CHAPTER II

COMPLIANCE AUDIT

This Chapter contains results of Compliance Audit of various Departments of the Government, their field formations and Autonomous Bodies. Instances of lapses in the management of resources and deficiencies in observance of the norms of regularity, propriety and economy are presented in the succeeding paragraphs.

2.1 Compliance Audit on Electricity Tariff, Metering, Billing and Collection System in Puducherry Electricity Department

ELECTRICITY DEPARTMENT

2.1.1 Introduction

The Electricity Department (ED) of the Government of Union Territory (UT) of Puducherry is a deemed licensee under Section 14 of the Electricity Act, 2003 which is engaged in the business of retail supply of electricity in the four regions of the UT of Puducherry *viz.,* Puducherry, Karaikal, Mahe and Yanam. The distribution of power is from the allocation of the Central Generating Stations[1] and procurement from Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) and the State owned Puducherry Power Corporation Limited. The Electricity Tariff for each financial year is determined by the Joint Electricity Regulatory Commission (JERC) for the State of Goa and Union Territories and based on tariff petition filed by ED annually.

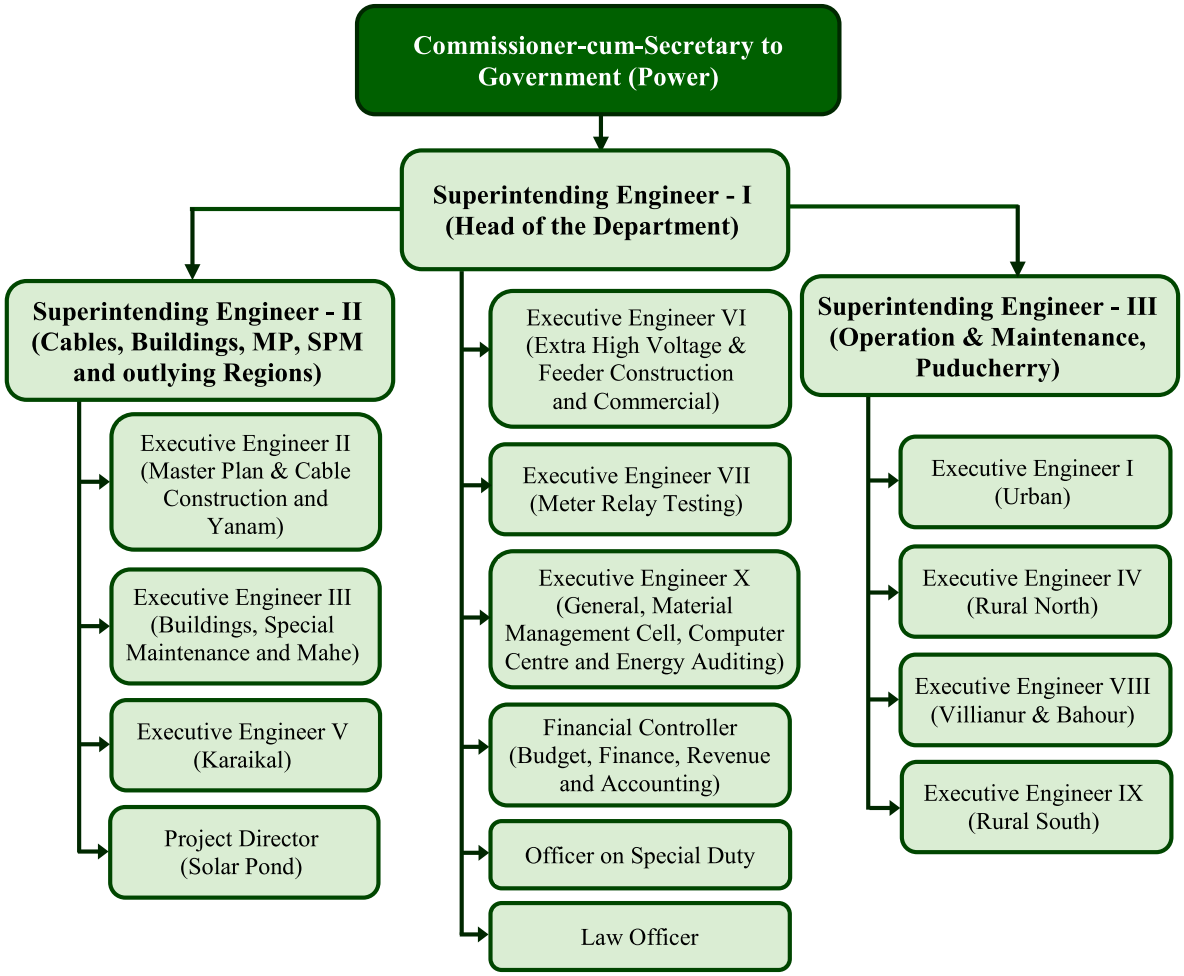
Electricity Department being a Government Department, its expenditure are budgeted under Grant No. 29 – Electricity and receipts are accounted for in Finance Accounts. It maintains its books of accounts as per the Government system of accounting, which essentially is cash based. In the Tariff order (February 2010), the JERC had given a directive to ED that it must prepare separate Financial statements and get the same audited. To comply with this regulatory requirement, accounts under accrual basis are prepared by ED from the year 2009-10, apart from the cash basis of accounting. The amounts received

[1] These include Neyveli Lignite Corporation India Limited, National Thermal Power Corporation Limited and Nuclear Power Corporation of India Limited.

from Agriculture Department as subsidy towards free supply of electricity to farmers are drawn and credited to ED account. The power procured is distributed to 4.76 lakh[2] Low Tension (LT) consumers and 549[3] High Tension (HT) consumers.

2.1.2 Organisational Setup

Electricity Department is headed by the Commissioner-cum-Secretary to Government (Power). ED is divided into three Circles and headed by Superintending Engineers (SEs). The SEs are assisted by the Executive Engineers (EEs) at field level. The Financial Controller is in charge of Budget, Finance, Revenue and Accounting matters, who reports to the Superintending Engineer-cum-Head of the Department. The organisational chart of ED is depicted below:



[2] Domestic - 3,55,370; Commercial - 56,351; Agricultural - 7,005; Public Lighting - 50,899 and Industrial - 6,782.

[3] Industrial and Commercial - 474; Government - 68 and Extra High Tension consumers - 7.

2.1.3 Audit Objectives

The objectives of compliance audit are to ascertain whether:

- Supply of power to all consumers were properly metered and billed effectively;
- efficient collection and proper accounting of revenue were ensured and
- internal control and internal audit mechanisms were adequate and effective.

2.1.4 Audit Criteria

The audit criteria adopted for assessing the achievement of audit objectives is derived from the following:

- The Electricity Act, 2003 and National Electricity Policy, 2005;
- Regulations issued from time to time by Central Electricity Authority and Joint Electricity Regulatory Commission and Tariff orders issued by JERC;
- Guidelines/directions/circulars issued by the Ministry of Power, Central Electricity Authority, Government of Puducherry and JERC.

2.1.5 Scope and methodology of audit

The objective of this Compliance Audit was to assess whether the entire cost of providing electricity to the consumer is being recovered through an efficient billing system and effective collection of revenue. Here the term 'revenue' relates to the amount realised by the ED from sale of power. The compliance audit of transactions relating to electricity bill and collection of revenue was conducted between September 2020 and March 2021 covering the three-year period ending 2019-20. The Entry Conference was held in October 2020 wherein the audit objectives, criteria and audit methodology were discussed. During the compliance audit, the records maintained at the Secretariat of ED, offices of SEs, EEs and Section Offices were examined and an exit conference was held (June 2021) with the Government to discuss the audit observations and replies furnished are suitably incorporated.

Audit Findings

2.1.6 Increasing trend of revenue gap

The Electricity Act, 2003 stipulates to maintain a healthy balance between the interests of Electricity Utilities[4] and the cost of power supplied to consumers.

[4] In respect of UT of Puducherry, ED is the Electricity Utility.

As such, the tariff design in general is guided by the principles like total cost of supply of electricity, affordability of the consumers to pay for electricity consumption, revenue stability of the Utility, etc. It was, however, seen that revenue realised on sale of power by ED was not able to cover the entire cost of power supplied, therefore, the revenue gap[5] increased during the last three financial years as detailed in **Table 2.1**.

