110/

कार्यालय प्रधान महालेखाकार (लेखापरीक्षा), दिल्ली
ए.जी.सी.आर.भवन इन्द्रप्रस्थ एस्टेट
नई दिल्ली-110002

संख्या:-ई.एस/ 21-2/Power Deptt/IR/2013-14/54 दिनांक:- 01.05.2014

सेवा में,

अति: सचिव (पावर)
पावर डिपार्टमेंट (GNCTD)
दिल्ली सचिवालय, नई दिल्ली -110002

Department of Power
Diary No. 2966
Dt. 7/5/14

महोदय,

मैं आपके कार्यालय के वर्ष 2012-13 के लेखाओं का निरीक्षण प्रतिवेदन, प्रेषित कर रहा हूँ।

अनुरोध है कि इसमें वर्णित विभिन्न आपतियों के उत्तर पत्र की प्राप्ति के चार सप्ताह के भीतर सुलभ कराएं।

Pls. process.
07/5

DS(P)
8/5/14

ADO
8/5/14
Sh. Budh Raj

भवदीय

मोहन मेहता
1/5/14

लेखापरीक्षा अधिकारी (आर्थिक सेक्टर)

अनुलग्नक: रिपोर्ट

संख्या:-आर्थिक अनुभाग/ 21-2/Power Deptt/IR/2013-14/55

निरीक्षण रिपोर्ट की प्रतिलिपि सहित इस कि एक प्रति निम्नलिखित को सूचना और आवश्यक कार्यवाही के लिए प्रेषित की जाती है।

1. **मुख्य सचिव (पावर)**
   पावर डिपार्टमेंट (GNCTD)
   दिल्ली सचिवालय, नई दिल्ली -110002

उनसे अनुरोध है की वे कृप्या ....से
प्राप्त उत्तरो कों अपनी टिप्पणी सहित इस कार्यालय को अग्रेषित करें।
उनका ध्यान विशिष्टतया निरीक्षण रिपोर्ट के पैरा नं0..................की ओर आकृष्ट किया जाता है

Also, ensure without fail that the observations pointed out in this letter are no longer continuing.

Copy:
Pr. Secy (P)- for info

मोहन मेहता
1/5/14

लेखापरीक्षा अधिकारी (आर्थिक सेक्टर)

प्रमाणित किया जाता है कि **वरिष्ठ उपमहालेखाकार (आर्थिक अनुभाग)** द्वारा अनुमोदित इस लेखा परीक्षा प्रतिवेदन में....... पैरा पार्ट IIAव......पैरा पार्ट IIB के शामिल किए गए हैं।

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OFFICE OF THE PR. ACCOUNTANT GENERAL (AUDIT) DELHI, AGCR BUILDING, I.P. ESTATE, NEW DELHI-110002.

Inspection Report on the accounts of Department of Power, GNCTD for the period 1.4.2012 to 31.3.2013.

I. Background

Power is a vital sector of every economy. History of power supply in Delhi dates back to 1905 when a private British Firm known as "John Flaming and Co." established a small generation and distribution company to serve the skeleton population of Delhi. After several mutations, "Delhi Electric Supply Board" was formed as per 'Electricity (Supply) Act, 1948' but with the enactment of Delhi Municipal Corporation Act (1957), DSEB was replaced by Delhi Electric Supply Undertaking (DESU) as a wing of Municipal Corporation of Delhi (MCD). DESU was under obligation to develop and maintain efficiency, coordinated economical system of electric supply for whole of Union Territory of Delhi.

2. Population of Delhi has grown from 26.5 lacs in 1961 to 140 lacs in 2004. The demand for power has accordingly increased. The process of unplanned urbanization has overtaken the planned development of Delhi putting extra strain on the existing transmission and distribution system. With a view to carry out the reforms and in line with the recommendations of Ballakrishan Committee, Delhi Vidyut Board (DVB) was formed in 1997 as successor to DESU. Subsequently, Delhi Vidyut Board was unbundled into six entities, w.e.f.01.07.2002:-

Holding Company
Delhi Power Company Limited (DPCL)

Transmission Company
Delhi Transco Limited (DTL)

Generation Company
Indraprastha Power Generation Company Limited (IPGCL)

Distribution Companies (DISCOMs)
Tata Power Delhi Distribution Limited. (TPDDL)
BSES Rajdhani Power Limited (BRPL)
BSES Yamuna Power Limited (BYPL)

51 *percent* shareholding in the distribution business was thereafter disinvested by GNCTD and three distribution companies, namely TPDDL, BRPL and BYPL were then looking after the distribution sector in Delhi. A Regulatiory Commission, namely Delhi Electricity Regulatory Commission (DERC) has also been constituted as provided under the Electricity Act, 2003.

