

## CHAPTER-IV: ELECTRICITY DUTY

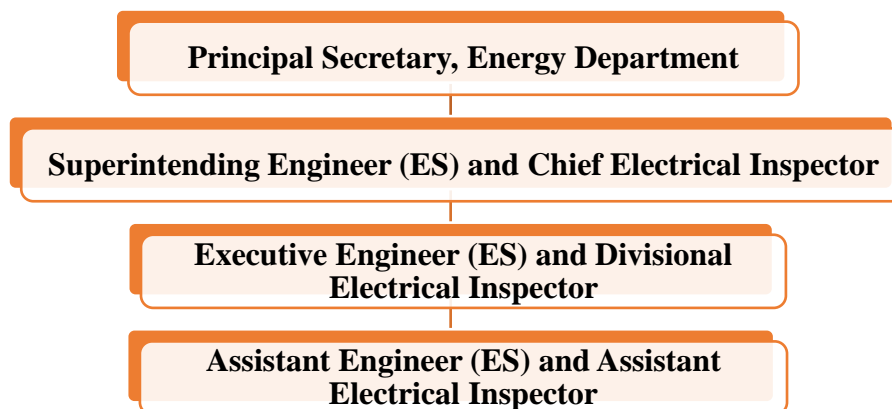
### 4.1 Tax administration

Chief Electrical Inspector is responsible for ensuring that the electricity duty rates are applied correctly, deposited timely by electricity producers, and interest is levied on any delay in payment. He is also responsible for inspection of electricity related accidents, and ascertaining reasons thereof.

The Principal Secretary of the Energy Department is the Head of the Department at Government level. The office of the Chief Electrical Inspector is headed by the Superintending Engineer (Electrical Safety) and Chief Electrical Inspector (CEI). The producers of electrical energy provide the information regarding production, self-consumption, auxiliary consumption, and sale or supply of energy to other consumers of electrical energy in the prescribed form 'G' on monthly basis. On the basis of form 'G', electricity duty is determined and collected by the Department.

The CEI is assisted by five Executive Engineers (Electrical Safety) and Divisional Electrical Inspectors (DEI) at the division level and 10 Assistant Engineers (Electrical Safety) and Assistant Electrical Inspectors (AEI) at the sub division level. The organisational set up of the Department is given in **Chart 4.1** below.

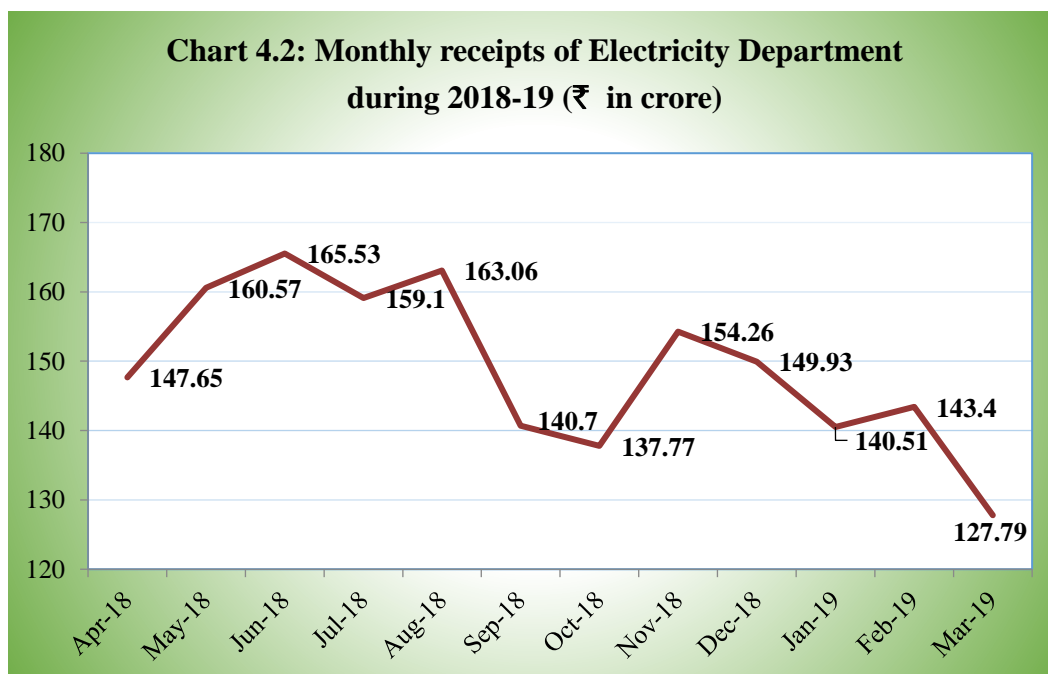
**Chart 4.1: Organisational set up**



Electricity duty contributed 6.15 *per cent* of State's own revenue (tax and non-tax), and 2.75 *per cent* of the total revenue<sup>1</sup> of the State Government during 2018-19.