Table 2.1: Revenue gap during 2017-20

(₹ in crore)

Particulars	2017-18	2018-19	2019-20
Revenue gap at the beginning of the year	94.05	97.57	146.96
Add **:** Revenue gap during the year	--	39.99	210.86
Less **:** Surplus during the year	3.85	--	--
Total / Net revenue gap	**90.20**	**137.56**	**357.82**
Carrying cost	7.37	9.40	18.07
Final revenue gap	**97.57**	**146.96**	**375.89**

(Source: Details as per JERC Tariff order)

The cumulative revenue gap was ₹ 97.57 crore in 2017-18 which subsequently increased to ₹ 375.89 crore (an increase of 285 *per cent* from 2017-18) at the end of 2019-20. Apart from the increase in power cost and inclusion of arrears of power purchase cost, the following factors contributed to large scale increase in revenue gap:

- Excessive Transmission and Distribution (T&D) loss amounting to ₹ 69.51 crore was above the norms (Paragraph 2.1.7.1)
- Disallowance of cost by JERC to the extent of ₹ 69.22 crore (Paragraph 2.1.7.2)
- Non-realisation of tariff subsidy of ₹ 23.73 crore from the Government (Paragraph 2.1.7.3)

The factors which contributed for increase in revenue gap are discussed in the succeeding paragraphs:

2.1.7 Truing-up process

JERC for the State of Goa and UTs (Terms and Conditions for Determination of Tariff) Regulations, 2009 stipulates that each licensee shall file Tariff application with JERC on or before 30 November of each year in the prescribed format, thereafter the tariff shall be operative from 1 April of subsequent financial year. This Tariff application shall include the statements of expected

[5] Revenue gap is the difference between the Aggregate Revenue Requirement (ARR) and the revenue from sale of power.

aggregate revenue, currently approved tariff and expected expenditure. Based on the tariff application, JERC approves the tariff structure. This tariff structure is also subject to revision if there is any objections raised by the public against Aggregate Revenue Requirement[6] (ARR) petition filed by the ED.

Thereafter, JERC undertakes Annual Performance Review of Tariff order based on actual performance (revenue and expenditure) during first half of the year, revised estimates for second half of the year and permits necessary adjustments/charges if the variations in revenue and expenditure are with justifiable reasons. This exercise is called "Review". Similarly, after audited accounts of a year are made available, the JERC carries out the same type of exercise with reference to audited accounts of the utility which is called 'Truing-up'.

As per clause 8(1) read with 8(3) of the JERC Regulations, 2009, the ED is required to submit True-Up petition within one year of "Review" for the relevant year. The **Table 2.2** shows the status of submission of True-Up petition by ED.

Table 2.2: Status of submission of True-up petitions

Year	Date of Review by JERC	Due date for submission of True-up petition to JERC	Actual Date of submission of True-up Petition by ED	Delay (in months)	Date of Truing-up by JERC
2017-18	28.03.2018	27.03.2019	06.12.2019	8 months	18.05.2020
2018-19	Not reviewed due to insufficient information submission by ED	Not applicable since not reviewed by JERC	06.12.2019	-	18.05.2020
2019-20	18.05.2020	17.05.2021	08.12.2020	Nil	07.04.2021

(Source: Tariff orders of JERC)

As is clear from **Table 2.2**, there was delay of more than eight months in submission of True-up petition for the year 2017-18. Hence, truing up was done by JERC after more than one year of Review. Further, for the year 2018-19, since ED failed to submit the information relating to quantum of energy sales, T&D loss level achieved as well as various cost elements which are necessary to conduct the Review, JERC did not carry out the Review exercise.

It was seen from the Tariff Order (May 2019) for the year 2019-20 that ED was not able to submit the audited accounts for the year 2017-18 due to constraints in getting approvals of the Government of Puducherry. The Commission directed ED to submit its audited accounts for the years 2017-18 and 2018-19 while submitting petition for determination of tariff for the year 2020-21.

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[6] Aggregate Revenue Requirement means the annual revenue requirement comprising of allowable expenses and return on capital.

Due to delay in submission of True-up petition for the year 2017-18, True-up orders were issued by JERC on 18 May 2020. Further, due to non-submission of requisite information to JERC, the Review for the year 2018-19 was not conducted. During truing-up exercise, JERC considers the variations between the approvals, actual income and expenditure for the relevant year and permits necessary adjustments/charges, etc. Thus, due to delay in submission of True-Up petition, ED lost the opportunity of timely adjustment of the revenue gap.

The Superintending Engineer-cum-Head of the Department (SE-I) stated (June 2021) that it neither has a separate accounts wing nor has Chartered Accountants to assist in the finalisation of accounts. The reply was not acceptable as there is an Accounts Section in ED headed by Financial Controller. JERC instructed (February 2010) to maintain accounts in the commercial accounting format from 2009-10 onwards. Thus, the ED should have strengthened the Accounts Section to adhere to the JERC instructions.

The SE-I also stated that delay in filing of True-Up petition has no bearing on the revenue gap as JERC had allowed the carrying cost for the year 2017-18 and revenue gap during 2017-18 had been accounted for during 2019-20. The reply is not acceptable as the JERC considers the revenue and expenditure during truing-up exercise for revision of tariff, the delay in submission of True-Up petition will delay the necessary adjustment for tariff revision and collection thereof.

2.1.7.1 Transmission and distribution losses

Technical loss is the energy that dissipates into the equipment while Transmission and Distribution (T&D) of energy to end users, which is commonly known as T&D loss, therefore, for efficient functioning of the system, it must be ensured that there are minimum loss in sub-transmission and in distribution of power.

The **Table 2.3** indicates the status of energy losses in the UT as a whole for the last three years upto 2019-20.

Table 2.3: Status of energy losses in the UT

(In Million Units)

Sl. No.	Particulars	2017-18	2018-19	2019-20	Total
1	Power/energy available for sale	3,011.54	3,058.23	3,086.01	9,155.78
2	Metered sale (sale within territory, TANGEDCO, open access consumers, traders)	2,537.37	2,583.47	2,632.27	7,753.11

Sl. No.	Particulars	2017-18	2018-19	2019-20	Total
3	Un-metered sale[7]	67.85	70.14	61.50	199.49
4	Total energy sold (2+3)	2,605.22	2,653.61	2,693.77	7,952.60
5	Energy loss (1-4)	406.32	404.62	392.24	1,203.18
6	Percentage of energy loss [(5) / (1) x100)]	13.49	13.23	12.71	--
7	Percentage of loss allowed by JERC	11.25	11.00	12.50	--
8	Excess loss [(1) x (6 - 7) / 100]	67.46	68.20	6.48	142.14
9	Average realisation rate per unit (in ₹)	4.57	5.16	5.38	--
10	Value of loss (₹ in crore) [(8) converted into crore x (9)]	30.83	35.19	3.49	69.51

(Source: Tariff orders of JERC and details furnished by ED)

Audit noticed that the JERC approved T&D loss of 11.25 *per cent* for the year 2017-18 and further reduced it by 0.25 *per cent* and fixed as 11 *per cent* for the year 2018-19. However, ED in their petition for the Business Plan (2019-20 to 2021-22) submitted (August 2018) to JERC stated that due to constraints in mobilising required capital funds in the control period from 2016-17 to 2018-19, they were unable to implement the schemes required to improve the transmission and distribution systems. Thus, the actual T&D loss in 2017-18 and 2018-19 were 13.49 *per cent* and 13.23 *per cent* respectively. Accordingly, ED proposed a T&D loss of 12.5 *per cent* for the year 2019-20 which was approved by JERC.

The SE-I stated (June 2021) that huge investment is required to improve the T&D losses and only with infusion of sufficient funds, it would be able to augment/strengthen the existing system to meet the T&D loss target fixed by JERC. Also, the increase in LT power consumption is always in the increasing trend than at the HT system which also contributed to increase in T&D loss. The SE-I also stressed that the quantum of funds flow through all the central funded scheme is very low and due to this limited infusion of funds, ED was unable to reduce the T&D loss. In view of the above constraints, JERC has relaxed the target of T&D loss from 11 *per cent* in 2018-19 to 12.5 *per cent* in 2019-20.

However, despite the relaxation of 1.5 *per cent* in T&D loss by JERC, the ED could not curtail the actual T&D loss which was 12.71 *per cent* during 2019-20. Consequently, excessive T&D loss during the last three years ending 31 March 2020 aggregated to 142.14 Million Units (MUs) valued at ₹ 69.51 crore.

[7] Energy sales to Agriculture and one Hut one Bulb consumers which are not metered.

2.1.7.2 Liability on Security Deposit

As per the Electricity Act, 2003 and clause 5.130 of the JERC Electricity Supply Code 2018, Security Deposit (SD) shall be deposited by all consumers to cover the estimated amount of bill corresponding to the billing cycle period plus one month. The SD shall attract interest at bank rates fixed by Reserve Bank of India from time to time and the same is payable to consumers on annual basis by way of adjustments from the amount payable by the consumers for consumption of electricity. In the annual Tariff Petitions for ARR filed by the Department, interest on SD payable to consumers was being added as expenditure in addition to the cost of power purchase. The details of interest on SD claimed by the ED in its petition approved by JERC and actually paid/adjusted against the consumer bills during 2011-12 to 2019-20 are given in **Appendix 2.1**.

