues.
					This Service connection is the light meter of Consumer no.766/LT/IV and by mistake it was taken as power meter. Hence no short assessment. Now, this service connection is dismantled and cash deposit is adjusted on dues.
					Light meter is provided from the date of service connection itself. Hence no short assessment.
					Collected on 01/2004 as per Rt.No.312/2189. Now 150% charged on both FC & EC.

2801	9,259	Capacitor and light meter provided from 08/2001 onwards. Hence invoice not issued for non-segregation.
2839	4,732	Capacitor and light meter is provided from the date of connection itself but omitted to post the same in meter reading register. Hence no short assessment.
4431	2,541	Short assessment reported is Rs.4611/- Capacitor and Light meter was installed from the date of connection itself. Hence no short assessment.
4480	28,124	For lighting purpose this consumer used a single phase meter bearing Consumer No.3769 and bill is issued to the consumer under LT VII B Tariff. Hence no short assessment.
4714	4,148	Remitted on 18.06.2004 vide Receipt No.322/714.
4753	4,520	This service connection is dismantled on 11.04.2003 itself and the above short assessed amount is adjusted in the Cash deposit of the consumer.
4789	23,190	For lighting purpose this consumer installed a single phase meter bearing Consumer No.4738 and billed under LT VII B Tariff. Hence no short assessment.
4805	3,096	For lighting purposes this consumer used a Single Phase meter bearing Consumer No.4077 and billed under LT VII B Tariff. Hence no short assessment.
4882	6,279	This consumer has separate Single Phase connection bearing Consumer No.2390 for light purpose and charged under LT VIII Tariff. Hence no short assessment.
5008	10,129	Light meter is already installed in the premises. This service connection is dismantled on 17.06.2004 as per consumer's request.
5347	6,194	Light meter is installed in the premises from the date of connection. Hence no short assessment.
683	5,040	Light meter and power meter is installed in the premises earlier itself. Hence no short assessment.
1874	1,385	Service Connection is dismantled on 22.07.2002 by Party's request and Rs.1385/- is adjusted in the Cash Deposit of the consumer.
4432	1,368	Service connection is dismantled on 01.10.2002 and Rs.1,368/- adjusted in their Cash Deposit.
1093	8,637	Remitted vide Receipt No.873/6559 dated 23-01-2004. The Service connection dismantled on 26.04.2007.
1766	10,192	Remitted on 03.01.2004 vide Rt. No.1776559.
7814	8,670	For lighting purpose the consumer use a separate single phase meter bearing Con.No.3925 and the same is billed under LT VII B Tariff. Hence no short assessment.
7858	8,228	This Service Connection dismantled on 03.06.2004. Rs.8228/- collected through RR Action.

			4787	24,816	For lighting purposes the consumer used a single phase meter bearing Consumer No. 4077 and billed under LT VII B Tariff. Hence no short assessment.
			429	3,620	In this case light meter and capacitor is provided earlier itself. Hence no short assessment.
			431	3,620	Light meter and capacitor is provided earlier itself. Hence no short assessment.

*Admission*

54  
NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS  
Audit Report 2008-09

Sl. No.	Audit Paragraph	Reply Furnished by Government
1	4.17	Detailed Report of Action Taken is enclosed as Annexure.

C & AG REPORT FOR THE YEAR ENDED 31-3-2009  
AUDIT PARA No. 4.17

Sl. No.	Para reference in IR	Nature of audit observation	Amount involved (Rs.)	Remarks	Reply
1	II	Electrical Division, Perinthalmanna Year of IR 2002-03, File No 4379 Non-availment of REC loan-reimbursement for agricultural connection.	1,13,96,000	2,05,000 53,50,000	The total number of Agriculture connections pending as 21-3-03 under this division was 616 Nos (437 OH Contine and 179 WP Connections), 235 Nos. of Agriculture cont (44 Nos OH connections and 191 Nos WP Connections) been affected during the year 2002-2003. 75 Nos. of Agric connections (44 Nos. OH connections and 31 WP connections) have been effected during the year 2002-2003 under (Scheme) Nos. of OYEC Agriculture connections (9 Nos Connections and 42 WP Connections) were pending as 21-3-03. Further 487 Domestic connections (326 Nos. OH connect and 481 WP Connections), 169 Nos. of Comm connections (326 Nos. OH connections and 4081 Connections) and 3 Nos. Industrial connections have effected during the year 2002-2003 under OYEC. Mainly due to the delay in providing normal connection material due to non availability of materials. Even though this is asked to avail the soft loan of Rs. 1.14 Crores from Electrification Corporation, this office has collected an amount Rs.2.65 under OYEC Scheme and Rs.54.50 Lakhs under (Line Extension Scheme which reduced the requirements of KSE Board.

2	VII	<p>Electrical Division Manjeri Year of IR 2002-03, File No 4337</p> <p>Abnormal low consumption compared to the connected load - consumer No.7167- Edakkara Section.</p>	<p>Even though the connected load was 13538 watts, there was only around 4000 watts by this consumer. Later on, they reduced the connected load to 7000 watts. On verification of the subsequent readings also, no abnormality in reading recorded. Average consumption recorded is 150 units per month now. Hence no excessive consumption found and no back assessment of energy charges.</p>
3	II	<p>Electrical Division Vadakara Year of IR 2002-03, File No 4387</p> <p>Difference between Demand collection and balance book and balance pending collection to be reconciled.</p>	<p>As per Annual Accounts 2002-2003 arrear pending collection, as on 31.3.2003, was Rs.352.38 Lakhs. On verification of DCB statement as 31.3.2003 the closing balance is Rs.3,52,38,162.34.</p>
4	IV	<p>Bank reconciliation - Various amounts remitted to bank not accounted.</p>	<p>On verification of Bank Reconciliation statement 3/07 the following amounts were seen reconciled.</p> <p>Rs.3576 4,12.02 Rs.1957 4,12.02 Rs.6617 25,03.03 Rs.2331 20,09.03</p> <p>The following amounts were reconciled subsequently.</p> <p>1. Rs.89 Accounted and Journalized in 8/09 2. Rs.17,256 Multitungal vide letter No.AGM 11/KKC dt.28.6.2010. 3. The Branch Manager SBT Vadakara intimated that the amount was credited in Current Account No.303 of the Executive Engineer, KSEB on 26.3.02 and the balance was transferred to KSEB A/C at Pattom. 4. Rs.18,245- Melady</p> <p>The amount credited in Current Account No.24 on 5.12.02 and the same is journalized in 9/2009.</p> <p>4. Rs.68,124- Syndicate Bank</p>

						<p>The Syndicate Bank Koyilandy vide letter dt.8.10.2010 informed that Rs.67852/- after deducting the commission of Rs.272/- credited in to KSEB A/c on 24.01.2003.</p>
5	V	<p>Electrical Division Shornur Year of IR 2002-03, File No 4369 Unidentified consumers at Petambi and Shornur section no revenue forthcoming</p>				<p>During the commencement of spot billing itself, the details of unidentified consumers were traced out and billed them accordingly. Most of them are coming under agriculture tariff and the current charges are being paid by the Krishi Bhavan. Now all the consumers are being billed and there is no lapse on this regard.</p>
6	IX	<p>Unremitted cash balance-Huge cash balance maintained as on 31.03.2003. Electrical Division, Kalpetta Year of IR 2002-03, File No 4415 Estimate for OYEC charges-irregularities</p>	13,84,000	0		<p>The unremitted cash balance has been verified and reconciliation with the accounts is made.</p>
7	I					<p>1. The correct method of arriving at the OYEC charges, in the case of enhancement of a 100 KVA Transformer to 160 KVA Transformer. The cost of taken back transformer is deducted from the cost of 160 KVA Transformer. The departmental charges @ 21% and development charges @ 20% etc. are added to this figure.</p> <p>2. The issue rate of 160 KVA Transformer during 2002-03 is Rs.91,430.</p> <p><b>PRESENT STATUS</b></p> <p>On the remarks raised by the Audit on calculation of OYEC amount that the cost of taken back materials should have been deducted from the figure arrived at by adding the cost of construction materials including departmental and development charges, it is replied that the Administrative Sanction is given only for the estimate amount and not for the OYEC amount. OYEC amount is arrived only after arriving the estimate amount and the estimate sanction is in order. The cost of 160KVA transformer taken in the estimates as Rs.84,700/- is as per the cost data prevailed during 2002-03. The rate of Rs.91,430/- is the rate applied for fast moving items used for accounting purpose.</p>



only. Hence, the rate taken for 160 KVA transformer as Rs.84,700/- is in order. Storage charges (10%), contingencies (3%) and Overhead charges (3%) had not been added in the estimates for AS.26 and 32 due to oversight and these estimates were revised incorporating 16% storage, contingency and overhead charges. The Annexure I is not seen attached with the Audit Report. Revised estimates are as shown below.

Sl. No:	AS No	Original estimate amount	Original OYBC Amount	Revised Estimate Amount	Revised OYBC Amount	Difference in OYBC Amount
1.	26/2002-03	53825	77864	67177	97541	19677
2.	32/2002-03	60634	88041	74186	107718	19677
						39354

Directions have been issued to the Executive Engineer, Electrical Division, Kalpetta and Mananthavady to collect the short remittance from the respective consumers

Notice has been issued to the Executive Engineer, Electrical Division Pala to recover excess PCA drawn by Sri. K. M. Sunny, Assistant Executive Engineer.