3. Rule 2 of the Government of National Capital Territory of Delhi (Allocation of Business) Rules, 1993, provides that the business of the GNCTD shall be transacted in the Department and offices specified in the schedule and as per schedule No.26, Generation and Supply of electric power is to be dealt by the Department of Urban Development, GNCTD under Allocation of Business Rule, 1993.

4. The need for a separate Department of Power was not felt earlier as DESU and DVB (since 24.02.1997) was the sole agency responsible for generation, transmission and distribution of electricity in Delhi. The Electricity Branch under Department of Urban Development looked into sanction of electricity connections. Later on, work relating to tariff, Administration and polices of DVB was allocated to the Electricity Branch. Policy decisions regarding domestic and commercial connections, new projects and court cases were also assigned to this Branch. The proposal for creation of an independent power department dates back to the year 2000 when the then Pr. Secretary (Power) had strongly recommended for its creation to meet the new upcoming role of Government consequent upon the publication of white paper on Power Sector Reform by Government in 1999 for bringing structural changes/reforms in Delhi. The Cabinet of GNCTD vide its decision dated 1.09.2000 approved the proposal for the creation of a Department of Power subject to the condition that only 12 posts agreed by the Finance Department will be sanctioned.

Power Department released loans, grant in aid and subsidy to various department/companies through Urban Development, GNCTD till March 2010 and thereafter Power Department became separate wing and started disbursing the same.

II. Present Structure & functioning of the Power Department

5. The role and functions of government in the changed scenario of the Power Sector reforms has become more important, vibrant and issue specific with emphasis on the need of taking appropriate policy decision, regulations and legislations in various matters. The ultimate objective of the government is to get the vision realized in making the Power sector in Delhi to be self sustaining and financially viable. The role of the government has become such so as to see if the public interest is getting adequately protected by ensuring quality and uninterrupted power supply to the consumers in Delhi at a reasonable cost and simultaneously that of a facilitator to help the new entities through execution and legislation of various rules/Acts/policies keeping in view the new Electricity Act, 2003 or any other Act.

6. In the present form, Power Department is executing the following functions:

(i) Administrative issues like appointment, fixation of seniority, fixation of pay etc of the senior officers/Directors of the new entities created after Power Sector Reforms including DERC, Trust for DVB pensioners, Genco and Transco.

(ii) Supervision over and getting EFC clearance for the implementation of various schemes/projects for augmentation of transmission and generation capacity etc.

(iii) Formulation of schemes and implementation thereof for augmentation of power supply position in Delhi to ensure 24x7 power supply.

(iv) Settlement of various legal issues emerging from transfer Scheme Rules.

(v) Policy formulation/legislation/constitution of Committees etc. to implement various provisions of Electricity Act, 2003.

(vi) Formulation, monitoring and release of plan and non-plan budget to various entities (Transco, Genco, DERC, APDRP. Loan & grant to DISCOMs).

(vii) Allotment of land to the new entities (Genco, Discoms) for augmentation of transmission and distribution network.

(viii) To liaise with Ministry of Power, GOI and other Ministries, Planning Commission etc. for formulation of Annual/Five Year Plans, resource estimation, APDRP scheme in the Power sector etc.

(ix) Processing and taking timely action to redress public grievances.

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III. Organisational Structure

7. The Cabinet of GNCTD vide its decision No.542 dated 01.09.2000 approved the proposal for the creation of a Department of Power subject to the conditions that only 12 posts agreed by the Finance Department will be sanctioned. In October 2009 GNCTD revised the posts as under: -

(i)	Additional Secretary	01
(ii)	Dy. Secretary	01
(iii)	Dy. Director (Plg)	01
(iv)	Accounts Officer	01
(v)	Assistant	02
(vi)	UDC	03
(v)	LDC	02
(vi)	Peon	01
	Total	**12**

The sanctioned posts were revised to 15 posts against which actual strength was 11 posts as on 31 March 2013.