It was seen that against ₹ 90.86 crore of interest payable to the consumers for the period 2011-12 to 2019-20, the ED paid only ₹ 21.64 crore (23.82 *per cent*) to the consumers. As such, there was an undischarged liability of ₹ 69.22 crore of interest on security deposit payable to the consumers. In this regard, JERC in its Tariff order for the year 2019-20 dated 18 May 2020 observed that the ED was not able to complete the payment of interest on SD to the consumers, in accordance with the amounts allowed in the Tariff orders. As a result, the unpaid interest on security deposits of ₹ 69.22 crore for the period from 2011-12 to 2019-20 was not allowed by the JERC as an element of cost in the computation of Aggregate Revenue Requirement, as the ED was liable to pay interest on security deposit to consumers. Thus, ₹ 69.22 crore was disallowed by JERC due to non-payment by the ED. The payment of interest is mandatory for ED at a later stage, which will have to be borne by ED.

The SE-I stated (June 2021) that as all the interest payment on SD including deferred payment was being approved by JERC while truing up, there would not be any implication to ED. The reply is not acceptable as it is in contravention to Section 47(4) of the Electricity Act, 2003 which states that interest on the SD should be paid as this adds up to the liability of the ED. Further, this has not been accounted as expenditure by JERC while arriving at the tariff.

2.1.7.3 Non-realisation of tariff subsidy extended to domestic consumers

Section 65 of the Electricity Act, 2003 provides that if the State Government decides to grant subsidy to any class of consumer in the tariff determined by the State Commission, the State Government shall compensate the power utility by grant of subsidy. It further stipulates that no such direction of the State Government shall be operative if the payment is not made in accordance with

these provisions and the tariff fixed by the State Commission shall be applicable.

The UT Government ordered (September 2016) to grant 50 *per cent* relief on actual power consumption charges to domestic consumers of the UT of Puducherry consuming upto 100 units per month. In this regard, the cumulative arrears of electricity subsidy on account of grant of 50 *per cent* relief to be received from the Government by ED was ₹ 23.73 crore as on 31 March 2020 **(Appendix 2.2)**. However, the non-payment of subsidy amount by the Government resulted in revenue loss on grant of 50 *per cent* relief amount by ED, as provided by the Act.

The SE-I stated (June 2021) that due to paucity of funds, Government could not pay the subsidy. The fact remains that the amount has not been collected, hence this is an additional burden on ED.

2.1.7.4 Non-recovery of Additional Security Deposit

JERC (Electricity Supply Code) Regulations, 2018, clause 5.131, requires that the security deposit collected from all the consumers shall be revised annually based on the consumption pattern of the consumer during the previous financial year, which shall be equivalent to the average payment in the previous financial year for the period of one billing cycle plus one month. The annual review should be conducted at the beginning of the financial year to ensure that the security deposit is sufficient to cover the default in payment by the consumers. In case, if the consumers do not deposit the Additional Security Deposit (ASD) within 30 days of notice by licensee, the ASD shall be included in two subsequent bills of the consumer.

Scrutiny of the records relating to review of security deposits received from HT consumers during 2017-20 revealed the following:

- For the year 2018-19, ED conducted the annual review for all categories of live HT consumers (Private, Government and Government Undertakings) in October 2019. The ASD amounting to ₹ 22.51 crore was due from 223 consumers. The consumers were issued demand notice to remit the ASD within one month of issue of notice (November 2019).
- For the year 2019-20, the annual review was conducted in October 2020. Based on the review, ASD due was ₹ 17.98 crore from 189 consumers. Thereafter, demand notices were issued to the consumers in October 2020 and the Department is in the process of collection of ASD. Moreover, the final balance of ASD to be collected as on date was yet to be worked out by ED.

The SE-I stated (June 2021) that there was no default by the HT consumers who had not paid the ASD, therefore non-recovery of ASD had not led to arrear collection from the consumers. The reply was not acceptable as ASD was meant to be collected to safeguard against any default in payment and absence of default in payment cannot be cited as a reason for non-collection since it violates the JERC Regulations. The ASD is collected to safeguard against default in payment of current consumption charges. The non-recovery of the same from the consumers led to arrears in collection of dues from the consumers. Further, delay in conducting the annual review to ensure the adequacy of security deposit delayed the collection of ASD.

2.1.7.5 Avoidable payment of surcharge

The ED purchases power from NLC India Limited (NLCIL) by entering into Power Purchase Agreement (PPA), which stipulates that the tariff for power supply shall be governed by the notifications issued from time to time by the Central Electricity Regulatory Commission (CERC). As per CERC's Notification (February 2014), if any bill for purchase of power by the recipient State is delayed beyond 60 days from the date of billing, a Late Payment Surcharge (LPSC) at the rate of 18 *per cent per annum* shall be levied.

Scrutiny of records in the ED showed that NLCIL had obtained orders (March 2017) from CERC for upward revision of tariff for supply of power to its bulk consumers for the period from April 2014 to March 2019. Based on the above orders, NLCIL claimed (March 2017) arrears of ₹ 76.51 crore for the period from April 2014 to February 2017 from ED. For settlement of the above dues to NLCIL, the ED requested (June 2017) the Secretary to Government (Power), UT of Puducherry to allocate fund of ₹ 76.51 crore. However, this proposal was sent by the Secretary to Government (Power) to the Finance Department, after a delay of 15 months *i.e.,* in November 2018. The Finance Department stated (November 2018) that additional funds could not be provided during the financial year 2018-19. Despite knowing the interest liability of 18 *per cent per annum,* no funds were provided for clearance of dues. Consequently, the arrear claim of NLCIL was not settled by ED till March 2020.

Scrutiny of records at ED revealed that as per the reconciled accounting statement upto December 2019, NLCIL had recovered a sum of ₹ 36.43 crore as LPSC for the period from April 2017 to December 2019 which was avoidable.

2.1.8 Compliance with JERC Tariff regulations/orders

ED is to comply with regulations and tariff orders of JERC so that revenue stability can be maintained. Review of billing records and records relating to claim of current consumption charges for free supply of electricity revealed

consistent lapses in compliance of regulations and tariff order of JERC. The financial implications of such lapses are discussed in the succeeding paragraphs.

2.1.8.1 Non-levy of reconnection charges for Low Tension services

JERC (Electricity Supply Code) Regulations, 2010, Clause 9.1, provides for disconnection of supply for non-payment of licensee's dues. According to clause 9.3 (c) of the Supply Code, in case the consumer after paying the dues of electricity requests for re-connection within a period of six months after disconnection, Licensee shall reconnect the consumer's installation after collecting reconnection charges. In the Tariff order for the financial years 2017-18 to 2019-20, JERC had approved collection of reconnection charges of ₹ 100 for LT service and ₹ 500 for HT service (₹ 1,000 for HT services from 2019-20). While analysing the billing details of Divisions I, IV and IX (Puducherry region), it was observed that the Department levied reconnection charges for HT consumers but not on LT service consumers.

Audit observed (2018-20), 28,312 LT consumers under these divisions were provided re-connection facility without levy of re-connection charges which resulted in loss of revenue of ₹ 28.31 lakh. It was also noticed that no specific service head is being operated for collection of re-connection charges. The ED's practice of non-levy of reconnection charges on LT consumers was a deviation from JERC Tariff orders.

The SE-I accepted (June 2021) the non-levy and stated that reconnection charges would be claimed from LT consumers in future bills.

2.1.8.2 Non-levy of Regulatory Surcharge

Regulatory assets are the losses incurred in the previous years by the electricity utilities which could be recovered from the consumers by way of surcharge based on the approval by the Regulatory Authority. In all the tariff orders approved by JERC for the three years ending 2019-20, ED was allowed to levy regulatory surcharge at the rate of four *per cent* of total electricity bill being raised on all the consumers. In the Tariff order for the year 2017-18, JERC approved regulatory surcharge of four *per cent* to be levied on all the consumers and observed that such levy would lead to additional recovery of ₹ 60 crore to ED and reduce the revenue gap to that extent.

Audit noticed that the surcharge of four *per cent* was not levied by ED on the fixed charges as per Tariff for agricultural services and the surcharge to be collected from the Department of Agriculture is as detailed in **Table 2.4**.

Table 2.4: Surcharge to be levied/to be collected

Details	2017-18	2018-19	2019-20	Total
Billed by ED	₹ 2.38 crore	₹ 3.47 crore	₹ 3.62 crore	₹ 9.47 crore
Surcharge - four *per cent*	₹ 9.52 lakh	₹ 13.88 lakh	₹ 14.48 lakh	₹ 37.88 lakh

(Source: Details furnished by ED)

ED failed to levy the surcharge of ₹ 37.88 lakh from the Agriculture Department which resulted in loss of revenue to that extent.

While accepting the above, SE-I stated (June 2021) that the surcharge would be levied and claimed from the Agriculture Department during the current financial year *i.e.,* 2021-22.

2.1.8.3 Incorrect subsidy claim for irrigation purpose

Government of Union Territory of Puducherry approved (April 2017) the proposal of the Department of Agriculture for implementation of the scheme for extension of free electricity to motor pumps used by farmers for irrigation purposes with effect from 1 April 2017.

As per the Tariff approved by JERC for the year 2018-19, the supply of power to agricultural services is to be charged at ₹ 10 and ₹ 45 per month per HP from small farmers and other farmers[8] respectively.

