

CHAPTER-VIII : OTHER DEPARTMENTAL RECEIPTS

8.1 Results of Audit

We test checked the records of 18 units relating to departmental receipts in the Departments of Energy, General Administration (Rent) and Co-operation during 2011-12 and found non-realisation of revenue, non/short-levy of revenue and other irregularities of ₹ 441.65 crore in 345 cases.

During the year 2011-12, the concerned Departments accepted non/short-levy, loss of revenue, etc., of ₹ 60.26 crore in 265 cases pointed out in 2011-12. While the Energy Department recovered ₹ 0.12 crore in two cases, the Co-operation Department recovered only ₹ 0.94 lakh in a single case.

8.2 Audit observations

We conducted test check of assessment records and other related documents of the Energy Department and found non/short-levy and realisation of revenue towards electricity duty as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test checks carried out by audit. Such omissions have also been pointed out by audit earlier; but these persist and remain undetected till the next audit. The Government may, therefore, consider issuing instructions for effective internal control mechanism to avoid recurrence of such omissions.

8.3 Non-compliance of provisions of Acts/Rules

Sub Section (1)(c) and (d) of Section 3 the Orissa Electricity Duty (OED) Act, 1961 and Rules made thereunder read with notifications and clarifications of the Government issued from time to time provide for:-

- (i) Self assessment/payment of Electricity Duty (ED) due at the prescribed rate of 20 paise per unit on auxilliary/captive consumption of energy by an Industrial Unit (IU) having a captive power plant within the prescribed period of 30 days from the month of consumption of energy.*
- (ii) levy of interest on belated payment of electricity duty at the rate of 18 per cent per annum.*
- (iii) initiation of penal action for non-filing of periodcal returns in time.*

We noticed non-compliance of some of the above provisions which resulted in non/short-levy/realisation of revenue of ₹ 132.77 crore.

8.3.1 Non-levy of Electricity Duty and interest

As per Section 3(1)(d) of OED, Act, 1961 read with Rule 3(ii)(a) of the OED Rules and Notification of the Government dated 1 January 2006, ED is payable to the Government at the rate of 20 paise per unit by a person generating energy for his captive consumption within 30 days from the month of generation and consumption. As per the second proviso to Section 5(1)(c) of OED Act, 1961, in case of default interest at the rate of 18 *per cent* per annum is leviable.

During test check of records (February 2012) of Superintending Engineer (Project)-cum-Electrical Inspector (Generation), Circle I, Keonjhar, we noticed that M/s SCAW Industries Pvt. Ltd. (now M/s Narbheram Power and Steel (P) Ltd.), an industrial unit (IU) installed a 8 MW Turbo Generator (TG) set for its captive generation and started generation of power since March 2005. As per

monthly returns, the IU generated 101.469 MU of energy from March 2005 to April 2010, out of which 27.474 MU were exported to Grid Corporation of Orissa Limited (GRIDCO) leaving a balance of 73.995 MU which attracted payment of ED. The IU paid ₹ 10.16 lakh towards ED (₹ 4.99 lakh on 27 September 2008 and ₹ 5.17 lakh on 20 March 2009). The balance ED payable up to April 2010 was ₹ 2.09 crore including interest of ₹ 71.16 lakh. The IU, however, started paying their monthly ED dues regularly from May 2010.

Government replied (August 2012) that SE (P)-Cum-EI (G), Circle I, Keonjhar had filed a certificate case against the firm for an amount ₹ 2.66 crore including interest up to March 2012.

8.3.2 Short-levy of Electricity Duty and interest thereon

During test check of records (October 2011) of Superintending Engineer (Project)-cum-Electrical Inspector (Generation), Circle-I, Keonjhar, we noticed that M/s Indian Metal and Ferro Alloys Limited generated 773.939 MU of energy from April 2010 to March 2011 (as per monthly returns), out of which 47.465 MU of energy was exported to GRIDCO (as per annual audited accounts) leaving a balance of 726.474 MU of energy for self consumption on which the IU was liable to pay ED. However, the IU exhibited 717.801 MU of energy towards self consumption, thereby showing less self consumption of 8.673 MU of energy. This led to short-levy of ED of ₹ 17.35 lakh and interest of ₹ 1.23 lakh.