IV Current Audit

8. **Party personnel**: The transaction audit of the Department of Power, GNCTD was conducted by Shri Pankaj Vaid, Sr. Audit officer and Sh. Pradip Kumar Auditor from 21.2.2014 to 02.04.2014.

Part-II A

Para 1 Release of Funds amounting to Rs. 9.01 crore to DTTDC for Shifting of 66 KV line for development of Delhi Haat, Mayur Vihar in violation of policy approved by the Cabinet of GNCTD.

For shifting of HT(11000 V & 33000V/LT(400V) electricity transmission lines posing threat to human lives, a policy was approved by the Cabinet of Government of NCT of Delhi in November 2009 which stipulated the parameters and extent of funding by the Department of Power and other agencies for bearing the expenditure on shifting of HT/LT lines.

For development of Delhi Haat at Mayur Vihar by Delhi Tourism and Development Corporation Ltd. (DTTDC), 66KV overhead lines were required to be shifted. DTTDC approached BSES Yamuna Power Ltd (BYPL) in August 2012 for shifting of 66 KV line and preparation of estimate thereof. BYPL submitted the estimates amounting to Rs. 901.22 lakh with completion of work in two months after depositing the money with them. The estimates were vetted by DTL at Rs. 900.51 lakh and forwarded to Department of Power on 11.3.2013. The Department of power GNCTD sanctioned the expenditure of Rs.900.51 lakh and 100% advance drawl for payment to M/s DTTDC for shifting of 66 KV HT line from Delhi Haat Mayur Vihar new Delhi. {debitable to Head 2801 E.2(2)(1)(60)} with the conditions that :

1. The proposal was within the parameters of existing policy of shifting of lines.
2. Shifting of lines was the only alternative and expenditure to be incurred will serve its purpose.
3. The estimates submitted by discom for the work will be evaluated, scrutinized and vetted by DTL for technical, administrative and financial aspects. Power department will finalize the cost of work.
4. The utilization certificate will be submitted by DTTDC.

The Department of Power released the 100% advance payment of Rs.900.51 lakh to DTTDC on 26.3.2013.

In this regard the following was observed in Audit:

1. The policy approved by the Cabinet of Government of NCT of Delhi in November 2009 clearly mentions that the scope of HT/LT lines to be covered will include the HT transmission lines of 11KV as well as 33 KV and LT lines of 400V associated with the HT network. Audit, however, observed that the expenditure of Rs.900.51 lakh for 100 % advance payment was sanctioned for shifting of 66 KV lines which was not covered under the policy approved by the Cabinet and thus the sanction of Rs. 900.51 lakh was not in order. Further, sanction dated 25 March 2013 also subject to the condition that the proposal was to be within the existing policy, however, it was not adhered to before releasing the payment to DTTDC.

2. The Planning Department of GNCTD also objected (January 2013) to the proposal on the grounds of non coverage under the approved policy and recorded that inclusion of this proposal requires extension of the scope of the current policy approved by the Cabinet. Audit noticed that despite the Planning Department did not agree to the proposal, the same was approved and payment was released by the Department of Power.

3. As per policy " *In case of HT/LT lines passing through government institution, public authority building, schools, hospitals colleges of public nature and which are owned by the government, 100% of the funding would be met by the concerned department/agency for shifting of the line.* In this case the concerned department/agency was DTTDC (State PSU), therefore, the funding was required to be met by DTTDC.

4. As per BYPL's submission, the work was to be completed after 2 months from the date of releasing the payment to them. Audit however noticed that there was nothing on records to show whether the work was completed by BYPL and what the actual cost of work was. Audit also noticed that after release of advance to DTTDC in March 2013, no correspondence with DTTDC/BYPL was on records till date (March 2014). As such the department was not aware whether the funds have been released by DTTDC to BYPL and work has been done by BYPL.