There was wide variation in Electricity (Energy) Department receipts across the months during 2018-19 with June 2018 and March 2019 accounting for 9.25 *per cent* and 7.14 *per cent* respectively of the total receipts of ₹ 1,790.27 crore for the year, as can be seen from the **Chart 4.2** given below.

<sup>1</sup> Includes State's own revenue, Grants-in-aid and Share of net proceeds of divisible Union taxes and duties.



Receipts from Electricity Duty (ED) are regulated from the following Act, Rules and Circulars:

- Electricity Act, 2003;
- Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulation, 2010;
- Chhattisgarh Cinema (Regulation), 1972;
- Chhattisgarh Licensing Board (Electrical) Regulations, 1960
- Chhattisgarh Electricity Duty Act and Rules, 1949;
- Chhattisgarh *Upkar Adhiniyam*, 1981 and
- Notifications/circulars issued by the Government and the Department from time to time.

## 4.2 Results of audit

Audit test checked records of two<sup>2</sup> units out of 16 units relating to Energy Department in 2018-19 to gain assurance that the fees are levied, collected and accounted for in accordance with the relevant Acts, Codes and Manuals, and the interests of the Government are safeguarded. Revenue generated by the Department during the year 2017-18 aggregated ₹ 1,688.95 crore of which the audited units collected ₹ 1,461.66 crore i.e., 87 *per cent* of total revenue. Audit noticed irregularities involving ₹ 0.09 crore in 1,720 cases.

<sup>2</sup> Chief Electrical Inspector, Raipur and Assistant Engineer (ES) & Assistant Electrical Inspector, Sub Division-1, Raipur

The Department accepted audit observations of ₹ 0.09 crore involving 1,720 cases. However, no recovery has been made. Audit is pursuing the matter with the Department.

In response to factual statement (10/2/2020) relating to earlier audit period from March 2017 to February 2018, Department intimated (May and August 2020) recovery of ₹ 1.23 crore in two cases.

### 4.3 Non-levy of interest on delayed payment of electricity duty

#### **Failure on the part of CEI to levy interest on delayed payment of electricity duty resulted in non-realisation of interest of ₹ 1.24 crore**

As per Rule 5 (1) of the Chhattisgarh Electricity Duty Rules, 1949, where duty is not paid within the period specified in Rule 3, the same shall be paid with interest thereon. Further, as per Rule 5(2), the rate of interest payable shall be such as may be fixed by the Government by notification from time to time subject to a maximum of 24 *per cent* per annum. The Government has fixed the rate of interest for delay of payments for months ranging from three to 12 months and above from 12 *per cent* to 24 *per cent*, respectively.

During test check (March 2018) of records of 29 out of 79 producers of electrical energy in the office of Chief Electrical Inspector (CEI), Chhattisgarh, Audit noticed that two producers<sup>3</sup> of electrical energy paid the electricity duty amounting to ₹ 10.15 crore for consumption of electrical energy in their plants during the period between December 2016 and March 2017 after a delay of seven to eight months from the prescribed time. As per the Rule 5 above, interest amounting to ₹ 1.24 crore on delayed payment of electricity duty should have been levied by CEI. However, it was noticed that CEI did not levy any interest on the same. Thus, failure on the part of the CEI to levy interest on delayed payment of electricity duty resulted in non-realisation of revenue amounting to ₹ 1.24 crore as detailed in *Appendix 4.1*.

The matter was reported (May 2020) to the Government/ Department for their comments. The CEI stated (May 2020) that in respect of the two producers the interest has not been received till date. Government reply has not been received (November 2020).

<sup>3</sup> Jindal Steel and Power Ltd., Raigarh and ACB (India) Ltd (2 x 135 MW), Kasaipalli, Korba.