Audit noted that the farmers in Karaikal region are 'other farmers' as seen from the claim for current consumption charges relating to free supply of electricity submitted to Agriculture Department for the years 2017-18 and 2019-20. However, for the year 2018-19, it was noticed that claim for Karaikal region was made at the rate of ₹ 10 per HP/month, which is applicable to 'small farmers' instead of at ₹ 45 per HP/month applicable for 'other farmers'. This had resulted in short claim to the extent of ₹ 14.10 lakh. For the year 2019-20, the claim for the Karaikal region was correctly made for 'other farmers' at the rate of ₹ 45 per HP/month.

The SE-I stated (June 2021) that the claim has been corrected and it would be collected from Agriculture Department during the current financial year *i.e.,* 2021-22. The fact, however, remained that the amount was still uncollected.

2.1.9 Electric Metering and Billing issues

2.1.9.1 Existing IT system for generating electricity bills

ED started computerisation of its billing work in the year 1988, through a legacy billing software, using Clipper Software Development Tool and used

[8] Farmer having 2.5 acres of wet land or 5 acres of dry land are known as small farmers. The farmers not classified as small farmers are "other farmers".

non-RDBMS (Relational Database Management System) database for storing data. The Department developed the application software in-house which covers meter reading, bill generation and printing.

2.1.9.2 System Deficiencies in Billing Software

The essential requirements of a robust Information Technology (IT) system are confidentiality, integrity and availability.

While assessing the effectiveness of billing software the following system deficiencies were noticed in LT billing systems.

- Full names of the consumers and complete addresses of consumers were not entered for some consumers. The Revenue Department informed ED that due to insufficient address of the defaulters, the revenue recovery proceedings could not be initiated.
- The Clipper software for HT consumers does not have modification log to record the changes carried out in the database. Hence, it is not possible to ascertain the reasons for such changes, if any.
- No distinct user IDs and passwords were maintained for individual officials who are using the software. Due to lack of segregation of duties and audit trail, it is not possible to ascertain that which user had carried out the changes in the data.
- There is no provision in collection database to accept part-payment of arrears due. However, in practice, ED accepts part-payment of arrears from consumers by manually modifying the due amount. This shows vulnerability of the system which allows manual change of arrears amount in the database.
- The billing software did not have provision for accepting reconnection charges for disconnected LT services which were reconnected. Due to this limitation, it was not possible to generate MIS Reports for those cases wherein reconnection was made without collecting reconnection charges.
- The computerisation was not integrated across all four regions of the UT of Puducherry. Absence of integration leads to difficulty in updation/ compilation of daily collection data and to generate consolidated MIS report for monitoring the overall revenue collection by higher authorities.

The internal auditors also pointed out that the entire system was exposed to potential vulnerabilities and theft, loss and damage of data going undetected for a continuous period of time.

The SE-I stated (June 2021) that the deficiencies would be rectified in the new billing software being developed by NIC, Puducherry.

2.1.9.3 Replacement of meters

(a) Delay in replacement of mechanical meters with static meters

The Central Electricity Authority (CEA) (Installation and Operation of Meters) Regulations, 2006, prescribed that all interface meters, consumer meters and energy accounting and audit meters shall be of static type (commonly known as electronic meters). The installation of high precision static meters could improve the metered energy consumption upto 10 to 15 *per cent*. Periodical directives of JERC also required for replacement of existing electro-mechanical meters in a time bound manner.

However, in spite of specific advantage of usage of static meters, due to inadequate financial allocation, ED could not replace all the electro-mechanical meters with static meters and out of 4.76 lakh meters, there were 45,627 electro mechanical meters[9] (March 2020).

It could be seen that despite a lapse of 10 years, ED did not comply with the CEA's regulations and 45,627 electro mechanical meters (9.55 *per cent*) were not replaced with static meters. This would continue to cause under assessment and consequent revenue loss to the ED.

The SE-I stated (June 2021) that only 23,630 meters were to be replaced as against 45,627 meters pointed out by Audit and that they would be replaced during 2021-22. The reply was not acceptable as Audit compiled the data on meters based on the details furnished by the six Operation and Maintenance (O&M) Divisions of the ED. Though the reason for difference in number of meters was called for by Audit in January 2021, only the Rural South (O&M) Division has confirmed the figure compiled by Audit.

(b) Continuance with defective meters

As per clause 6.47 of the JERC (Electricity Supply Code) Regulations, 2018, if the consumer's meter is found to be defective, the Licensee shall replace the non-working meter within 15 working days.

As per clause 7.12 of the Regulation, in case of defective/stuck/stopped/burnt meter, the consumer shall be billed on the basis of higher of monthly consumption of corresponding month of the previous year and average monthly consumption of immediately preceding three months. These charges shall be

[9] Agriculture: 4,515; Domestic: 33,743; Commercial: 6,227; Industry:545; Public Lighting: 597.

leviable for a maximum period of three months within which time the Licensee is expected to have replaced the defective meter.

It was seen from the records produced to Audit that as of March 2020, 42,309 (8.86 *per cent*) meters out of 4,77,660 meters in respect of LT services were defective. Audit observed that as per the Standards of Performance prescribed in Schedule-II to the JERC regulations[10], the Licensee may allow defective meters not more than three *per cent* of the total number of meters in service. However, the overall percentage of defective meters as of March 2020 which was at 8.86 *per cent* was far in excess of limit prescribed. Consequently, 36,941 consumers were billed on the basis of average consumption for more than one year as detailed in **Table 2.5.**

Table 2.5: Billing based on average consumption

Region	Total number of		Period of continuance of defective meters (in months)									
	Meters	Defective meters	>1 <3	>3 <6	>6 <12	>12 <36	>36 <72	>72 <120	>120 <180	>180 <240	>240 <300	>300
Puducherry	3,55,144	34,445	1,011	1,301	1,787	6,708	7,469	8,790	5,695	1,125	547	12
Karaikal	93,480	6,981	209	290	576	1,871	1,606	1,775	620	34	0	0
Mahe	14,041	436	20	17	24	107	126	105	37	0	0	0
Yanam	14,995	447	0	59	74	314	0	0	0	0	0	0
Total	**4,77,660**	**42,309**	**1,240**	**1,667**	**2,461**	**9,000**	**9,201**	**10,670**	**6,352**	**1,159**	**547**	**12**

(Source: Data furnished by Computer Centre and Bill analysis statement of ED)

Regulations prescribed a maximum period of three months for levy of current consumption charges based on average of previous months' consumption. However, ED levied on the basis of average consumption for some meters even for more than 20 to 25 years, which not only violated the JERC's regulations but would also encourage consumption of higher quantum of power by the consumers beyond the average consumption and consequential loss of revenue.

The SE-I stated (June 2021) that the balance defective meters would be replaced during 2021-22. The fact, however, remained that the non-replacement of defective meters led to improper levy of current consumption charges.

2.1.9.4 Incorrect bills raised for HT consumers

Time-of-Day Tariff (ToD) facilitates tariff designs based on time of consumption which will be higher in peak periods and lower in off-peak period. JERC approved the ToD Tariff in UT of Puducherry for HT/EHT[11] consumers

[10] JERC for the State of Goa and UTs (Standard of Performance for Distribution Licensees) Regulations, 2015.

[11] Extra High Tension.

in 2016-17. As per the approved Tariff, electricity consumption in respect of HT/EHT consumers for different periods of day *i.e.,* normal period, peak load period and off-peak period shall be recorded by installing a ToD compatible meter and energy charges levied accordingly.

JERC, in its Tariff order for the year 2017-18 and 2018-19 instructed ED to complete the installation of ToD meters with necessary modifications in software within three months of issuance of its order. The provision of ToD meters for all the eligible HT/EHT consumers was also reiterated while approving the Tariff order 2019-20.

The status of installation of ToD compatible metering by ED as of March 2020 is given in **Table 2.6**.

Table 2.6: Status of installation of ToD compatible meters

Region	Total Number of consumers		Number of ToD meters installed		Number of consumers billed as per ToD Tariff	
	HT	EHT	HT	EHT	HT	EHT
Puducherry	384	5	333	4	--	--
Karaikal	54	2	45	2	--	--
Mahe	4	--	4	--	--	--
Yanam	18	--	18	--	--	--
Total	**460**	**7**	**400**	**6**	**--**	**--**

(Source: Details furnished by ED)

From the above details, it may be seen that the work of installation of ToD compatible meters for HT/EHT consumers was completed (March 2020) in respect of 406 out of 467 consumers. However, despite installation of ToD meters, billing was not done based on approved ToD Tariff due to non-availability of ToD billing facility in the existing billing software.

Audit test-checked 20 out of 57 HT consumers who were provided ToD compatible meters for a six month billing period (October 2019 to March 2020) with energy charge of ₹ 20 lakh and above per month. Test-check revealed that there would have been a shortfall in revenue realisation of ₹ 19.06 lakh in respect of 13 consumers and in seven cases revenue realisation would have reduced by ₹ 7.15 lakh had ToD tariff been adopted. Thus, there was an overall revenue increase to ED to the extent of ₹ 11.91 lakh in these 20 test checked cases due to non-billing based on ToD Tariff (**Appendix 2.3**). The loss of revenue in respect of all the (406) consumers would be much more, but ED was yet to arrive at the revenue charges to be collected from the consumers based on ToD tariff.