5. As per sanction order dated 25 March 2013, DTTDC was required to submit utilization certificate for the funds released to them, however, till March 2014 no utilization certificate was submitted by DTTDC and the Department of power also never asked for the same from DTTDC.

Part-II B

Para 1: Ignorance of execution of work by Discoms due to non obtaining of utilization certificates/work completion certificates after releasing of Rs. 6.21 crore (50% share of Department of Power) to Discoms towards cost of shifting of HT/LT Electricity line.

As per policy approved by GNCTD in November 2009 regarding shifting of HT(11/ 33KV)/LT (400 V) electricity transmission lines posing threat to human lives in respect of regularized unauthorized colonies including urbanized villages and resettlement colonies, 50% of the cost of shifting will be borne from MLALAD funds and the balance 50% would be borne by the government from the budged of the power department.

The following procedure is to be followed for releasing of funds for shifting of HT/LT lines.

- A request is submitted by MLA for shifting of HT/LT lines to power Department under intimation to Urban Development (UD) Department.
- The power department will request concerned DISCOM for studying the feasibility of the proposal.
- Estimates are prepared by DISCOMs and verified by DTL.
- DISCOMs will obtain necessary approvals from the road owning agency.
- After vetting the estimate the power department would release its 50% share of total estimated cost to concerned Discom and forward a copy of estimates. to UD department for release of balance 50% cost of estimate.
- The UD department will release the balance funds.

Under the above policy, the Department of Power released Rs. **6.21 crore (17 cases)** to three DISCOMS (NDPL, BRPL & BYPL) during the year 2012-13 towards 50% share of Department of Power for shifting of HT/LT lines as per details given in Annexure.

In this regard the following was observed in Audit:

1. Audit Scrutiny revealed that after releasing its 50% share to the DISCOM, there were no correspondences on records with DISCOM/Urban Development Department to show that the work was satisfactorily completed by the DISCOMs. The Department of Power never enquired from Discoms in any of the 17 cases about (i) whether the work has been completed, (ii) details of actual expenditure incurred on the work, (iii) furnishing of work Completion Certificate, (iv) furnishing of utilization certificate for funds released by the Department of Power.
2. In the absence of details of completion of work, the Department of power was not aware whether the funds released by it were actually utilized for the intended purpose. Audit noticed that the department after relasing of its share of 50% of estimated cost did not reflect any concern on the issues. Status of completion of work/ utilization certificate may be obtained from DISCOMs and may please be intimated to Audit.

3. Audit also noticed that the Department had not maintained any register for recording the funds released to DISCOMs for shifting of HT/LT lines which may reflect various details viz. date of sanction, amount of sanction, schedule date of completion of work, actual date of completion of work, receipt of utilization certificate etc. It is suggested that a register should to be maintained for proper monitoring of funds released by the Government to private DISCOMs.

4. Further noticed that utilization certificate in respect of funds released during the period prior to April 2012 were also not obtained from DISCOMs. The details of funds released by Department of power to DISCOMs for the period from 2010-11 to 2011-12 and receipt of utilization certificate needs to be made available to Audit.

Para 2: Violations of conditions of sanction order due to releasing payment of Rs. 83.32 lakh towards land premium which was under encroachment and resulting non possession of land required for setting up a 66 KV grid Sub station at village Meethapur.

In order to strengthen the power distribution network or reliable power supply a urgent need to establish a 66 KV Grid Substation at village Meethapur, BSES Rajdhani Power Limited (BRPL) submitted a request in department of power for allotment of Gram Sabha Land to establish 66 KV Grid Electric Sub station (ESS) at Meethapur in Badarpur constituency, south Delhi in February 2011 and a piece of land measuring 3250 sqm (4 Bigha 18 Biswa or say 1.02 acre) was identified in at village Molarband Tehsil Kalkaji South Delhi. The matter was taken up with Dy. Commissioner South for allotment of 3250 sqm land in July 2011. It was brought on records that out of the total land required only 1500 sqyds(1254.19 sqm) was free from encroachment and rest of land was under encroachment. BRPL declined (August 2011) to accept the 1500 sq yards land and requested for allotment of 3250 sqm of land for setting up of 66 KV grid ESS. The SDM, Kalkaji requested (17.9.2011) the Power department to take the possession of vacant land to avoid further encroachment by public as the demarcation process of the land will take more time.