Excess PCA drawn by Sri. A. Kurhan, Assistant Executive Engineer (Retd) amounting to Rs.2,230/- has been recovered by the Executive Engineer, Electrical Circle, Kalpetta vide Receipt No.188/17 dated.3/7/2012.

Excess PCA Rs.3,885/- has been recovered from Sri. P. F. Kurianos Executive Engineer, Electrical Circle, Kalpetta from his Earned Lea Surrender bill Vide OECD No.401 of 7/2012.

The amount of excess PCA given to Sri. M. G. Nandagop Executive Engineer (Retd) has been transferred to his personal liability

Permanent conveyance allowance to Assistant Executive Engineer's working in places other than Municipalities.

8 II

9	III	MASA- Huge balance with the AE			Srl. G. Premkumar retired from service from the office of the Chief Engineer (HRM). Letter has been addressed to the Chief Engineer (HRM) Vaidhyuthi Bhavanam, Pattom, Thiruvananthapuram to recover the excess PCA drawn, the collection particulars of the amount of loss sustained by the Board will be reported in due course.
10	IV	Non reconciliation of balance as per cash and bank book.			(a) A/C No.24-301 SBT- The discrepancy arised due to non transfer of Rs.3,02,524.01 to the Board account. (b) A/C No.24-303 Canara Bank - The differences of Rs.9,98,550/- was collection in the afternoon of 31.03.2003 and remitted on 02-04-2003.
11	VI	Errors and omissions under LT IV calculations			<u>Consumer No.8233- Secretary Wayanad Muslim Orphanage.</u> This was a candle manufacturing unit and hence LT IV tariff assigned. <u>Consumer No. 848</u> There is no outstanding balance for this consumer at Electrical Section, Kalpetta. <u>Consumer No.8742</u> The connection is already been dismantled and revenue recovery action is being initiated to realize the arrears.
12	XI	Suspected unauthorized load cons-757 MEP			There is no additional load to the 8 K.W pump motor of the consumer. The pump motor used by the consumer is pumping water round the clock for filling water tanks in the Estate. The pump motor used is very old and this may be reason for excess consumption.
13	X	Unauthorized load in the premises of cons 6429 MEP			The load had been regularized and the entries were made accordingly. At present there are no dues from the consumer.
14	XIII	Con 659 Meppadi non segregation of power and light - irregularity			The consumer had been dismantled and no arrears pending.
15	XVII	Non-collection of old arrears while			(a) 699 VDL LT IV Rs.3743 from 1/2003

				<p>(b) T.S.No. 111A Rs.16,545 from 10/2002</p> <p>(c) 594 MEP LT IV Rs.28067 up to 11/2002</p> <p>Consumer No. 699 VDL LT IV and 590 MEP LT IV are having no arrears. For consumer No. 7280 arrears amount of Rs.16545 shown was the demand of APTS inspection and the party has filed a case in CDRF and waiting for orders of the form.</p>
16	XIX	<p>collecting regular monthly bills</p> <p>Non implementation of public lighting tariff order 2002 street light register not maintained.</p>		
17		<p>Transmission Circle, Thrissur</p> <p>Year of IR 2002-03, File No 4363</p> <p>Abnormal delay in acquiring land for various Sub-Station and forfeiture of one time saving of Rs.34.70 lakh and a recurring saving of Rs.7 lakh.</p>		<p>This site for Koratty Sub-Station was selected such that it is nearer to the Load Centre. By the time KINFRA offered the land on lease, the process of acquiring land from the leased land to M/s.Vaigai Threads Processors Private Limited had progressed very much. The handing over of the land to K.S.E.Board was delayed due to a case filed by M/s.Vaigai Thread Processors Private Limited which was beyond the control of K.S.E.Board. The land purchased was ideal and definitely an asset to the Board, the present market value of which is more than 2 crores. The land is taken on lease it will not be a permanent asset if K.S.E.Board as the land has to give up to the owner after the expiry of the lease period.</p> <p>The transmission loss of 7 lakhs as envisaged by the audit is the transmission loss in 33 KV line due to longer line. Had the substation site shifted to the land offered by KINFRA, the transmission loss in 11 KV lines from Sub-Station would have been more than twice of this value as the proposed land is not situated far away from the Load Centre.</p> <p>The construction of 33 KV Sub-Station, Koratty was completed and commissioned on 15.01.2009.</p>

18	III	Exorbitant protection charges paid to BSNL		<p>Based on the decision arrived at the 168<sup>th</sup> state level PTCC meeting held on 28.11.2002 to dispense with the practice of charging 30% miscellaneous charges, the Executive Engineer, TC Division, Cherpuzha (now Transmission Division, Irinjialakuda) vide letter dated 05.12.2002 had requested the AGM (L &amp; B), Office of the Principal General Manager, BSNL, Thiruvananthapuram to revise the demand notes issued earlier. In some cases BSNL has revised all the demand notes issued earlier. In some cases BSNL has not demanded miscellaneous charges, but in some cases they demanded 15% miscellaneous charges and in some cases they demanded 15% miscellaneous charges and allowed a rebate of 1/3<sup>rd</sup> of the whole amount of demand which is more than the amount of miscellaneous charges and hence there was no cash outflow towards miscellaneous charges.</p>
19	I	Transmission Circle, Kalamassery Year of IR 2002-03, File No 4348 Construction of 33/11KV Sub-Station and 33 KV OH lines at Vadakkekkara.		<p>The work of construction of 33 KV substations Varapuzha and Vadakkekkara and the 33 KV SC OH lines from North Paravoor to these substations were awarded to M/s. TELK on Turnkey basis vide W.O. No.CE/SSTLC/19/2000-01 dated 23-8-2000 of Chief Engineer (SS &amp; TLC). As per the agreement the date of completion of the work was 24-2-2001 with a total period of construction as six months from the starting date of 25-8-2000. The date for handing over of the substation site was on or before 24-9-2000. The site for Vadakkekkara substation was handed over to M/s. TELK before 24-9-2000.</p> <p>But the progress of works were very slow and due to the unsatisfactory performance meeting was held by the Chief Engineer (SS &amp; TLC) with TELK's personnel on 13-12-2000 and 8-5-2001 and as per the request from M/s. TELK completion date was re-fixed to 30-5-2001. By this time Mannam-Vadakkekkara line route was approved and handed over to TELK. Later also the progress was not upto mark and the completion date was re-fixed to several dates in between, but could not achieve the completion. Finally in a meeting convened by Chief Engineer, Transmission (South) on 19-2-2003 the firm agreed to complete the same by</p>

3-6-2003. By this time they had almost completed the supply of materials and submitted invoices for a total amount of Rs.126.94 lakhs. Payments were made only for those portions of work already completed and those items already supplied as per 6.1(b) of the agreement and LD as per conditions of contract being deducted from the progressive payments. Even though the material for the substation has been almost completed the progress of work was very poor.

The construction of single circuit over head lines were delayed due in the reasons detailed below.

1. A few towers are to be erected in the waterlogged areas, which in turn depend on the climatic conditions.
2. A lot of cases of objections from property owners regarding the drawing of lines were obtained.
3. Even after the construction of line was started, there were objections.

All these were sought out with the help of ADM and Honourable High Court of Kerala at different stretches and finally the substation was charged on 30-8-2005.

The cost benefit analysis of the whole project inclusive of 110 kV bay at Edayar, 110 kV line from Edayar to North Paravoor, 110/33 kV bay at North Paravoor, 33 kV substation and connected lines at Varapuzha and Vadakkakara for 25 years after completion is valued as 786.87 lakhs as NPV at the time of starting. Hence the benefit for this substation alone for the elapsed period is not readily available.

The delay in work has occurred due to the poor performance of contractor M/s. TELK. All these facts along with the poor performance from the part of the contractor effect the delay in drawing of the overhead lines and completing the Substation works to a considerable extent. Regarding Varapuzha 33-kV SC line, route approval was issued by Deputy Chief Engineer, T.C. Circle, Aluva' on 10-10-2001.

On 18 August 2003, M/s. TELK had not started the work, since they are of the condition that only the work of one substation can be attended at a time due to paucity of funds. During conferences convened with M/s. TELK, the last date of completion was fixed as 3/2004. Because of a case of property crossing filed by 59 persons and as per the orders of the ADM, the line route has to be realigned and it became impossible to start the line work before 31-3-2004. But the work of the substation which was started during August 2003 and continued in a very slow pace and as requested by M/s. TELK the target date was again revised as different dates. Finally On 26-11-2007 the substation was commissioned. KSEB has taken all the possible efforts to complete. The work as early as possible. Out of the total amount of Rs. 3,42,30,704/- crores preferred by the contractor for the whole work only Rs.2,50,02,115/- crores has been effected for the works. Balance Rs. 62,74,900/- has been deducted from the above bills as LD and retention which has not yet released.

1. 53.33 MV/A 220/110 kV Transformer supplied by M/s. Alsthom.