The SE-I stated (June 2021) that it was proposed to enable ToD billing facility to 448 HT consumers through the new HT billing software during 2021-22.

2.1.10 Partial implementation of Smart Grid Project of Government of India

The Government of India (GoI), Ministry of Power (MoP) decided to establish 'Smart Grids' in India with an objective to achieve most efficient management of energy distribution system. For this purpose, Smart Grid Pilot Projects were to be taken up in selected cities at an average cost of ₹ 50 crore each on 50:50 sharing basis by GoI and the Utility Department.

The Government of Union Territory of Puducherry (UT) approved 'Smart Grid Pilot Project' in August 2012 at a cost of ₹ 46.11 crore. Under this project, Smart Meters were proposed to be installed for domestic, commercial and other categories of Low Tension consumers in the project area[12] (Division I) of Puducherry along with meter data acquisition system, meter data management system, peak load management and other software and hardware at data centre. Based on a door-to-door survey[13], the project proposed to cover 33,389 consumers at a cost of ₹ 35.53 crore. The Memorandum of Understanding signed (March 2012) by Government of Puducherry and Power Grid Corporation of India Limited (PGCIL) contemplated that PGCIL would implement the project without any cost implication to Government. However, PGCIL expressed (September 2013) its inability to invest. Subsequently, ED approached (October 2013) the Government for funding the project, which was rejected and only in April 2015, the Government approved the implementation of the project through a private company. The JERC approved the project in April 2016. The work was entrusted to a contractor in July 2016. The project was scheduled to be completed in November 2017. However, due to opposition for implementation of project from the public, the field work was hampered and the work was finally completed in December 2019 after a delay of almost three years. In this connection, the following observations are made:

Idling of smart meters and distribution transformer meters due to partial coverage

It was ascertained from the records that the project could not be implemented in some of the identified areas due to agitation by a section of the consumers. As no decision on this matter was taken by ED so far, out of 33,802 smart meters purchased, 4,516 smart meters costing ₹ 3.17 crore was lying idle in stock since June 2018.

Further, out of 110 Distribution Transformer (DT) meters purchased under this project to identify the loss-making areas and to arrest the leakage of revenue,

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12 Consisting of O&M sections of Town South, Town North, Town Central and Town South Central.

13 The survey was conducted by M/s Dong Fang Electronics Company Ltd, China from August 2016 to October 2016.

59 DT meters valued at ₹ 18.09 lakh were not installed and kept idle (March 2020). It was seen that the DT meters could not be installed due to non-availability of current transformers to step down the flow of current.

As per the findings of the energy audit conducted by the Smart Grid Control Center of ED, the data regarding power input and power output showed line loss ranging from 1.45 *per cent* to 15.41 *per cent*. The very high line loss of 15.14 *per cent* and 15.41 *per cent* were recorded in Town North and Town Central sections, where extent of smart meters connected to control centre were only 78.68 *per cent* and 87.35 *per cent* respectively. The above facts indicated that wherever 100 *per cent* advanced metering infrastructure was not provided, the line loss or unbilled energy with consequent revenue losses were on higher side. Therefore, the expected benefits of Smart Grid Project can be achieved only on 100 *per cent* provision of advanced metering infrastructure. Thus, the shortfall in provision of advanced meters defeated the intended purpose of the project.

The SE-I stated (June 2021) that installation of balance 1,662 smart meters in new/left out areas would be undertaken soon and the installation of 59 DT meters have already commenced and would be completed soon.

2.1.11 Collection of revenue

The ED has six divisions dealing in revenue collection; three in Puducherry region and one each in Karaikal, Mahe and Yanam regions. The head office of the Department and bill collection counters falling under the six divisions collect the bill payments, apart from the payments made through net banking and SBI Collect. To ensure financial viability, it is imperative for ED to collect revenue promptly so that arrears of revenue is not accumulated over the years. The deficiencies noticed in collection of revenue are discussed in the succeeding paragraphs.

2.1.11.1 Efficiency of revenue collection

Current consumption charges billed by the Department and collected from the consumers for the period from 2017-18 to 2019-20 revealed that the collection efficiency for LT services decreased from 60.36 *per cent* in 2017-18 to 54.90 *per cent* in 2019-20. In respect of HT services, the collection efficiency decreased from 81.83 *per cent* in 2017-18 to 79.43 *per cent* in 2019-20.

The SE-I stated (June 2021) that audit had not included all the collections within the year. As per actual data, the collection efficiency for HT and LT consumers was 92.23 *per cent* (2017-18), 93.27 *per cent* (2018-19) and 93.71 *per cent* (2019-20). The reply was not acceptable, since as per the CEA norms, the collection efficiency is the proportion of amount that has been collected from the consumers with reference to amount billed and the revenue collections shall

exclude the arrears due. However, the ED included the dues of the current month bill as well as the previous months' bill and stated that the breakup details for the same was not available. This inflated the collection efficiency and audit could not ascertain the actual collection efficiency due to non-availability of breakup details with ED. This was indicative of lack of robust mechanism to monitor the collection system.

2.1.11.2 Arrears of revenue

The consumer category-wise details of outstanding arrears for the period 2017-20 are given in **Table 2.7**.

Table 2.7: Category-wise details of outstanding arrears

(₹ in crore)

Year	Private	Government	Government Undertaking	Local Bodies	Court cases/RR Act/DC cases	Total
2016-17	126.85	76.92	57.21	68.60	51.88	**381.46**
2017-18	131.32	106.38	73.11	92.37	57.97	**461.15**
2018-19	89.62	163.84	83.39	142.69	61.79	**541.33**
2019-20	181.19	177.81	95.10	187.42	68.08	**709.60**

(Source: Details furnished by ED)

Analysis of outstanding dues for the period 2017-20 showed that the amount due against defaulting consumers increased by 53.87 *per cent* from ₹ 461.15 crore in 2017-18 to ₹ 709.60 crore in 2019-20. However, Audit noticed that age-wise analysis of the arrears due from the consumers was not prepared by the ED. To a specific audit enquiry (September 2020) calling for age-wise analysis of arrears, ED replied that no such analysis was made by it till date. Out of the outstanding arrears of ₹ 709.60 crore as on 31 March 2020, the amounts pending in Court cases and to be followed up through Revenue Recovery Act is ₹ 68.08 crore. Early action is required to be taken by ED to pursue the cases pending in Courts and co-ordinate with Revenue authorities for early realisation of dues pending under RR Act to ensure that the dues do not become irrecoverable due to lapse of time.

Audit noticed that the Government/Government Undertakings/Local Bodies were holding 65 *per cent* of the amount due to ED as of March 2020. This showed that the Department had not taken effective action for realisation of arrears from other departments of the Government and Government Undertakings.

Further, Government of India, Ministry of Power in Memorandum in November 2015 communicated that UDAY (Ujwal DISCOM Assurance Yojana), a Scheme for Financial Turnaround of Power Distribution Companies was approved by GoI with an objective to improve the operational and financial efficiency of the State DISCOMs. In this regard, a Memorandum of

Understanding (MoU) was entered into between Ministry of Power, GoI and Secretary (Power), Government of Puducherry in August 2016. As per the obligations/commitments under this agreement, the Government of Puducherry had to take suitable measures so that all outstanding dues from the Union Territory Government departments for supply of electricity were paid by March 2017. However, it was noticed that the arrears which was at ₹ 76.92 crore due from Government departments as on 01 April 2017 had increased to ₹ 177.81 crore as on 31 March 2020 indicating non-fulfilment of commitment made in the MoU.

It was seen that the Secretary/Ministry of Power, Government of India in his letter (August 2014) addressed to the Chief Secretary, Government of Union Territory of Puducherry had directed to adopt Prepaid Metering System in UT of Puducherry for efficient recovery of electricity charges and suggested to introduce this system as a pilot project in Government Offices/Premises and Autonomous Bodies, etc. Audit noticed that despite lapse of six years, the prepaid metering system as suggested by the Government of India is yet to be introduced at the Government level due to fund constraints resulting in continued accumulation of arrears of revenue over the years.