The demand for 4 Bigha 18 Biswa (1.02 acre) land was raised by the Director, Panchayat, GNCTD, on 5.7.2012 for Rs. 8332042/- (@ Rs.81.62 lakh per acre and ground rent of Rs.2.08 lakh @ 2.5% of premium money p.a.)

The sanction of Finance Department GNCTD for incurring expenditure of Rs.8332042 was conveyed vide sanction order dated 7.8.2012 for making payment to Gram Sabha Molarband subject to condition that the land/plot in question is free from encroachment/encumbrances. The Department of Power made payment of Rs. 8332042/- to Gram Sabha on 3.10.2012(Cheque No. 183952 dated 20.9.2012). The possession of partial land measuring 1500 sqyd which was free from encroachment was taken over by Department of power/BRPL on 23.11.2012. The remaining piece of land measuring 1995.81 sqm (2387 sqyds[1]) was yet to be handed over to the Department of Power/BRPL till February 2014.

In this regard the following was observed in Audit:

1. The sanction order for payment of Rs. 83.32 lakh clearly mentioned that the expenditure was sanctioned subject to the condition that the land/plot in question was free from encroachment/encumbrances; however, the entire payment was made by the Department of Power despite having well aware of the fact that only 1500 sq yds of total land was free from encroachment. The department of planning also (July 2012) recorded before issuance of sanction order that Administrative Department may ensure before making payment that the land is free from any type of encroachment. This was also not adhered to. Thus releasing the payment amounting to Rs.83.32 lakh was in violation of sanction order and also of Planning Department's approval.
2. Despite making the entire payment by the Department to Gram Sabha in October 2012, the required land has not been under the possession of the Department till February 2014 and thus the intended purpose of setting up of 66 KV grid substation could not be achieved. Audit noticed that there was inadequate follow up by Department of power, as reminders to Director (Panchayat) were issued only on two occasions during the period January 2013 to February 2014.
3. Audit further noticed that out of 1500 Sqyds land handed over to Department, there was further encroachment on the 500 sqyds reflecting that proper safeguard of land was not taken after taking over ht possession of 1500 Sqyds. The action taken in this regard may please be intimated to audit.
4. It may be intimated whether the annual lease licence fee @20% has been paid by BRPL for 1500 sqyds of land handed over to BRPL from the date of handing over. The details may be made available to Audit.

Para 3: Releasing of 50% share of Rs.1.01 crore towards cost of shifting of HT overhead line passing over Gopal Pur Chaupal and Laxmi Park Feeder (Rs. 21.15 lakh to TPDDL and Rs.80.18 lakh to BRPL) without synchronizing with releasing of 50% share by Urban Development Department.

As per policy approved by GNCTD in November 2009 regarding shifting of HT/LT electricity transmission lines posing treat to human lives in respect of regularized unauthorized colonies including urbanized villages and resettlement colonies, 50% of the cost of shifting will be borne from MLALAD funds and the balance 50% would be borne by the government from the budged of the power department.

Audit observed that the Department of Power without synchronizing the releasing of funds by the Urban Development Department, released its share of Rs.101.33 lakh to Discoms

[1] One square meter = 1.196 square yards

(Rs.80.18 lakh to BRPL and Rs. 21.15 lakh to NDPL) lateron it was found that the MLALAD funds were exhausted and therefore 50% share to be released by Urban Development Department was not released in respect of following cases.

A. Shifting/ conversion of HT overhead line passing over Laxmi Park Feeder

Pursuant to a reference received from Nangloi MLA for shifting /conversion of OH 11KV line passing over houses into Under Ground 11 KV cable at Laxmi Park feeder, the Department of Power released Rs. 80.18 lakh being the 50% share of the total estimated cost of Rs. 1.60 crore to BRPL (Rs. 60 lakh on 18 October 2012 and Rs. 20.18 lakh on 25 February 2013).After releasing of Rs. 60 lakh by Power Department to BRPL, the Department of Urban Development informed (December 2012) that the MLALAD funds for the concerned MLA were exhausted and UD Department was unable to release of their 50% share of estimated cost. Audit observed that the funds were not released by urban Development Department till June 2013 and thereafter no correspondence were on records till March 2014.