Out of the eight Nos. of 53.33 MVA 220/110 kV Alsthom make transformer purchased during the period from 1994 to 1996 for installing at 220 kV substations, Brahmapuram seven were commissioned by 14-2-2000. One among this bearing Sl. No.E28822 was being used as standby and was being put into service whenever a problem exists on any one of the other on various spells till 31-5-2001. But when it was again put to use on 21-10-2001, problem of tripping was shown and on detailed testing and verification it was declared faulty due to winding failure. Hence the fault was a major one requiring replacement of winding and complete overhauling. On enquiry made with the repair wing of M/s. TELK, the defect was confirmed and recommended for repairs by the suppliers itself.

Hence the matter was then taken up with the manufacturer M/s. Alsthom, even though the guarantee period was expired. They suggested to return the equipment to their works at Nainital in UP. Considering the difficulties in transporting the transformer

III Premature failure of transformers.

III

20

to their site, further enquiries and reminders were sent to M/s. Alsthom and finally they visited Brahmapuram and forwarded a detailed offer on 6-3-2003 for carrying out the work either at (a) Nemtal for an amount of approximately 17.7 lakhs or (b) at Vyttila/Kalamassery crane room for an amount of approximately 10 lakhs excluding conveyance.

Since the amount quoted by M/s Alsthom seems to be high, offers from other firms were collected at the same time. But on detailed scrutiny it was found that these firms are not equipped with infrastructure facilities for carrying out the highly skilled/technical job of EHV Transformers. Meanwhile, the estimate Sanction for this work was accorded by the Chief Engineer, Transmission (South) on 14-11-2003. After that several correspondences were made with M/s. Alsthom for reducing their offer, but were in vain. At this point seeking the expertise of G & I Associates - a firm of retired technical hands from TELK, a proposal was received to replace the winding and to use the spare winding (Alsthom) available at Madakkalharu. This proposal was taken up with Chief Engineer, Transmission (South) and on 16-5-2005 Chief Engineer, Transmission (South) issued sanction to accept the offer coming to Rs.7 lakhs quoted by M/s. G&I Associates and accordingly work order was issued to them on 17-5-2003.

The rectification works were done by M/s. G&I Associates in the presence of KSEB Engineers and on November 2005, it was successfully commissioned. In view of this it is evident that the repair work as a whole is highly economical to Board, which could enhance the life of which will otherwise turned as scrap.

2. 12.5 MVA, 110/11 KV Power Transformer supplied by M/s. Bharat Bijlee.

This transformer was commissioned, on 17-11-2000. On 16-5-2002, the transformer was failed due to winding failures. Since the failure occurred after guarantee period, in order to repair the transformer quotations were collected from the original manufacturer and two other firms. M/s. Bharat Bijlee offered an amount of Rs. 18.28 lakhs + 5000/day for the rectification works at their workshop at Maharashtra.

				<p>Meanwhile an estimate amounting to Rs. 18,47,500/- (of the manufacturer) was sanctioned by the Chief Engineer, Transmission (South) on 3-1-2004. But even after taking much effort to transport the transformer to the workshop at Maharareshuru it could not be materialised due to the high expense in transportation. Hence, even though the rate is extremely high when compared to the actual cost of transformer (value of Rs.31.07 lakhs) the repair work could not be carried out till now. Now a transformer repairing unit has been started at Kalamassery and the same can be repaired in this unit after inspecting when the repair bay becomes free by replacing the windings if possible.</p>
21	III(3)	<p>Electrical Division, Kattappana Year of IR 2002-03, File No 4228 Wrong application of tariff to churches and temples at Vandipuzhayat</p>		<p>Even though the service connection No.4062 KLY is in the names of Vicar, Lourds Church, the consumption is for lighting in the commercial building (Handicraft Sales depot). Hence the same is correctly billed in LT VII A tariff. It is reported by the A.E. that temples, churches, mosques, monasteries etc are not billed in LT VII (a) tariff.</p>
22	XVII	<p>Incomplete details about connected load and capacitors</p>		<p>Con No 416/VPR-V.J.Antony, Sanjose Factory, On Physical verification it is found that the connected load of the consumer is now 112 KW and the load was regularized after collecting required fee and other deposits. Required rating capacitors are installed to each motor.</p>
23	XVIII	<p>Defalcation of cash K.S. Kuruvilla, Cashier, Electrical Section, Kattapana - interest not remitted</p>		<p>Name of Cashier in the Inspection Report is Shri.K.S.Kurriakose, Even though the delinquent employee has remitted the defalcated amount of Rs.91,741, he has questioned the observation of the Accounts Officer, Billing, Supervision Unit, Kattappana to recover interest on Rs.91,741/- from the date of issue of receipt to the consumer by the cashier to the date of remittance by him as the Board had realized the same from the consumer through the subsequent invoices. He was dismissed from the service of K.S.E.Board w.e.f 20.12.1999 vide Board Order No. EB.VS.43772000/1953 dated 31.12.2004 of Chief Engineer (HRM).</p>



	M.V.James, Cashier Trainee, Electrical Section, Vandiperiyar - Suspended	Departmental disciplinary action finalized. The amount of liability was fixed as Rs. 84,649/- the amount together with interest @ 12% has been realized from his salary from 5/2008 to 4/2012.
	C.Babu, Cashier Trainee, Electrical Section, Vandiperiyar - Suspended	Departmental Enquiry in Disciplinary action completed. The amount of liability was fixed as Rs. 9,831/- which was remitted by him vide receipt No. 34310 dated 18-8-2003 at Electrical Section, Vandiperiyar.
24	Transmission Circle, Poovanthuruthu Year of IR 2002-03, File No 4393 Bank reconciliation statement -old figures not reconciled.	1) Amount credited by the Bank but not accounted by Unit Rs.5,294.15 This amount was reconciled in January 2004. 2) Amount remitted by the Unit but not accounted by the Bank Rs.46,980.17. An amount of Rs.7,294.15 has been reconciled in January 2004. Now there is a balance of Rs.39,686.02 to be reconciled which relates to a very old period from 31.05.1986. This amount could not be reconciled after all possible efforts; action has been taken to obtain permission to write off the same. This amount will be written off on obtaining sanction from the Board.
25	Transmission Circle, Kannur Year of IR 2002-03, File No 4407 Contract agreement with M/s. L & T for construction of Sub-Station, Sub Transmission and Distribution project in Kannur district on turn key project - LD Rs.173 lakh not realized due to delay in settlement of dues and undue favour by way of reducing the performance guarantee amount from 172 lakh to Rs.60 lakh.	1) When the final bill payment was made to the Turnkey contractor, the LD amount of Rs.1,72,71,424/- was recovered from the work bill in respect of M/s Larson & Tourbo Ltd vide JL 3 & 4 of 05-04. Out of this, Rs.1,60,62,434/- was released to the party as per direction vide Board Order No.7689/2005 (TCI/S/19/10/90-Turnkey) dated 10.03.2005, balance amount of Rs.12,08,990/- was kept as LD as per the contractual agreement. The requisite clause No.2 of B.O regarding releasing of LD for Larsen Tourro is as follows. (To extend the period of whole project up to 30.08.2002 without imposing Liquidated Damages and without any financial commitment to the Board in this regard. The above decisions are subject to the condition that the

26	III	Non completion of Sub-Station transmission and sub transmission works on turnkey basis in Kasargode district - Delay in execution of work.	<p>firm claims all its claims, if any, for interest on belated payment, compensation for overstay etc. However, the period of execution of the whole project is extended up to 08.03.2002 (actual completion date), with imposition of liquidated Damages for the period beyond 30.08.2002, as per the terms and conditions of the agreement).</p> <p>As per the Board Order only 9 days LD had to be deducted which amounted to Rs.12,08,990/-</p> <p>2) As per contract Board has to give payment within 30 days, but this could not be done in case of L &amp; T due to shortage of funds and other reasons and the contractor had claimed interest for delayed payment. This aspect was also considered by Board in the Board order dated 10.03.2005. While releasing part of LD payment B.O has specified that the firm should withdraw all claiming for interest for belated payment, compensation for overstay etc. The Board Order dated 10.03.2005 is a comprehensive order in case of Turnkey contract of L &amp; T considering all aspects in execution of the project by both K.S.F.Board and L &amp; T.</p> <p>The site of Belur, Ananthapuram and Perta were handed over to turnkey contractor M/s.ARM on 8.6.2001. The land for bediacka was handed over only on 21.7.2003. The GC vide order Dtd.28.2.2000 had sanction for the acquisition of one acre of private land in RS.no.1514/4 and 1514/5 of Badiacka village through normal acquisition proceedings. Later the owner of the land was not willing to handed over the land either as advance possession or through negotiated purchase.</p> <p>The Board was forced to identify another land suitable for the construction of the substation and finally a government land in survey no.1510/1314 of Badiacka village was fixed. Based on this GO proceedings was issued on 2.1.2002 to transfer the land with reduced price i.e., from Rs.8000/- to Rs.500/-Cent.</p> <p>Since the land value has been reduced and nothing was mentioned in it about the transfer of land in advance possession, Board was forced to remit the land value in advance</p>
----	-----	--	---

for the transfer. BO to remit the amount was issued on 14.1.2003. Since all these procedures were to be processed by different Department i.e., Revenue Authority, Collectors office, Land Commissioner Office Trivandrum, Revenue Secretary Trivandrum, Board Office Trivandrum and kannur, because land belong to Government the procedural delay might had happened. The turn key contractor M/s.ARM (renamed as ICOMM) Hyderabad did not carryout the work even after repeated reminders. Hence all projects were delayed for reasons beyond the control of KSEBoard LD as per statutory rules shall be imposed on the firm while setting the final bill. The energisation of the Substation was finally completed during 2008-09 as shown below;