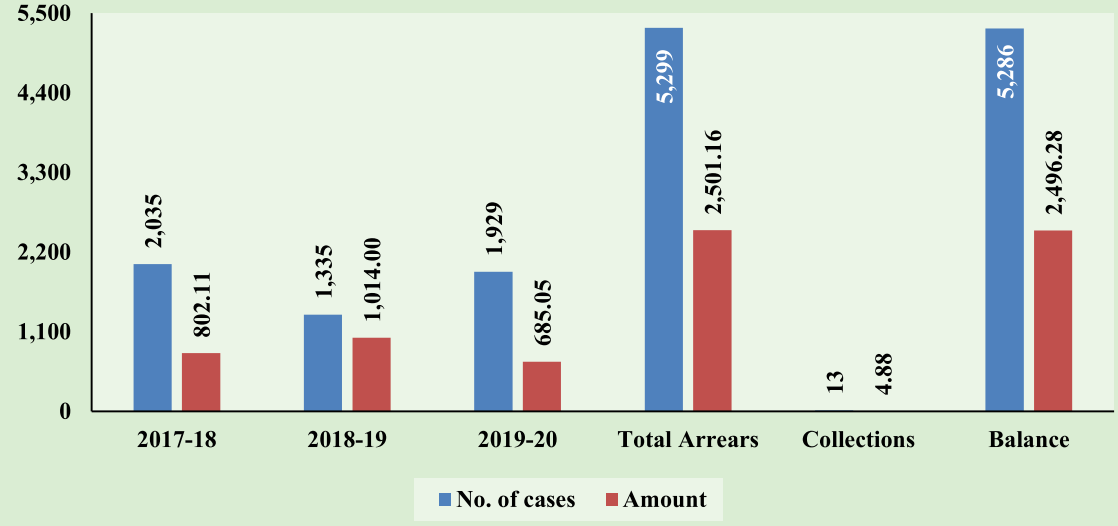
The SE-I stated (June 2021) that steps were being taken to collect arrears from Government Department at various levels and regarding prepaid meters, it was stated that it could not be installed due to fund constraints. It was also stated that no grant has been received under the UDAY scheme.

2.1.11.3 Arrears under Revenue Recovery Act

JERC (Electricity Supply Code) Regulations, 2010, Clause 6.9 (2), stipulated that the Licensee (ED) shall have the right to recover the total outstanding amount due from the consumers under RR Act. As per this provision, notwithstanding disconnection of service connection, the consumers who do not pay arrears/sum due to the Electricity Department are liable for action/recovery under the RR Act.

It was seen that the Department had sent proposals (between September 2017 and July 2019) to the District Collector/Department of Revenue and Disaster Management, Puducherry for recovery of arrears of current consumption charges amounting to ₹ 25.01 crore relating to LT consumers during 2017-20 under the RR Act as detailed in **Chart 2.1**.

Chart 2.1: Details of recovery of arrears of current consumption charges (₹ in lakh)



(Source: Details furnished by ED)

Audit analysis of recovery of dues under RR Act revealed the following:

- The arrear amount to be collected under RR Act had increased from ₹ 8.02 crore to ₹ 24.96 crore (211 *per cent*) in the last three years. No recovery action was initiated under RR Act for LT service connections for the last four years as was done for HT service connections.
- Audit also found that the revenue officials could not deliver the notices as the address of the defaulters was found to be insufficient. ED had not provided field assistants for identifying the addresses as requested by the Revenue Department. This showed that there was lack of co-ordination between ED and the Revenue Department for effective recovery of arrears under RR Act. However, the Secretary (Power) instructed the SEs in the exit conference (June 2021) to deploy manpower to identify defaulting consumers.

The above factors culminated into recovery of only ₹ 4.88 lakh (December 2020) (0.2 *per cent*) under RR Act in all the three years ending March 2020 against the total pendency of ₹ 25.01 crore.

The SE-I stated (June 2021) that periodical review of LT service connections would be taken up for recovery by the concerned Divisional Officers and Financial Controller under the RR Act.

2.1.11.4 Delay in collection of subsidy from Agriculture Department

The Government of Union Territory of Puducherry approved (April 2017) the proposal of the Department of Agriculture, Puducherry for implementation of the scheme "Subsidy for extension of free electricity to motor pumps used by farmers for irrigation purposes in the UT of Puducherry" with effect from

1 April 2017. As per the sanction order, the subsidy amount should be remitted to the ED on actual basis, based on the claims received from ED on quarterly basis every year.

Audit observed that the subsidy claim for ₹ 5.84 crore pertaining to 2017-18 and 2018-19 were submitted to Agriculture Department with delays ranging from six to 26 months. As against this, an amount of ₹ 2.31 crore alone has been settled by the Agriculture Department. Subsidy claim amounting to ₹ 3.62 crore pertaining to 2019-20 has not been sent to Agriculture Department. Due to delay in submission of claims and partial payment by the Government, there were arrears of subsidy amount to the extent of ₹ 7.15 crore as of March 2020, which also contributed to the revenue gap.

The SE-I stated (June 2021) that the Agriculture Department has been reminded in February 2021 for reimbursement of subsidy. However, the fact remains that the claim has not yet been received.

2.1.12 Monitoring mechanism

2.1.12.1 Poor performance of Anti Power Theft Squad

In order to reduce the distribution losses, curbing of theft, proper accounting of energy etc., the ED decided (2007) to conduct regular inspections of HT and LT service connections of all regions of Puducherry through Anti Power Theft Squad (APTS). The procedures to be followed by APTS for inspection of services was circulated by the Department in July 2007.

As per the instructions issued, the defects noticed by the squad along with the proposals to levy charges/penalty should be communicated by APTS to the field offices concerned through Inspection Reports (IR). On receipt of the inspection reports from APTS, the concerned divisional offices should take immediate action for arrest of theft of energy and stoppage of violations, as the case may be. The remedial action taken/proposed to be taken against the violators based on the inspection report of APTS has to be intimated to APTS within seven days of receipt of the IR. The audit analysis of the performance of the APTS and the follow-up actions at the field level are discussed below:

2.1.12.2 Shortfall in conduct of inspections

The details of inspections conducted by APTS during 2017-20 are given in **Table 2.8**.

Table 2.8: Details of inspection conducted during 2017-20

Year	Total number of consumers at the end of the year	No. of inspections conducted		No. of cases where theft of electricity detected		Percentage of consumers on whom inspections conducted	Assessed amount collected (₹ in lakh)
		LT	HT/EHT	LT	HT/EHT		
2017-18	4,53,178	225	21	1	--	0.05	Nil
2018-19	4,67,237	115	16	1	2	0.03	1.10
2019-20	4,76,956	170	6	13	1	0.04	8.48
Total		**510**	**43**	**15**	**3**		**9.58**

(Source: Details furnished by ED)

From the above **Table 2.8**, it could be seen that as against the total of more than 4.50 lakh consumers, the number of inspections carried out by APTS was only 553 (0.12 *per cent* of total consumers) in all the three years upto March 2020. Out of the inspections carried out, only 18 cases of theft were detected and the amount assessed and collected was ₹ 9.58 lakh. Audit further noticed that out of 43 O&M sections in UT of Puducherry, inspections were not conducted in nine O&M sections *viz*., Ashok Nagar, Moolakulam, Karayambuthur (in Puducherry region), Karaikal Town, Karaikal Town North, Thirunallar, Ambagarathur (in Karaikal region), Mahe and Palloor (in Mahe region). Thus, the number of theft cases detected were negligible.

The SE-I stated (June 2021) that no posts have been created for the last 15 years resulting in overall depletion of strength and appropriate action would be taken for effective utilisation of APTS wing with available resources.

2.1.12.3 Follow-up of APTS inspections

The number of inspections conducted by APTS during the last ten years upto March 2020 and the follow-up action taken thereon are given in **Appendix 2.4**.

Audit observed that apart from pointing out the theft of energy, APTS also pointed out certain deficiencies such as (i) change of tariff from LT to HT, (ii) unauthorised usage of energy for other purposes, (iii) usage of electricity through tampered meters and (iv) not obtaining permission for running the generator set, etc. However, it was noticed that 82 *per cent* of the cases which pointed out the violations remained unattended as on date (March 2021). It is pertinent to note that the follow-up action is required to be taken on the report of APTS within a period of seven days. But, the pendency of the report upto 10 years defeated the basic objective of conducting the inspections by APTS.

The SE-I stated (June 2021) that the APTS records would be updated and follow-up action would be taken for the balance cases which are in various stages.

2.1.12.4 Recovery under RR Act

After the cases were referred for recovery under RR Act, there was no periodical review of the cases by ED to monitor the actual recovery. This was mainly due to non-inclusion of the arrears of LT service connections referred to under RR Act in the demand, collection and balance statements being submitted to the higher officials.

2.1.13 Conclusion

The Electricity Act, 2003 directs to maintain a healthy balance of interest between power utilities and the consumers. However, audit of tariff, billing and collection efficiency of ED revealed that such a balance was not maintained as the gap between revenue and cost of power supplied to consumers had increased from ₹ 97.57 crore to ₹ 375.89 crore within three years ending 2019-20. Such an abnormal increase was on account of

- Excessive T&D loss
- Disallowance of cost by JERC
- Continuance with defective meters
- Non-claim/recovery of eligible subsidy and the revenue from the Government and the consumers by ED.

Besides the above, instances of short claim and non-claim of applicable tariff resulting in loss of revenue were also noticed.