B. Shifting of HT overhead line passing over Gopal Pur Chaupal

Similarly pursuant to a reference received from Timarpur MLA, the Department of power released an amount of Rs. 21.15 lakh towards payment of 50% of the estimated cost (i.e 42.31 lakh) to M/s TPDDL (NDPL) (Discom) on 6.2.2013 towards shifting of HT overhead line passing over Gopal Pur Chaupal. Thereafter, the Department of Power approached (7 February 2013) Urban Development Ministry GNCTD for releasing of remaining 50% share of Rs. 21.15 lakh from MLALAD funds to TPDDL. Audit observed that the Department Urban Development, GNCTD intimated (24 February 2013) that there was nil balance in the concerned MLA Fund account in the current financial year as such the amount would be released in next financial year after receipt of fresh request from the MLA. Audit observed that there was no correspondence from any department/agency till March 2014. There was nothing on record to show that the 50% share from MLALAD funds have been released by Urban Development Department to TPDDL for taking up the work.

Thus Department of Power was not aware whether Rs. 1.01 crore released to discoms were utilised for the intended purpose.

Para 4: Directly taking over of land by Discoms from land owning agency in violation of land allotment policy.

As per policy approved (June 2011) on allotment of land to power utilities for construction/expansion of power related infrastructure, the power department will send their requirement for land to DDA/L&DO/other land owning agencies through L&B department. The payment of land shall be made directly by Department of power to land owning agency. The Land owning agencies will allot the land to Department of power GNCTD which in turn hand over the land to concerned power utilities. The Department of power would sign a

Para 5: Non levy of annual ground rent @ 2.5% of land premium paid by GNCTD from Discoms.

As per policy for land allotment to public utilities, the Department of Power make payments to the land owning agency and take over the land for onward handing over to power utilities/discoms. Thereafter the department of power recovers licence fee @ 20 % of land premium from concerned power utilities/DISCOMs. The details of land pieces allotted by Department of Power to Discoms till March 2013 are given below :

Discom	No. of land pieces allotted till 31 March 2013	Total land premium paid by the Department of Power	Annual licence fees @20%
NDPL	69	101248829	20249777
BRPL	89	323018261	64603652
BYPL	29	28187861	5637572
		452454951	**90491001**

Audit noticed that the Delhi Development Authority/Land owning Agency allot land to Department of Power on payment of following:

- Land premium at the prescribed Zonal Variant Rates
- Ground rent @ 2.5% per annum on the total land premium charges

The Department of Power was taking over possession of land after making payment of Land premium and ground rent @2.5% thereon. Audit, however, observed that the ground rent paid by the Department was not being recovered from the Discoms at all i.e. neither first instalment of ground rent nor annual ground rent paid subsequently to DDA.

Audit scrutiny revealed that the policy for allotment of land to power utilities stipulates the recovery of annual licence fee @ 20% of land value. But licence fee recovered @ 20 % from Discoms only on the land premium paid by Department of power.

Due to non charging of ground rent paid by the Department of Power at the time of allotment of land as well annual ground rent paid by it, the expenditure was being borne by the GNCTD. **Thus non recovery of ground rent from Discoms was like unaccounted subsidy given by the Department of Power.** The Details of Ground rent paid by Department of Power to DDA/land owning agency at the time of first allotment of land and subsequently till March 2014 was yet to be intimated by the Department.

Para 6 Non recovery of interest/penal interest amounting to Rs. 20.08 lakh on the loan of Rs. 77.25 lakh to DTL in 2002-03 and non verification of repayments of principal amount of loan made by DTL.

The Government of NCT of Delhi sanctioned Rs.77.25 lakh to DTL for PMGY (Plan) work (Rural Electrification) vide sanction order No. F19/23/2002-2003/UD/Accts/3022 dated 31.3.2003. As per sanction period of loan was 15 years and interest rate was 13% p.a. normal rate and 2.75% p.a. penal interest rate. The installments were to be paid annually. The loan was released to DTL on 31.3.2003.