		Date of Commissioning		
Name of Substation		Date of Commissioning		
Ananthapuram		23.03.2008		
Belur		31.03.2008		
Badiadka		20.03.2009		
Perla		26.03.2009		
27	IV	Construction of 110 Kv L.L.O arrangements to 110 KV Sub-Station, Kanhangad cost over run Rs.6.89 lakhs as the contract could not be completed by the same contractor at his risk and cost.	6,89,000	0
<p>The agreement with Sri.Mohammed, Contractor, Mattool PO was signed on 3.7.1992, and the work has to be completed by 2.10.1992. It is seen that the profile survey of the line route was not included in the original schedule. This item was sanctioned later and made as an extra item. The contractor had agreed to start the profile surveying by the first week of March 1993. But the contractor was reluctant to carryout the work because later he felt the rates are not profitable. The Executive Engineer, Transmission Division, Kannur had written to the contractor on 9.6.1993, 7.10.1993 and 28.4.1994 to commence profile survey. The contractor had written to the Executive Engineer, Transmission Division, Kannur on 17.6.1996 for canceling his work as in agreement, based upon old rates or to revise his rates. But the Deputy CE, Transmission Circle, Kozhikode did not accept his request, but asked him to commence the work within</p>				

<p>10 days of 3.12.1996 or his work will be terminated at his risk and cost. Contractor requested on 3.12.1996 and 9.10.1997 to raise the agreement rate by 50% to take up the work.</p> <p>Finally the contract was terminated by then Deputy CE, Transmission Circle, Kannur on 6.5.2004.</p> <p>Later Deputy CE, Transmission Circle Kannur informed that the contractor Mohammet expired and chance of getting risk &amp; cost amount is remote. The CE had instructed the Deputy CE to submit a revised estimate for the work to take up with the Board for sanction. Subsequently Board sanctioned a revised estimate for the above work.</p>	<p>As part of system improvement Plan for reducing the T&amp;D loss, the central Government had set up a new scheme to be aided by REC. Based on the above scheme KSE Board got aid to set up 33KV substations. Subsequently board had identified about 150 Substations under this scheme. Considering the low voltage condition of the region and future developments, the officials of Distribution wing suggested key locations to setup the 33 KV substations. Based on the above recommendations, proposals were submitted to The CE (Corporate Planning) Trivandrum. The proposals were then scrutinised and revised after conducting load flow studies and then approved by Board. For setting up a 33KV substation throughout Kerala a standard scheme/layout which consisted of two transformer buys and minimum one bay for incoming line was decided. Only for a very few remote area substation, single transformer design was adopted.</p> <p>Generally all substations were designed and commissioned with two transformers which are included to operate on parallel. Ideally speaking substation have to be designed with 50% of the capacity due to the following reasons,</p> <ol style="list-style-type: none"> <li>1) Redundancy in operations</li> <li>2) In the event of collapse of a Substation, its load can be back feeding to neighboring substations.</li> <li>3) Repairs &amp; Maintenance of one bay/transformer can be</li> </ol>
<p>V</p>	<p>33 Kv Sub-Station in Kannur - creation of excess capacity of transformer and consequent under utilization</p>
<p>28</p>	

<p>carried out by transferring its load to other transformer and there by supply interruption to the public can be minimized and 100% reliability of system achieved.</p>	<p>4) By way of operating on 50% capacity, the life of transformer and other equipments like CT, CB etc., is increased and Board saves money by way of low maintenance cost.</p> <p>5) By way of keeping the redundancy and feasibility of KSE Board earning much money through energy saving.</p> <p>6) Substation was so selected considering the load centers and load growth of at least 10 years to be considered.</p> <p>Based on the above reason the places chosen for setting up substation Pazhassi, Puthur, Puthiyathuru, Kuntiyathoor and Thittada are in the right sense. Most of the stations are suitably utilized for public needs such as to be provided water supply schemes and provide a permanent solution for low voltage problems. The total investments for the project amounting to Rs.50.65 Lakh is already recouped by Board by way of reduction of T&amp;D losses substantially.</p>	
29	<p>ii</p>	<p>Transmission Circle, Palakkad Year of IR 2002-03, File No 4332 Undue delay in repairing a faulty stand by transformer.</p> <p>The BHEL make transformer of 220 KV Sub-Station, Kanjikoode became faulty on 24.05.2001. The matter was informed with M/s.BHEL on 29.06.2001. The BHEL Personals had conducted a preliminary visit on 05.07.2001 and 27.09.2001 at CPRI Bangalore and obtained its result on 08.08.2001. They reported that there was high energy continuous arching inside the transformer. After receiving the test report the Assistant Executive Engineer of the Sub-Station requested the BHEL Personals to conduct a detailed test. As suggested by them the transformer was transported to the repairing yard of Nallalam Sub-Station and conducted the test on 08.03.2002 by BHEL Engineers. They found that the High Voltage windings of the transformer were melted. Based on the report of BHEL Personnel this office prepared an estimate on 22.06.2002 for Rs.30,50,000/- and sent to the office of the Chief Engineer for sanction. The</p>

<p>Chief Engineer sanctioned the estimate on 24.06.2003 and placed work order for the purchase of winding on 18.03.2004 with M/s.BHEL. The windings were received on 05.05.2005. After receipt of the material and obtaining the time schedule of BHEL. Personnel the work started on 09.01.2006 and completed on 22.01.2006. After completing the work the transformer was retransferred to 220 KV Sub-Station and the same was fully loaded on 29.03.2006 in the presence of BHEL Personnel. The transformer is functioning satisfactorily.</p> <p>The delays occurred due to non availability service personnel and material from BHEL yard having crane facility and competency as per delegation are beyond the limits of this office and are unavoidable.</p>			<p>0</p> <p>The above work was a part of construction work awarded to M/s. TATA Project Limited on turnkey basis. The works awarded includes-</p> <p>a) Construction of 110/33KV Sub-Station, Kollengode</p> <p>b) Construction of 33/11KV Sub-Station, Muthalainadu</p> <p>c) Construction of 33/11KV Sub-Station, Koduvayur</p> <p>d) Construction of 33/11KV Sub-Station, Alathur</p> <p>e) Construction of 33 line (31 Km)</p> <p>f) Construction of 110 KV line (23 Km)</p> <p>M/s.TATA Project had completed all the works awarded to them before 30.12.2003 except 33 KV Sub-Station, Alathur though K.S.E.Board had the possession of the site of the Sub-Station from 11/2000, there were some objections from the general public belonging to a particular community. They attacked K.S.E.Board officials physically which resulted in suits before Hon'ble High Court and District Court. In the meantime the contractor completed all the other works and applied for short closing the contract. As there no solution or verdict received from the court till that date about the construction at Alathur, the Board vide its Order no.1507/2005 (TC/1/1034/98 dated 12.05.2005)</p>
30	III	1,18,37,000	<p>Stoppage of work of construction of 33 Kv Sub-Station at Alathur - idling of machinery worth Rs.118.37 lakh.</p>

ordered to short close the contract with M/s. TATA P. Ltd. Limited and to carry out the work of Alathur Sub-Station departmentally. While taking materials supplied by the contractor for Alathur Sub-Station this office valued all the materials according to prevailing market rate. As per direction of board order the materials were paid for only at the prevailing market price or at scheduled price whichever was lower.

Though the works were completed on 30.12.2003, 50% of the retention money amounting to Rs.43,79,291/- was released only on 01.06.2005 that is after the valuation of material supplied by the contractor and the balance 50% was adjusted towards liability of the contractor arrived after completing the work departmentally on 06.07.2006. The delay in execution of the work was beyond the control of K.S.E.Board or the contractor. At the same time, utmost care taken to ensure the quality and performance of the materials supplied by the contractor for Alathur Sub-Station.

The Board received 25 hectares of land from Industries Department as per the G.O. MS 859/88/ID/TVM. Dated 28.12.1988 for the construction of 220 KV Sub-Station at Kanjikoode.

Board has constructed 220 KV Sub-Station building, yard, store building and quarters in 13 hectares of land and 12 hectares of land has been reserved for the future expansion. Kanjikoode being a fast developing industrial area, large scale expansion would be required in the Sub-Station for meeting growing power demand in the area, for which availability of land is a pre requisite. For constructing an additional bay and control room for evacuation of power from the proposed 400 KV Sub-Station and to satisfy the demands of the declared Railway Coach Factory and BEML Unit land is very essential. Scheme for expansion of Sub-Station for accommodating two additional 220 KV feeders and two additional 25 MVA transformers has already been sanctioned.

It is also found that wind energy generation potential is high in this area. A detailed project report for the construction of wind generation in the Sub-Station compound is under preparation.