The existing billing system was not efficient as there were several weaknesses in the software being used and nine *per cent* of the total of 4.78 lakh meters available were defective since many years which were not replaced within three months as prescribed. The non-replacement of defective meters was even upto 25 years which vitiated JERC regulations. In addition, ED was yet to replace 45,627 electro mechanical meters with static meters as required.

The recovery under RR Act was not effective as only ₹ 4.88 lakh was collected during the last three years ending March 2020 against the pendency of ₹ 25.01 crore.

During 2017-18 to 2019-20, the collection efficiency slipped from 60.36 *per cent* to 54.90 *per cent* in respect of LT bills. This resulted in accumulation of arrears of revenue to the extent of ₹ 709.60 crore.

The poor performance of APTS was evident from its coverage of only upto 0.05 *per cent* of the total consumers during 2017-20. Moreover, ED had not taken follow-up action on 82 *per cent* of the cases reported by APTS which defeated the basic objective of inspection by APTS.

2.1.14 Recommendations

The ED should

- Ensure timely submission of Truing-up petitions for revision of tariff by JERC for necessary adjustment and reduction of revenue gap;
- Device a strategy for progressive reduction of T&D loss as per the norms prescribed by JERC;
- ED should take up with the Government to expedite collection of revenue from LT consumers under the Revenue Recovery Act;
- Recover the eligible subsidy from the Government in respect of subsidy extended to domestic consumers;
- Consider recovery of re-connection charges and improve the collection system so as to realise outstanding amount;
- Increase the number of inspections and effectively utilise the APTS to arrest the leakage of revenue by constant follow-up on its inspection reports.

2.2 Compliance Audit on Management of Jails in Union Territory of Puducherry

JAIL DEPARTMENT

2.2.1 Introduction

The management and administration of jails falls under the control of Jail Department of Union Territory of Puducherry (UT) and is governed by the Prison Act, 1894 and Prison (Amendment) Act, 2016. In exercise of the powers conferred by various provisions of the above Acts, Government of Puducherry (GoP) had framed Pondicherry Prison Rules, 1969 (Rules) for the prison administration in the UT of Puducherry. The Model Prison Manual (MPM), 2003 and 2016 issued by Government of India (GoI), contain detailed guidelines for streamlining prison administration and for reformation of prisoners. As per MPM, each State/UT Government shall formulate Prison Manual on the lines indicated in the MPM.

The objectives of Jail Department in UT of Puducherry are as under:

- To provide a congenial atmosphere to the prisoners for inculcation of positive values, attitudes, outlook and philosophy among all prisoners so that on their release from prison they may reintegrate themselves into society in a harmonious manner.
- To provide all possible opportunities for prisoners to channelise their energies into positive, creative and productive directions both during their stay in prison and thereafter.

2.2.2 Organisational setup

The Jail Department is under the administrative control of the Home Secretary. Inspector General of Prisons (IGP) is the head of the Department. The Jail Department, Puducherry maintains one Central Prison in Puducherry, one Special Sub-Jail in Karaikal and one Sub-Jail each at Mahe and Yanam. The Chief Superintendent of Jails (CSJ) as Head of Office, exercises control over all the prisons in the UT. He is assisted by one Superintendent of Jail in Central Prison, Puducherry and Deputy Superintendent of Jail in Special Sub-Jail, Karaikal. The Sub-Jails at Mahe and Yanam are managed by Assistant Superintendents of Jail. As the prison building of Special Sub-Jail at Karaikal was in dilapidated condition, the prisoners were shifted from there to Central Prison, Puducherry in June 2019 and the Special Sub-Jail at Karaikal has been temporarily closed since August 2019.

2.2.3 Audit Objectives

This audit was conducted to assess whether;

- custody and detention of the prisoners was safe and secure and the facilities and privileges were being provided to the prisoners as per rules;
- reformative and rehabilitative activities were consistent with the objectives of the relevant Act, Rules and Manuals and
- the monitoring mechanism of administration of jails were effective.

2.2.4 Audit Criteria

The audit findings have been benchmarked against the following:

- Prisons Act, 1894, Prisons (Amendment Act) 2016 and Pondicherry Prison Rules, 1969;
- Model Prison Manual, 2003 and 2016;
- Advisories, Instructions, circulars issued by GoI and UT Government and
- General Financial Rules, 2017.

2.2.5 Scope of audit and audit coverage

Compliance audit covering the period from 2017 to 2020 was conducted from October 2020 to February 2021. The Entry Conference with the IGP was held in November 2020 wherein the audit objectives, criteria and audit methodology were discussed. Audit scrutinised the records in the Office of the Secretary to Government (Jail/Home Department), Office of the IGP, Central Prison, Puducherry and Special Sub-Jail, Karaikal.

A joint inspection was conducted during audit with officials of Jail Department at prison premises along with a survey with all the 72 prisoners to assess whether provision of basic amenities, health care facilities, rehabilitation and reformative measures provided were as per norms. An exit conference was held on 03 June 2021 with the Inspector General of Prisons to discuss the audit observations and the replies furnished are suitably incorporated.

2.2.6 Financial Management

The major expenditure of Jail Department was towards salaries, wages and purchase of diet items for prisoners. The diet items for prisoners are purchased from Puducherry Agro Products, Food and Civil Supplies Corporation Limited, which is a Public Sector Undertaking of the Government of Puducherry. The details of budget allocation and actual expenditure incurred against the allocation from 2017 to 2020 are given in **Table 2.9**.

Table 2.9: Details of budget allocation and actual expenditure

(₹ in lakh)

Year	Budget Estimate	Revised Estimate	Actual Expenditure	Savings	
(1)	(2)	(3)	(4)	(5) = (2) - (4)	
2017-18	526.98	524.08	504.44	22.54	(4.28%)
2018-19	551.00	550.00	496.59	54.41	(9.87%)
2019-20	760.30	716.14	564.07	196.23	(25.81%)
Total	**1,838.28**	**1,790.22**	**1,565.10**	**273.18**	**(14.86%)**

(Source: Demand for grants of the Jail Department and Appropriation Accounts of respective years)

The Department stated that the amount allocated under revised estimate could not be utilised fully as the same was not released by the Department of Finance due to paucity of funds. The savings of 25.81 *per cent* during 2019-20 was mainly due to decrease in establishment expenditure to the extent of ₹ 95.24 lakh and surrender of ₹ 45 lakh due to non-implementation of e-Prison project.

2.2.6.1 Non-maintenance of Fund Accounts

The Wage Fixation Body (WFB) recommended that Jail Department should constitute Victim Compensation Fund[14], Prison up-keep/Workshop Fund and Prisoners' Welfare Fund and these funds should be operated by a Committee consisting of officials headed by IGP. Separate accounts should be maintained by the Jail Department and these funds should be audited every year. Government in February 2012 issued orders fixing wages to prisoners and the amount of deductions to be made from wages towards various funds. Audit noticed that the Jail Department had not claimed wages of prisoners from Government since July 2016, which has been discussed in paragraph 2.2.9.3 (a). In addition, the following deficiencies in maintenance of various fund accounts were noticed:

- The Jail Department had deducted an amount of ₹ 20.25 lakh from wages of prisoner towards Victim Compensation Fund during the period from 2012-13 to 2016-17[15]. However, instead of depositing this amount in a separate Fund Account, the same was deposited in the single account maintained by the Department.

[14] This fund is meant for payment of compensation to the victims of crime or to their family members.

[15] Wages were not claimed from July 2016.

- The Jail Department did not claim an amount of ₹ 23.07 lakh[16] towards Prison up-keep/Workshop fund for the period 2012-13 to 2016-17 from the Government.
- The Jail Department was deducting ₹ 10 from the amount of daily wages towards Prisoners' Welfare Fund (PWF) and the same was deposited together with the other funds including prisoners' wages in the savings bank account maintained by the Department.

Audit observed that annual statement of Receipts and Expenditure for these funds was not prepared by the Department. Further, the committee required for formulating rules and regulations to operate the funds was also not constituted even after a lapse of nine years since introduction of revision of wages.

The IGP, while accepting the fact in the exit conference, agreed to do the needful and stated that necessary action would be taken for proper maintenance of fund accounts.

2.2.7 Custody, Security and Prison Management

2.2.7.1 Untrained guarding personnel and non-engagement of prisoners

Para 30.68 of MPM stipulates that no prison personnel shall discharge any official duty without completion of basic training. As per the norms for security and custody in prisons as envisaged in Para 5.02 of MPM, untrained personnel are not to be posted inside the prison premises under any circumstances for guarding purposes.

Audit noted that out of 94 institutional personnel[17], 44 (47 *per cent*) personnel have not undergone any of the basic or in service training. It was also noticed that though State Institute of Correctional Administration, Hyderabad called for nominations in respect of three courses allotting two slots each, yet the Department nominated only one officer for one course. Moreover, the Department did not formulate any Annual Action Plan for imparting periodical training to the personnel/staff.

Thus, the professional skill development of prison staff which was essentially required for efficient management of the prisons was not given due importance by the Department. Further, due to lack of proper training to the jail personnel, the objective of providing opportunities to prisoners to channelise their energies into positive, creative and productive directions was not addressed.