We reported the matter to the Government (May 2012). The reply is yet to be received (January 2013).

8.3.3 Non-levy of Electricity Duty on auxiliary consumption

As per the OED Act, 1961 and Rules made thereunder read with the clarification of the Government notification dated 6 November 1999, the Auxiliary Consumption (AC) of total generation of energy of an Industrial Unit (IU) having a power plant was exempt from payment of ED up to 5 November 1999. As per Government notification dated 1 January 2006 ED on AC was leviable at the rate of 20 paise per unit. Further as per the second proviso to Section 5(i)(c) of OED Act, 1961, in case of default in payment of ED on time, interest at the rate of 18 *per cent* per annum is also leviable. As per para 18.10(A) of the Industrial Policy Resolution (IPR), 2001, captive power plant would be exempted of ED payable for a period of five years from the date of commissioning of the plant.

During test check of the monthly returns and other connected records of the (SE (P)- cum-EI (G), Circle-I, Keonjhar during October 2011, we noticed that M/s Bhusan Steel Ltd. generated 934.64 MU of energy during the period August 2009 to March 2011 through its two Captive Generating plants (33 MW and 77 MW). Though the IU exhibited 107.107 MU of energy towards auxiliary consumption in its monthly returns, it did not pay any ED thereon and the (SE (P)- cum-EI (G), Circle- I did not take action for levy of ED. This led to non-levy of ED of ₹ 2.14 crore and interest of ₹ 0.29 crore.

After we pointed out the case, the Government stated (December 2012) that the ED is leviable on the electricity sold out side other than to captive user. In the instant case no electricity is sold to out side. The contention of Government is not acceptable to audit as this was inconsistent with their order of January 2001 wherein Government decided to levy ED on AC of power generating units without any exception.

8.3.4 Non-levy of Electricity Duty and interest thereon

As per Section 3(1)(d) of OED, Act, 1961 and Rules made thereunder read with the notification of the Government dated 1 January 2006, ED is payable to Government at the rate of 20 paise per unit by a person generating energy for his captive consumption. In case of default in payment of ED on time, interest at the rate of 18 per cent per annum is also leviable as per second proviso to Section 5(1)(c) of the OED Act, 1961. As per para 18(10)(A) of the IPR, 2001 promulgated by Government of Odisha, Industrial Units (IUs) are exempted from payment of ED on fulfilment of certain terms and conditions for a period of five years from the date of commissioning of the plant.

During test check of monthly return and connected documents (February 2012) thereon of the Superintending Engineer (Project)-cum-Electrical Inspector (Generation), Circle II, Jeypore, we noticed that M/s Vedanta Aluminium Limited (VAL), Jharsuguda commissioned nine Captive Generation Plants (CGPs) of 135 MW capacity each during the period April 2009 to February 2010. VAL was accorded IPR exemption only in respect of four CGPs (Unit 2, Unit 3, Unit 4 and

Unit 5) by the Competent Authority in September 2009 and no exemption was accorded in respect of other five¹ generation units. VAL generated 6,362.987 Mega Unit (MU) of energy from these five generating units during the period 2009-10 and 2010-11 and exported 649.907 MU of energy to GRIDCO leaving a balance of 5,713.080 MU of energy for self consumption; but it did not pay any ED on self consumption on grounds that application for exemption from payment of ED was under process. The stand of VAL is incorrect as no such exemption order was received till the date of audit and the Department failed to notice the above lapse, demand against the VAL not being raised, leading to non-payment of ED of ₹ 114.26 crore and interest of ₹ 13.80 crore.

¹ 1. Unit -I,VI,VII, VIII and IX (135 MW each),

After we pointed this out, the Chief Engineer (Project)-cum- Chief-Electrical Inspector (Generation) issued a demand notice in June 2012 against VAL for realisation of ED of ₹ 262.73 crore in respect of five generation units up to March 2012.

We reported the matter to the Government in July 2012. The reply is awaited (January 2013).

**Bhubaneswar
The**

**(S. R. DHALL)
Accountant General (E & RSA)
Odisha**

Countersigned

**New Delhi
The**

**(VINOD RAI)
Comptroller and Auditor General of India**