Surplus land lying idle

31 IV

Setting up of wind energy project in the compound will be highly beneficial in the present precarious power situation and will offer twin advantages of lower initial cost, and lesser transmission losses.

The development in the land has been done in the earlier days for the protection of Sub-Station with an expenditure of 38 lakh. This expenditure was unavoidable to protect the land from invaders. It is expected that the land can be utilized in full by installing wind generators and there by can promote the industrial development.

As per the agreement entered in to with the contractor Sri.K.P.Kajendran in July 1996, the work of substation including six dormitories was to be completed by December 1996. When 75% of building construction and 5% of the yard construction were completed (6/1998) the contractor stopped the work and demanded for rate revision. In August 1999 the contractor was asked to resume the work failing which he would be terminated at his risk and cost. The contractor has left the work at unattended since then after obtaining a stay order from the Hon'ble High court of Kerala.

The 66KV DC line construction from Pamba to Triveni (12.29kms) was completed in November 2003. Even though the line work is over by 11/2003 it could not be put into service due to the non completion of Substation. The party completed Substation works and dormitories were otherwise arranged. The construction of control room was completed in August 2005 and construction of dormitory (4 Nos.) in June 2009.

The 220 KV DC line from Kayamkulam to Edamon Substation was constructed during Eighties. At the time of proposing 220 KV dc line between Kayamkulam and Edamon, the Kundara 110 KV Substation Capacity and incoming feeder capacities can suffice the load requirement around Kundara area and that of the

**Transmission Circle, Kottarakkara**

**Year of IR 2002-03, File No 4393**

Infructuous expenditure due to delay in completion of construction of 66 Kv DC line due to various reasons the work scheduled to be completed in 8 months took 35 months to complete Rs.353.60 lakh.

32

I

33

II

Failure to timely decision—extra expenditure Rs.4.80 crore.

4,80,00,000

0



				areas fed by nearly 66 KV substations like Punalur, Kottarakkara and Avattil etc. Later on there was tremendous growth, in transmission system also keeping in pace with generation and distribution systems.	
				The availability of power and requirement of transmission line capacity normally assessed up to a fair period exceeded the limits and hence Board decided to upgrade Kundara 110 KV Substation to 220 KV. That is the reason for the non forecasting of the 23 km 220 KV line construction to Kundara Substation at the time of proposing 220 KV line between Kayamkulam and Edamon Substation	
34	IV	Purchase of 10 panel 11 Kv. Vacu. switch board.		The purchase was for the use in various substations under various Transmission circles to vide PO No.T2 (d). T99/98-99/ALIND-4763 dated.21.01.2000 to M/s.ALIND, Mannar.As per the said Purchase Order, supply was effected to 110 KV substation Technopark,66KV substation Vizhinjam and 110 KV substation Kavanadu. The Kavanadu Substation commissioned on 15.9.93. The new panel purchased for replacement and hence does not any delay in commissioning.	
35	X	Sundry receivable from various offices Rs.16,91,244.69	16,91,244.69	57,380	Action has been taken to recover the liabilities from the concerned officials and a considerable amount has already been recovered from them. Some of the recoverables from employees and contractors were under litigation. It may also please be noted that there were many unidentifiable amount debited to account 'Receivable from Ex-employees' which were carried forward in accounts for the past more than ten years. The nature and details of these amounts were not readily traceable from the records available. Hence during the restructuring of KSE Board to KSEB Ltd. the unidentifiable amounts were transferred to 'Restructuring Account' as no details were available in respect of the same.
36	XIII	Loss due to idling of materials for more than 17 years - condenser for MV lamp and paint materials worth Rs.4.87 lakh.	4,87,000	6,30,008	The liability outstanding against Sri.N.Sankara Narayana Iyer, Deputy Chief Engineer (Rtd), was assessed as Rs.6,30,008/-based on the Board, Orders vide BO (CM) No.3374/2005 (Est IV/3143/02) dated 30.11.2005 & BO (MF) No.3636/2005/KDIS (Est/VIII/9905/2005) dated 22.12.2005, an amount of

	VII (ii)	<p>Electrical Division, Kanhangad          Year of IR 2002-03, File No 4365          Consumer no. 3400 and 5135 Pfticode          LTV average not billed</p>	<p>Rs.53,972/- has been recovered from the ICRG and pension arrears on 12/2005. Balance amount of liability Rs.95,936/- has been recovered from his pension (@1/3<sup>rd</sup> pension +DR) from January 2006 to September 2007.His pension was resumed w.e.f. 9/2007 as per BO (FB) No.2087/2007 (Est.IV/3145/2002) dated 14.09.2007.</p>
37			<p>a) <u>Consumer No.3400</u>          Reading of this consumer has taken for 04/2001 and at that time the reading was 4 units only. From 05/2001 onwards, the consumer was under Door Lock and the Sub Engineer recorded the same in the meter reading diary that the consumer is Door Lock and energy is not using in this premises. Thereafter, fixer charge, meter rent and surcharge has been assessed from the consumer. On 04/2004 consumer requested to dismantle the Service Connection. Then final reading of power meter is taken and it was 4 units only and the light meter consumption is zero. So far the period from 05/2001 to 04/2004 this premises is not used any energy and hence no bill is issued on average consumption basis. This Service Connection is dismantled on 09.04.2004 by party's request after collecting balance in fixer charge, meter rent etc.</p> <p>b) <u>Consumer No.5135</u>          The reading of this Consumer has taken for 2/99 only and then the power meter reading was 243 units and light meter reading was 1973 units. From 03/1999 onwards this service connection premises was door locked and there after, fixed charges, surcharge and meter rent are taken for assessment. In 07/2003 the Sub Engineer noted in the meter reading diary that this industry is not functioning for long period and forthwith a door locked noticed is served to the consumer. This Consumer is a 'Cola Company' and the closing of the industry for the long period caused the non-receipt and recording of actual reading in the register. At last on 06/2006 the meter reading of this premises are taken and then also the power meter reading was 356 units and light meter</p>

reading was 1974 units itself. So for the period from 03/99 to 06/2000, 87 months power consumption was just 13 units only and 174 consumption was 1 unit. As the actual consumption is too low for the door locked period billing an average consumption basis is not done.

The Chief Engineer (TC & M) placed purchase order with M/s. Cavvay Conductors (p) Ltd, Thiruvananthapuram, for supply of ACSR Rabbit and weasel. The firm has supplied 1308.801 Kms out of 1320 Kms. An amount of Rs.6,81,935/- has been recovered as penalty for the belated supplies. As per order No.TA. 34/Ele. 5/98-99/ACSR/Current Charge(1)1016 dated 25.06.2003 of Chief Engineer (TC & M), The delivery schedule extended due to delay in payment and as per the directions in the above order, penalty recovered has been refunded to the firm.

As per order No RA 34/Ele. 5/98-99/ACSR/Current Charge (81) dated 26.06.2003 Price variation allowed. The price variation was applicable for 783.674 Kms. which amounts to Rs.2,37,869/- paid to the firm.

As per P.O No. TA.36/Ele.31/93-94, Swasthik [13]630/12-6-95 M/s. Swasthik wires had to supply 5mm, 4mm, 3.15mm dia M.S Galvanized wire for K.S.E.BOARD. As per delivery schedule, delivery shall commence within 30 days from the date of receipt of the order at 180 MT/Quarter during the first 3 quarters and 160 MT during 4<sup>th</sup> quarter. Out of this Regional Store Division, Kundara 270 MT (5mm, 80 MT, 4mm 80MT and 3.15mm 110 MT) is included, as per the following schedule in the purchase order.

Sl No	Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	TOTAL
1	5mm	30	20	20	20	80
2	4mm	20	20	20	20	80
3	3.15mm	30	30	30	20	110

Regional Stores, Kundara

Year of IR 2002-03, File No 4382

Waiver of penalty for belated supplies

38

II

6,81,935

4,68,124

Irregular payment of price variation

39

III

62,656

0

40	IV	Purchase of 2 line X arm from M/s.A1 Steel industries Kollam - Waiver of penalty and allowance of price variation.	3,94,921	<p>As per GRN 103/11-9-95, GRN 146/25.10.95 and GRN 146/25.10.95 the firm supplied 10MT 5mm, 10MT 5mm 10MT 4mm and 10MT 4mm wires respectively.</p> <p>The first two consignments are within the scheduled delivery period and second 20 MT of 4mm supplied on 25-10-1995 is only 10 days delay of the date of ending of first quarter i.e 15.10.1995.</p> <p>As per letter No. TA.36/Ele.31-93-94/Swasthik[13] dated 9.5.1996 of the Chief Engineer,Ele.[MM] firm has to complete the supply during the middle of July 1996, the payment of price variation is given to the supplies made within the scheduled delivery period.</p>	<p>As per the P.O. No.33/Ele 23/96-97 A1 steel (42) 1754 dated 10.09.97 with A1 steel Industries, Kollam, the Board has purchased 70000 nos of 2 line 'X' arm with clamp, bolt and nuts and as per additional order dated 2.1.1998-62000 nos.</p> <p>An amount of Rs.2,52,226/- recovered as penalty for belated supplies. As per order TA.33/Ele 23/96-97 A1 steel (42) (150) 610 dated 18.05.2002 of the Chief Engineer (TC &amp; M) ordered to refund the penalty and price variation sanctioned as per order dated-23.09.2002 for the entire supply amounts to Rs.1,42,695/-.</p> <p>All together Rs.3,94,921/- was sanctioned as per the above orders.</p>
41	V	Purchase without indent-Avoidable expenditure.	14,10,000	0	<p>The prime uses of spacers are to give adequate clearance to line so that contact between lines will not occur due to wind bird fault and natural calamities. This will reduce line breakdown. As per the request on 18.02.2003 the spacers were lifted by various stores and they were utilized in a time bound programme for the pre monsoon maintenance of LT line.</p> <p>On enquiring with the field Officers confirmed that they have used all the allocated fine spacers in time and that also reduced line break down supply failure, line losses and transformer failure</p>