Audit noticed that there were no records with the Department of power with regard to recovery of loan of Rs. 77.25 lakh. However, at the instance of Audit, the Department of Power took up the matter with DTL in January 2013 and DTL vide letter dated 31.1.2013 intimated the Department that DTL had repaid the loan to GNCTD in 2004-05. However, it failed to intimate the cheque number and date of repayment of loan of Rs.77.25 lakh to GNCTD alongwith details of clearance of the cheque. In the absence of which the Department of Power was not in a position to verify the repayment of Rs.77.25 lakh made by DTL.

Further, though DTL stated to have paid the principal amount of Rs. 77.25 lakh, the normal interest @13% and penal interest @ 2.75% on principal recoverable as per sanction order, was not paid by DTL to GNCTD. Audit noticed that though the directions of Ministry of Finance of December 2010 and GFR Rule 220(i) (viii) desires reviewing of interest payments on quarterly basis, the department of Power did not pursue the matter after April 2013. As a result the interest for the period 1.4.2003 to 31.2005 amounting to Rs.20.08 lakh and penal interest thereon of Rs. @ 2.75% p.a. remained unpaid till March 2014. Audit also noticed that the Department has not calculated the interest/penal interest so far.

Para 7: Non taking over the possession of land from DDA despite making payment of Rs. 11.43 crore in March 2013 by Power Department for setting up a 220/66 KV and 66/11 KV of GIS substation jointly by DTL and BRPL at Molarband.

For setting up of a 220/66 KV and 66/11 KV of GIS substation jointly by DTL and BRPL by installing a combined state of art 220 KV GIS in Molarband area the GNCTD requested DDA for allotment of land (9.11.2012) in Response DDA issued demand cum allotment letter 26.11.12 land measuring 8550 sqm and raised demand of Rs. 11,43,48,425 including land premium ground rent and document charges for construction of 220/66 Kv and 11/66 KV (Rs.1115.60 lakh Land premium + 27.89 lakh ground Rent + Rs. 45 documentation charges). The payment of Rs. 11.43 crore was released by GNCTD to DDA on 20.3.2013 and remaining Rs. 48525/- was released in May 2013. DDA vide letter dated 24.6.2013 requested the department of power to fix a date for taking over the possession of 8550 sqm land at Molar band.

In this regard the following was observed in Audit:

1. Audit observed that despite the payment of Rs. 11.43 crore was released to DDA in March 2013, the possession of land was not taken over by the department of Power/DTL/BRPL till March 2014 as DTL refused to pay the annual licence fee @20% of the land premium paid by the Department of Power. BRPL however, agreed to pay annual licence fee @ 20% on the proportionate land (3388 sqm) allotted for 66/11 KV substation.

2. Thus, due to not taking over the possession of land till March 2014, on the one hand work for setting up of 220 KV substation was not started and on the other hand licence fee bills @20% of land premium paid by Department could not be recovered from Discom.

Para 8 **Poor Monitoring of the disbursal of loan funds of Rs.2991.71 crore by Power Department resulting in unreconciled loan of Rs. 1675.35 crore.**

The Department of Power has been releasing loans to Delhi Power Company Limited (DPCL), Indraprastha Power Generation Company Limited (IPGCL). Pragati Power Corporation Limited (PPCL) and Delhi Transco Limited (DTL) since 2002-03 onwards. The loans for the period up to 31.3.2010 were released by Urban Development Department (under which the Power Department was working till 31.3.3010) and with effect from April. 2010, Power Department was releasing loan to above companies. A scrutiny of records of the Power Department revealed that although huge sums of loan were given to these companies, but their recovery of loan/interest/penal interest was not monitored by Power Department in violation of terms and conditions of loan/government rules. As per records produced to audit the details of loans disbursed by GNCTD to Power PSUs upto March 2013 and recovery thereof are given below:-

Details of loans given by Department of Power GNCTD to Power Companies (PSUs) as on 31 March 2013

(Rs. In crore)