42	VIII	Issue/Consumption of Fuse unit's avoidable loss.	27,36,000 0		<p>at the locations, where line spacers were used and hence reduce the supply restoration charge and manpower.</p> <p>Purchase of materials are generally arranged by Chief Engineer (TC &amp; V) based on the demand from various circle offices. This demand may not include the demand for fuse carriers. This may be due to aging damages occurs to fuse carriers as well as bas due to burring off of male and female contacts. Thus in case of replacement of complete fuse unit is necessary. Damaging of fuse carrier only is of rare case and it is not advisable to use new fuse carrier for old bases since this will not provide good electrical contacts, thus increasing over heating and line losses and frequent damage to the unit itself which is not desirable.</p>
43	IX	Irregular payment of Sales tax	27,868 0		<p>As per purchase order dated 03.05.2002, with M/s Traco cable company Ltd for supply of ACSR Squirrel 600 Kms were to be delivered to this store. The firm has supplied 536,388 Kms Rs.27,868/- has paid towards additional sales tax at 15% of sale tax as per circular of Financial Adviser dated 27.03.2002 and 04.06.2002. Additional sales tax was introduced by the Government through the Financial Act 2001. In the circular it is stated that "Additional sales tax is also payable by seller with the normal sale tax. The AST could also be collected along with the normal sale tax by the traders at the time of sale of goods. Even though, it is not specified in the agreement for purchase, the liability towards AST has been made applicable as per the Finance Act 2001. Subsequently on sales during the year and therefore shall be binding on all tenders/dealers. Therefore AST is also liable to be paid by the Board as normal sale tax liability for the year.</p>
44	X	Avoidable expenditure on transportation charge.	1,81,630 0		<p>More care is taken now to assess properly the requirement of items in the circles attached to each store and allocation is done accordingly, thereby curtailing the transportation expenditure to a minimum.</p>
45	XII	Absence of inventory control measure stock accumulation.			<p>Nowadays board has taken a more scientific approach in inviting tenders. Tenders are invited for an item after taking into account the quantity of the item in stock in various stores and the pipeline quantity thereby reducing piling up of materials in stores and blocking up of funds in inventory. To make inventory control</p>

				more effective sanction was accorded for implementing supply chain management in Board and the same is in the process of implementation.
46	II	Chief Engineer (Civil Construction) South, Thiruvananthapuram Year of IR 2002-03, File No 4389 Vazhikkadavu diversion scheme - use of defective detonators Loss	5,40,000	27,177
<p>As per the agreement condition the explosives required for the subject work were to be supplied by KSE Board. For the purpose, the Board had arranged the purchase of explosives from M/s. Tamilnadu Industrial Explosives Limited, Chennai after ascertaining the quality of explosives supplied by the firm by conducting trial tests at the site. The explosives required as per estimate provision were 20 Kg gelatine, 35 nos of electric detonators in order to get a maximum pull of 1.40m. But on actual execution the issue was in excess of the data provision. The quantity of explosives arrived for estimate purpose was on the assumption that the driving of the tunnel is through ordinary/normal rock strata. Considering the bad nature of rock and geological findings, sanction for the excess usage beyond the agreement provision was issued, since the provision given in the estimate were for estimating purpose which may hold good in some ideal circumstances and generally may vary from section to section of a tunnel according to the nature of the substrata through which the tunnel passes. There fore the actual consumed quantity of explosives may not be considered as excess.</p> <p>The defective detonators mentioned in the audit report were supplied by M/s. Tamilnadu Industrial Explosives Limited, and these were used at inlet face and at exit face. When the detonators were found defective, the usage of such detonators was stopped. The inferior quality of explosives identified was 2892 nos. Later Board had arranged another purchase for the procurement of good quality detonators from M/s. IOL Industrial Limited, Hyderabad.</p> <p>Since there was no stock of detonators at the site or the magazine at Kulamavu except the old consignment from M/s. Tamilnadu Industrial Explosives Limited, the same had to be used to avoid</p>				

the stoppage of works. If the works had been stopped for want of good quality detonators, the progress of the work would have been affected seriously and the project would have been delayed. The delayed completion of the project would have resulted in considerable revenue loss to the Board. The amount identified as loss Rs.5.40 lakh is not entirely due to the defective explosives. Hence an amount of Rs.27,177/- was recovered from the security Deposit of M/s. Tamilnadu Industrial Explosives Limited, as loss sustained by Board as directed by the then Chief Engineer (T.C&M) and no compensation was paid to the contractor on the account of the delay in blasting operation.

A study conducted during March 2004 & April 2004 revealed that a loss of 1.36% and 1.40% is written the admissible limit as detailed below. The details of consumption recorded at different points are as follows:

Month	HRI	HRII	Total Pailivasal (HRI+HRII)	Tata switching Station	Percentage
03/04	1393000	1367740	2760740	2738100	1.34
04/04	1454800	1423780	2878580	2838100	1.41

In order to adopt a uniform procedure in giving service connections to multistoried buildings, the Deputy Chief Engineer, Electrical Circle, Kannur vide Circular No TS2/4/Circular/99-2000/dated 6-11-99 had issued direction to determine the total load requirement in the premises. The total plinth area as per the approved plan has been taken as the criteria. In the above circular, clause 9 further specifies that in case where the height of the multistoried building does not exceed 15 meters, clubbing of loads of individual consumers need not be insisted. Vide B.O No P/corrn-2345/93 dated 18.10.1995, clause 12 of condition of supply of Electrical Energy was amended and states that, in case where the height of the multistoried buildings does not exceed

### Electrical Circle, Thodupuzha

Year of IR 2002-03, File No.4354

Unjustified transmission loss on direct feeder - loss of revenue

III

47

24,10,000

0

### Electrical Division, Kannur

Year of IR 2002-03, File No 4422

Electric connection to multistoried building - Shopping complex - adoption of different basis for ascertaining transformer capacity

IX

48

5,90,000

0

15 meters the provision of rising mains and clubbing of energy meters shall not be insisted. The connection to such buildings shall be provided as is being done for independent buildings shall be provided as is being done for independent buildings. The clubbing of loads of individual consumers need not be done for arriving total load to determine the necessity of installation of a separate transformer.

As per clause 37 Note (1) of conditions of supply of Electrical Energy, where the connected load of individual consumers exceeds 50 KVA, such connections may be given after installation of separate transformer.

In the discrepancy noted cases, the capacity of the transformer was arrived after taking into consideration all the above mentioned clauses of Condition of Supply of Electrical Energy.

In the reply to audit objections, kindly note following points.

1. The guide line of 40 watt/M<sup>2</sup> for domestic consumers and 60 watt/M<sup>2</sup> for commercial purpose building based on the plinth area is applicable to building in which construction not completed and wiring no completed cases. The above guideline is only a circular issued by the Deputy Chief Engineer and the method of arriving the anticipated load is not incorporated in any of the clause of Condition of supply of Electrical Energy then in force. Hence applicants cannot be insisted to follow the guideline, incongruous with conditions of supply of Electrical Energy.

2. The section 12 of condition of supply of Electrical Energy amended 1995 clearly stipulates that in case where the height of the multistoried building does not exceeds 15 meters, the clubbing of energy meters shall not be insisted. The connection of such buildings shall be provided as is being done for independent buildings. The clubbing of the loads of individual consumers need not be done for arriving the total load to determine the necessity of installation of a separate transformer. In all the cases pointed out are the buildings having total height less than 15 meters. Hence the Circular referred in the audit Para does not hold good in these cases.



3. As the individual connection availed in the three buildings are of connected loads less than 50 KVA and hence installation of separate transformers cannot be insisted as per clause 37 of condition of supply of Electrical Energy.
4. The amount noted in the audit observation is the difference in OYEC amount based on the transformer capacity arrived by taking 50 kVA. Actually K.S.E.Board had installed the transformer having capacity for which OYEC amount was realized. Hence no financial loss was occurred.
5. If transformer having higher capacity were installed to these buildings the non-load loss which K.S.E.Board has to bear is very huge for all these years since all the electric connection availed were LT connections and the transformers installed are still under loaded.

Considering the above stated facts, kindly appraise the Accountant General to get the objections dropped.

RETNIAVIA V  
 Additional Secretary  
 Power Department  
 Government Secretariat, Typm.  
 Phone: 2518232

Sl No	Audit Paragraph	Reply Furnished by Government
1	2, 4.19	<p>The purchase of MS Flats of various sizes during the years 2005-06 and 2006-07 made as usual by giving wide publicity through popular dailies, Board's website and through notice boards of other offices under KSEB, but only two tenderers participated.</p> <p>At the beginning of each financial year, the approximate requirement of steel items including MS Flats was intimated to M/s. SAIL, and M/s. Visakapatnam Steel Plant (VSP) to have programmed in their rolling schedule (ie manufacturing process schedule). However, they did not give their offers for MS Flats against our demand. More over the tender notices were sent directly to M/s. SAIL and M/s. VSP, to ensure their participation but they did not respond, as MS Flats were not included in their rolling schedule. During 2006-07 M/s. SAIL offered their rates of MS Flats for the first time against our tender notice No. 23/2006-07 and No. 24/06-07, and purchase orders were placed against their offer. But</p>

3  
 they subsequently withdrew their offer as unable to stick on the time schedule and quality standards insisted. Considering the urgency of MS Flats and target fixed for the production of 'Clamp' to meet the immediate field requirement, the tender was finalized with the lowest tenderer, M/s. Binu & Co. Hence, the comparison of rate offered by M/s. SAIL with the tendered rate of M/s. Binu & Co. is irrelevant.

The two firms (M/s. Binu & Co. and M/s. Al-Steel Industries) are separate companies and sale tax registrations prove the independency of each of their businesses. Hence Kerala State Electricity Board was legally bound to accept their tenders as all the other conditions were satisfied. So the treatment of tenders submitted by M/s. Binu & Co. and M/s. Al-Steels as two distinct tenders was therefore genuine. M/s. Binu & Co. has no power of attorney over M/s. Al-Steel. However, Mr. S. S. Binu, was only an authorized signatory, as part of his private affairs, of M/s. Al-Steel Industries to collect cheques, in the name of M/s. Al-Steel Industries. Moreover as per the authorization letter, Mr. Binu has no right to do other business of M/s. Al - Steel Industries in his personal

1		<p>5</p> <p>capacity</p> <p>The comparison of market rates of steel (MS Flat) of M/s. SIDCO is not reasonable due to the following factors.</p> <p>The quality standards and specification of MS Flat purchased by M/s. SIDCO was not known to the office since vast difference in quality can be seen for MS materials for different use. MS Flats procured in the instant cases required for fabrication of clamps with conformity to relevant IS specification and U-bending. The MS Flats purchased by the office was suitable for bends up to 180 degree (reverse). The products fabricated from these flats supplied to end users satisfactorily. Hence the comparison with the rate of MS Flats purchased by SIDCO without considering the specification cannot be replied.</p> <p>Considering the above, it may be seen that there is no loss to K.S.E. Beari by the purchase procedure adopted by the then tendering authority #6 as to complete the targeted fabrication works in time, falling which direct purchase of these items would have been necessitated at a higher cost causing heavy expenditure (ie. without utilizing the Board's own infrastructure to</p>
---	--	---

			<p>its maximum extent possible at a less rate). It is requested that considering the bonafide intentions and actions of the Board, the explanation cited may kindly be accepted.</p>
--	--	--	--

NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS  
 (Audit Report 2003-09)

Sl. No.	Particulars	Reply furnished by Government
1	2  420	3  <p>Though the applicant KFC gave a request for conversion of HT service connection to LT to the Assistant Executive Engineer on 7-12-06, the same was in incomplete form without any details and the details of load, ownership certificate allotting individual building numbers etc. were submitted only on 22-3-07. Still the scheme approval for Geojit, which occupies three floors out of the total of 7 Nos floors and South Indian Bank were not submitted though M/s.Kerala Financial Corporation in the discussion held at office of the Assistant Engineer, Electrical Section, Kaloor regarding the conversion of HT connection to LT, has agreed to submit the additional documents and inform their decision. But they did not respond further. Later on 19-6-07 the consumer requested to enhance their contract demand from 150KVA to 220KVA under HT service itself without any supporting documents.</p> <p>In this state of affairs the consumer had not decided whether to continue with HT or LT, a decision could not be taken and no connection can be given or enhanced without formal application and supporting documents. The consumer did not fulfill the formalities like remittance of additional CD and forwarding the HT agreement for execution for the revised contract demand.</p> <p>On 30-5-08 APTS inspection was conducted at the premises of M/s.KFC and detected an unauthorized load of 128.566 KW and the Special Officer (Revenue) issued a penal bill amounting to Rs. 19,08,154/- for the un authorized additional load. The due date of the bill was on 26-8-08 and the consumer did not remit the same. M/s.KFC vide letter dated 9-9-08 requested to consider their request for converting HT to LT without considering the other request for retaining HT service and without considering the above bill as arrears and agreed to pay any amount legally</p>

bound to be paid. They also intimated that an appeal is being preferred. So the matter was taken up with the Board and vide Board Order dated 7-11-08 sanction was accorded on condition that

1. M/s Kerala Financial Corporation consumer code 23/3824 under Electrical Section, Kaloor shall pay 50% of assessed amount prior to appeal.

2. The consumer shall be allowed to convert HT service connection to LT service connection after fulfilling necessary formalities with an undertaking from KFC to pay the amount charged for unauthorized additional load on settlement of appeal.

The consumer was intimated the same vide this office letter dated 22-11-08. In the mean time again vide letter dated 3-11-08, the Managing Director of KFC requested to cancel their request for conversion and consider the request for enhancement of contract demand. So the District Manager, KFC who is the registered consumer was again asked to clarify their requirement and vide letter dated 13-2-09 they intimated that they are interested in conversion of HT to LT service connections. The consumer also remitted an amount of Rs. 9,54,077/- towards 50% of the assessed amount on 15-12-08 and submitted the undertaking as per Board order only on 20-3-09 and the conversion from HT to LT was processed and the demand issued for remitting CD was issued on 4-4-09.

It was informed to M/s. KFC that KSE Board is ready to provide the LT connections to their premises on providing the metering equipments by them being a high rise building and on submission of the energisation sanction from the Electrical Inspectorate.

M/s. KFC had intimated that they will intimate their readiness for taking the LT connection as and when the modification works get completed. Since M/s Kerala Financial Corporation did not intimate their

1	2	3
		<p>readiness to take the LT supply and not submitted the energisation sanction from Electrical Inspectorate for effecting the service connections, the concerned office requested M/s.KFC to intimate their readiness for taking LT supply/submit a revised agreement within 15 days for changing the billing, tariff of existing HT connection to LT tariff. In response M/s.KFC intimated that their work of installation of new metering panel is nearing completion and they will intimate their readiness as and when the work is completed and energization sanction is obtained from the inspectorate. Again vide letter dated 10-5-2010 M/s.KFC has intimated that the work is already started and will be completed within two months and requested to allow two months time to complete the formalities.</p> <p>The HT service connection was converted to 8 nos. of LT connections on 13.11.10.</p> <p>Under the above circumstances, the following replies are concluded to the audit observation. The observation that KSEB did not take any steps for the conversion of HT connection to LT connections is factually incorrect as M/s.KFC have only filed a request for the same and not produced required statutory documents including scheme approval and energisation sanction from Electrical Inspectorate.</p> <p>Conversation from HT to LT will come under HT/LT scheme. The wiring lay out, equipment specification etc are to be approved by a Electrical Inspector to ensure safety and compliance of rules and it is also necessary to issue Electrical Inspectorate Approval for providing electricity connection. The firm have not produced either of these</p>



documents in that HT to LT conversion on 13/11/10. KSEB have intimated on several occasions and produce these documents upon which only agreement can be executed. Hence the observation that they have submitted agreement papers cannot be taken as a valid and technical point of regularization which has happened only in 13-11-10 and the reasons are clearly on behalf of KFC. Treating the submission of 130 called papers as a valid agreement and notionally calculating the losses is henceforth not legally standing and baseless as there is no valid agreement for the same.

When govt is given a HT, KSEB have reduced HT as transmission and distribution losses are less. So the deemed calculation of losses treating the category under HT as is done in the audit will not be a right assessment.

As the supply given is at HT on a valid agreement at that point of time as per applicable rules and subsequently converted to LT on 13-11-10, KSEB can consider LT billing only w.e.f. 13-11-10, the date on which the due conversion has happened following all statutory requirements. There is no bonafide and factual loss to KSEB.

However as suggested by the Audit necessary steps will be initiated to implement a better internal control mechanism for monitoring consumer applications and affecting service connections.