Sl. No.	Name of the PSU	Loan outstanding as on 31 March	Loan released during 2012-13	Total Loan	Amount of principal paid till date	Out standing Principal	As per Compnay's audited accounts as on 31.3.2013	Difference/ unreconciled amount	Interest/penal interest leviable on loan as on 31.3.2013
1	DTL	616.36	-	616.36	58.56	557.80	579.03	21.23	Not worked out by Department of Power pending reconciliation of outstanding principal amount
2	DPCL	970.17	-	970.17	Department informed that loan needs to be reconciled.	Department informed that loan needs to be reconciled.	0	Loan amount and repayments not reconciled by Department of power	
3	IPGCL	405.18	300.00	705.18	Department informed that reconciliation is under process for Missing entries of repayment and differences	Department informed that Reconcilia tion is under process	610.89	Loan amount and repayments not reconciled by Department of Power	
4	PPCL	300.00	400.00	700.00	13.33	686.67	686.67	0	
		2291.71	**700.00**	**2991.71**	**71.89**	**1244.47**	**1876.59**		

In this regard, the following was observed in Audit:-

1. The GFR Rule 220(i) (viii) and Govt. of India, Ministry of Finance Office Memorandum dated 31.12.2010, specifically states that the Ministries/ Departments are required to keep close watch on timely repayments of loans advanced by them and **recovery of interest thereon**. GFR Rule (220) provides for a notice in Form GFR-36 to be given to the borrowers a month in advance of the due date of payment of installment of principal and/or interest thereon. Further, repayments / interest payments due from the loanees should also be reviewed at least quarterly and where any default has occurred, a fresh notice should be served on the borrower to arrange payments with penal/higher rate of interest

   It may be seen from the above table that the Power Department failed to monitor the recovery of huge sum of loans of Rs.2991.71 Crore advanced to Govt. PSUs up to 31st March, 2013 against which an amount of Rs.71.89 Crore could be recovered during the year 2012-13 from DTL (Rs.58.56 crore), PPCL (Rs.13.33 crore), IGPCL (nil payment) DPCL(Nil payment). The Department informed to Audit (March 2014) that in respect of payments made by IPGCL and DPCL upto March 2012, the reconciliation was to be done.

   Audit noticed out of the outstanding amount of Rs.2919.82 crore, a sum of Rs.1244.47 crore was reconciled with PSUs and loans of Rs.1675.35 crore were unreconciled as on 31.3.2013. Audit further noticed that as per audited accounts of above four PSUs as on 31.3.2013, a sum of Rs.1876.59 Crore was shown as payable to GNCTD on account of outstanding loan in respect of four PSUs. Besides this there was a difference of Rs.21.23 crore between outstanding principal loan shown by DTL and Department of Power.

   Scrutiny of records revealed that notices for reconciliation to PSUs were issued only on two occasions in April 2012 and July 2012 during the year 2012-13. Due to non monitoring of repayment of loans huge loan amount was lying unreconciled. Reason for non-monitoring of repayment of loans/interest and non-issuance of notice to borrowers a month in advance of the due date of payment of installment of loan/interest may please be intimated to Audit.

2. Power Department has been releasing loan to above Govt. Companies for the last ten year viz 2002-03 onwards. Non-monitoring of the recovery of loan / interest by the Department has further resulted in a situation that after a time span of more than ten years, **it is not in a position to recognize the amount due towards interest/penal interest on the disbursed loan of Rs.2991.71 Crore.** This being involving possible loss of Government revenue, is a serious matter and requires immediate attention. It was informed to Audit that pending reconciliation it is not possible to arrive at the interest/penal interest recoverable from PSUs.

3. A built-in internal control system and adherence to codes and manuals minimize the risk of errors and irregularities. In the present case the Department of Power is not in a position to ascertain the amount of Loan/interest/penal interest recoverable by Government despite assurances by the department, clearly shows that the internal control system of the organization was poor and required to be addressed at higher level.

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General

General conditions of the accounts of the Department of Power Govt. of NCT of Delhi, 8th Level, B Wing Delhi Secretariat, New Delhi 110002 for the period 2012-13 was found satisfactory subject to the observations made in the Inspection Report.

The Inspection Report has been prepared on the basis of information furnished and records made available by the Department of Power Govt. of NCT of Delhi, 8th Level, B Wing Delhi Secretariat, New Delhi 110002, for the year 2012-13. The office of the Pr. Accountant General (Audit) Delhi disclaims any responsibility for any mis-information or/and non-information on the part of the auditee.

Dmehta 1/5/14

Audit Officer (ES)