*Antony*

**A. V. ANTONY**  
Additional Secretary  
Power Department  
Govt. Secretariat, Thiruvananthapuram

(Audit Report 2008-09)

Sl No	Audit Paragraph		Reply Furnished by Government
51	r2		<p style="text-align: center;">3</p> <p>The KSE Board had accorded sanction for the conversion of HT service connection into LT service connection in favour of M/s Kerala Financial Corporation Limited, Kaloor on 07.11.2008. Subsequently M/s. KFC remitted the CD and OYEC amount for the seven numbers (7 nos.) of LT connection on 22.05.2009 and for the remaining one number on 02.06.2009. Accordingly it was informed to M/s. KFC that the KSE Board is ready to provide the LT connections to their premises on providing the metering equipments by them, as it being a high rise building and on submission of the energisation sanction from the Electrical Inspectorate.</p> <p>On 23.07.2009 M/s. KFC intimated the Board that they would inform their readiness for taking the LT connection as and when the modification work get completed. But, till date M/s. KFC didn't intimate their readiness to take the LT supply and submit the energisation sanctioned from Electrical Inspectorate for effecting the service connections. Hence on 09.10.2009, the Deputy Chief Engineer, Electrical Circle, Elnakulam, requested M/s. KFC to intimate their readiness for taking LT supply or submit a revised agreement within 15 days for changing the billing tariff of existing HT connection into LT tariff. In response M/s. KFC intimated that</p>
1	4.20		

3  
their work of installation of new metering panel is nearing completion and they will intimate their readiness as and when the work is completed and energisation sanction is obtained from the inspectorate. On 10.05.2010 M/s. KFC intimated that the work is already started and will be completed within 2 months. Hence they requested two more months to complete the formalities.

Hence, it is evident that the delay in converting HT connection into LT connection is due to the delay on the part of M/s. KFC in submitting the relevant documents.

In view of the above, the audit para may kindly be dropped.

K. J. ANTONY

Additional Secretary  
M/s. Power Department  
Govt. Secretariat, Tirupur, P.O. 258282

NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS  
 (Audit Report 2008-09)

Sl. Audit No	Paragraph	Reply Furnished by Government
1	2	3
4.21		<p>The depot price of fuel at Nallalam includes excise duty on the transportation cost of fuel from Kochi to Nallalam, which comes to Rs. 109/MT. When goods are sold from depot, the cost of transportation from factory to depot is not allowed as deduction while computing central excise duty as per Sec-4 (1) of the Central Excise Act 1944. read with explanation to Rule 5 of Central Excise (Determination of price of excisable goods) Rules, 2000. KVAT and cess are also computed on the transport cost and duty thereon. This has resulted in the extra payment @ Rs. 109/MT stated above, as pointed out by audit. The audit has observed that if the fuel is invoiced from Kochi as done during the</p>

3  
period from 29-12-2004 to 31-10-2008, this could be avoided. The audit was repelled that KSE Board was trying maximum to stick on the agreement. Later, in the C&AG report for the year ended on 31-3-2009, the Accountant General has recommended to amend the purchase procedure to avoid the excise duty on transportation cost of fuel from Kochi to Nallalam.

Any amendment/modification of the original agreement can be made only after getting the consent of both the parties and hence M/s.BPCL was requested for the concurrence of amending the Fuel Supply Agreement No 279/1998-99 dated 30-1-1999, such that payment is on the quantity actually withdrawn from the tank at Nallalam at the retail (Depot) price at Kochi inclusive of excise duty, sale tax and cess + transportation cost from Kochi to Nallalam.

In reply to the Board's request, the required amendment to the FSA, M/s BPCL has conveyed that for complying with the recommendations of the C&AG

to charge the billing to Ex.BPCL - Kochi Refinery, it is required to have certain modifications to the existing Fuel Supply Agreement. The main points are:

- 1) Since the invoice is processed at the delivery point Ex-Kochi Refinery (KR) in the name of KDPP, process-ex-KR will be charged.
- 2) Product will be delivered through tank lorries to buyer on delivery assistance basis.
- 3) Since the invoice is made in the name of the buyer, the entire responsibility for the Receipt, storage and Pumping shall rest with the buyer (KDPP).
- 4) The stock or inventory shall be held by the buyer at buyers cost.
- 5) Any amendment/modification of this agreement shall be affected only by a written supplementary instrument signed by the authorized representatives of both the parties.

3  
 By following the present billing system, Board had to pay an extra expenditure amounting to Rs. 109/- per MT as excise duty, education cess, sales tax (KVAT) and cess on the transportation charges of LSHS. As per the price details with effect from 01.01.2011 furnished by M/s. BPCL, there is a difference of Rs. 129.67 per MT between the Ex-Nallalam depot price and Ex-BPCL Kochi Refinery price. Also the changes in the billing system invite additional expenses in the fuel price as detailed below:-

1. Interest on Advance Payment:

Invoicing the fuel Ex-BPCL - Kochi Refinery will necessitate advance payment for the stock, compared to the present practice of invoicing for the withdrawn quantity alone. BPCL is maintaining a minimum stock of about 4000 MT (ie, 10 days requirement @ 400MT/day) at Nallalam for KDPP. Thus there will be a locking up of funds to the tune of 16 crore, considering an average price of LSHS @ Rs. 40/ kg. The monthly

1	2	<p style="text-align: center;">3</p> <p>Interest component of this stock alone will come to Rs.16 lakh, considering 12% as interest</p> <p>Interest component due to Advance payment</p> <p>Quantity of LSHS (10 days requirement @ 400MT Rate</p> <p>4000MT Rs.40/Rkg 16 Crore</p> <p>Advance Payment</p> <p>Interest Component @ 12% per annum, for 1 month</p> <p>16 lakh</p> <p>Interest component for 10 da</p> <p>5,33,333/-</p> <p>Interest component/MT</p> <p>Rs.133.33/MT</p> <p>There were several instances in the past when the demand from KDPP had suddenly come down due to good rainfall received or other reasons wherein the plant was made to idle totally for several months together or operated at a lower capacity or only during the evening peak hours. In such scenarios, the stock of fuel in the storage tanks will be a dead investment for KSEB, if the same is already invoiced and paid.</p>
---	---	---



2. Extra expenditure for maintaining the facilities.

As per the Fuel Supply Agreement (FSA) between KSEB & BPCL, the total operation of the facilities including receipt of the product at Mallalam, storage and transferring the product from BPCL's storage tanks to KSEB's service tank shall be the responsibility of the seller (BPCL). Also the entire transportation risk is with the seller. Filing of return with Central Excise is also to be attended by M/s BPCL.

If billing is made from refinery as proposed by the audit, all the above risks and responsibilities will pass on to the Board including additional staff to handle all the above items. Also arranging maintenance and insurance of the storage tank will be our responsibility. Being a hazardous product, the risk in transportation and handling are also very high.

The total actual expenditure per annum for maintaining in the operating facility comes to Rs.3.00 crore to 3.5 crore. This includes the following.

11	2	3	<p>a) O&amp;M expenses - Rs. 50,000/-per month</p> <p>b) Inventory carrying co - Rs. 18.1 Lakh</p> <p>c) Rental charges for the storage tanks - Rs. 2.7 Crore</p> <p>d) Upkeep &amp; maintenance of storage premises - 3% of project cost</p> <p>e) Insurance - 0.01% of the product stored</p> <p>f) Safety audit - Rs. 18 lakh</p> <p>Total cost - Rs. 3 to 3.5 crore</p> <p>Total requirement of fuel per annum as per the agreement referred above is about 100000 MT. But, the average consumption of fuel for the last 4 years is 66000MT. Even if the annual requirement of fuel as 100000 MT, the additional financial burden/MT for providing operating facilities, insurance etc at Nallalam,</p>
----	---	---	---

comes to Rs. 300/- to 350/-. If KSEB takes the actual requirement, say 66000MT/Year, this additional financial burden will come to about Rs.450/MT. BPCCL also informed that they are not willing to lease out the storage tanks.

**3. Comparison of both the billing patterns.**

(i) The total extra expenditure by changing the billing system as recommended by the audit party is calculated as follows:

Extra expenditure towards interest on advance payment : Rs. 133.33/MT  
 Extra expenditure for arranging facilities at Nallalam : 450/MT

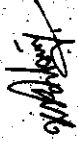
**Total extra expenditure : 583.33/MT**

(ii) Extra Expenditure on account of excise duty, cess tax & cess on transportation cost as pointed out in the audit is Rs.129.67/MT (as per the price details w.e.f.01.01.2011)furnished by M/s.BPCCL.

1	2	<p>(iii) Thus the additional financial loss, of KSEB goes for billing pattern with amendment of agreement.</p> <p>The proposal of invoicing the fuel from Kochi with a view to avoid extra expenditure to KSEB on account of ED on transportation from Kochi to Nallajam, will be beneficial only if M/s. BPCL accepts our proposal without any change in any of the present agreement, terms and conditions practising now. Hence</p> <p>(1) In the present billing pattern there is a loss of Rs. 129.6MT (earlier Rs.109/MT), on account of the duties on transportation cost.</p> <p>(2) There will be a financial loss to the tune of Rs.583.33/MT, if Board opts for the billing pattern with amendment of the Fuel Supply Agreement as suggested by the audit.</p> <p>From the above points, it is seen that, if Board goes for the billing pattern with amendment of the Fuel Supply Agreement as suggested by the audit, it will create an additional financial loss of Rs.453.66/MT.</p>

3

			3
			<p>Hence the existing billing pattern is more beneficial to K.S.E.Board. Considering the facts mentioned above the audit para may kindly be dropped from the report of C&amp;AG of India.</p>



K. J. ANTONY  
 Additional Secretary  
 Power Department  
 Govt. Secretariat, Tumkur, P.O. 571305

©  
**Kerala Legislature Secretariat**  
**2020**

**KERALA NIYAMASABHA PRINTING PRESS.**