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16 46,150 days x ₹ 50.

17 Officials from the cadre of Superintendent to warders in the prisons of UT of Puducherry.

The IGP, while accepting the facts, stated that due to dearth of staff and lack of availability of funds, the officials could not be nominated and there was a plan to engage a retired person for imparting training.

2.2.7.2 Maintenance of History Tickets without adequate details

According to Rule 256 of Prison Rules read with Para 5.48 of MPM, History Ticket should be maintained for every prisoner immediately on his/her custody into prison. It should be maintained throughout the period during which the prisoner remains in confinement. The nature of offence, extent of the sentence passed and medical history of the prisoner should be reflected in the same. Further, as per instructions of Commonwealth Human Rights Initiative, every prisoner, among other things, has the right to know events pertaining to his treatment in the Prison, orders passed in his case, details of court visit, medical record, etc.

On verification of the History Tickets of convicted prisoners in Central Prison, Audit noticed that only the personal details *viz.,* date of entry, date of sentence, probable/actual date of release were available on record. The other mandatory details such as medical history, legal aid particulars, work assigned, remission earned, interviews allowed, punishments given, dates of Furlough and Parole and receipt of copy of judgement as stipulated in the Act/Manual were not available on record.

The Department replied (January 2021) that adequate space was not there in the History Ticket. Further, Medical Officer (MO) and Union Territory of Puducherry Legal Services Authority (UTPLSA) would maintain the medical record and legal aids to the prisoners separately. The reply was not acceptable as the MO did not maintain any prisoner-wise medical record. Similarly, UTPLSA has the details of legal aids sought by the prisoners.

The IGP stated that the format of the History Ticket would be revised so that all the details of the prisoners could be recorded.

2.2.7.3 Confinement of young prisoners with other prisoners

As per Section 27 of the Act, the young prisoners (between 18 to 21 years of age) should not be confined in the same ward in prisons meant for other prisoners.

In Central Prison, Puducherry, separate ward for young prisoner was not available. Further, during joint inspection of prison premises in December 2020, Audit noted that 26 young prisoners were kept along with other prisoners. Scrutiny of records revealed that during the period 2017-20, 926 young prisoners were confined along with other prisoners. In this regard, the Amicus Curiae also raised concern (February 2019) on keeping the young prisoners with other prisoners.

Thus, the non-segregation of prisoners on the basis of age, gravity of crimes committed, etc., is likely to affect the process of reforming young prisoners. The adverse impact of criminals who were involved in heinous crime on the young prisoners could not also be ruled out.

The IGP, while accepting the fact, stated that on completion of construction of women yard which is in progress, the present women yard would be utilised for housing young prisoners.

2.2.7.4 Arms and Ammunitions

As per Rule 1170 of Prison Rules, all the members of executive force of the Jail Department (from the rank of Assistant Superintendent to Warder) shall be provided with sufficient number of arms and ammunitions for the safety and security of the prison premises. As per the rule, the Jailors and Assistant Jailors shall be provided with .380 Revolvers and other members of the executive force below the rank of Assistant Jailor shall be provided with .410 Muskets. In Central Prison, Puducherry, the main gate and the four towers in the outer ring of the prison premises were guarded by Puducherry Armed Police (PAP) personnel. The arms required were provided by PAP and the same were under the custody of those personnel. The second main gate was guarded by Jail Department personnel. The details of unusable arms and expired ammunition as of February 2021 are as given in **Table 2.10**.

Table 2.10: Unusable arms and life-expired ammunitions

Sl. No.	Specification of arms and ammunition	Quantity available
1	Pistol (Revolver)	24
2	Cartridges	491
3	(.410) Ammunition	1,230
4	Rifles	20

(Source: Details furnished by the Department)

As per Rule 167 (c) of Prison Rules, the Principal Warder shall have charge of the letter of arms and ammunitions and maintain account records related thereto. However, Audit noted that proper accounts and registers[18] as stipulated in the Rules were not maintained. The CSJ has to assess the requirement of arms and ammunitions, indent for the same to the Director General of Police, Puducherry or purchase directly as per the requirement after obtaining sanction of funds. However, no action for replenishment was initiated and unusable arms were kept in the prison since 2008.

[18] The Stock/ Stores issue register for making entry of arms and ammunitions provided, registering the specification and make, serial number of the weapon, year of manufacture, issued to whom and report on physical verification conducted etc., are to be maintained.

The IGP stated that proposals would be initiated for disposing the unusable arms and also for procuring new arms and ammunitions.

2.2.7.5 X-ray baggage scanner

As per Para 5.02 (xvi) of MPM, various norms in respect of security and custody in prison were envisaged which included installation of Close Circuit Television (CCTV) cameras and other electronic gadgets to effectively monitor and maintain a close watch for any breach of security inside the prison. Scrutiny of records and inspection of prison premises revealed that in order to modernise the security environment of Central Prison, it was proposed to install X-ray baggage scanner for effectively monitoring the entry and exit of various items, essential commodities, to prevent entry of banned items such as fire arms and other metallic items, etc.

The X-ray baggage inspection system was purchased (November 2009) at a cost of ₹ 29.56 lakh and operationalised in February 2010. However, the machine could not be utilised effectively as the same remained frequently damaged by the rodents. The machine was repaired in January 2014 at an expenditure of ₹ 2.07 lakh. Thus, even after spending ₹ 29.56 lakh, entry of illegal items in Jail cannot be ruled out. Audit noticed that the system remained non-functional for five years since 2014. Though a quotation for inspection-cum-service repair of X-ray baggage system was called for in December 2019, the same was yet (February 2021) to be finalised even after a lapse of more than one year.

Since the X-ray baggage system was not in use, the security measures for controlling entry of mobile phones and contraband articles like firearms, drugs, narcotics, etc., into the prison could not be ruled out. It is also pertinent to mention that during the period of Audit, 224 cell phones were seized from the prisoners. This incident could have been avoided, if the machine was worked properly. In the absence of X-ray baggage scanner, the possibility of entry of banned items could not be ruled out. The IGP accepted the suggestion in the exit conference and stated that the X-ray baggage scanner would be repaired.

2.2.7.6 Implementation of e-prison Project

In Central Prison, Puducherry, the basic records are maintained manually and computerisation was not done.

Government of India (GoI) sought (November 2017) proposal from UT Government for implementation of e-Prison[19] project. The guidelines issued (March 2018) by GoI stated that the activities relating to implementation of the e-Prison project were to be completed by March 2020. UT of Puducherry

[19] Computerisation of the functioning of prisons including digitisation and availability of prisoner data.

submitted (June 2018) a proposal at an estimated cost of ₹ 2.79 crore to GoI for implementation of e-Prison project. GoI released (March 2019) funds amounting to ₹ 45 lakh for creation of Information and Communication Technology (ICT), however, the same was allocated by UT of Puducherry in August 2019. Meanwhile, the Ministry of Finance, GoI issued revised guidelines (January 2020) as per which hardware/software items for e-Prison project were to be procured through Government-e-Marketing (GeM) portal. The items not available at GeM portal were to be procured through open tendering process.

The Department invited (March 2020) e-tender for procurement of partial items[20] through GeM portal. Though, the validity of the bid expired in June 2020, however, the Jail Department was unaware of it and forwarded (July 2020) the technical bid to NIC, Puducherry for assessment and after getting confirmation for the same from NIC in October 2020, financial bids were opened in December 2020. In January 2021, the Jail Department requested sanction of ₹ 13.76 lakh for procurement of hardware items from the Finance Department, Puducherry. However, the Finance Department returned (February 2021) the proposal stating that the validity of the bid offer for the hardware items had already expired in June 2020 and asked the Jail Department to resubmit the proposal with fresh bids through GeM portal.

Since the Jail Department could not complete the tender process through GeM portal before expiry of validity of bids, the e-Prison project for efficient working of Jail Department could not be implemented till date.

The IGP while accepting the fact, stated that the project would be operational by the year end.

2.2.7.7 Non-sanction of posts for Welfare Unit

The National Conference of Heads of Prisons after detailed deliberations on various aspects of prison administration advised (2017) that every State/Union Territory should establish a Welfare Wing under Jail Department. In conformity with the above recommendations, the Amicus Curiae also stated (February 2019) in their report that the absence of Welfare Officer who is to connect the prisoner and his family had only aggravated the problems in the prison. Para 4.03 of MPM contemplated six posts[21] for Welfare Unit. Audit noted that the Jail Department had not initiated any proposal for the posts for Welfare Unit even after a lapse of three years.

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[20] Bio-metric identification equipment, computer printers, desktop computers, tablet computers, networking/server rack, online UPS, USB camera, etc.

[21] Assistant Director (Correctional Services), Welfare Officer, Law Officer, Counsellor, Probation Officer and Psychologist.

In the absence of Welfare Unit, no effective action was initiated for welfare of the prisoners' family and no rehabilitation resources were identified. During the survey, all the prisoners stated that no welfare measures for their families were made available, which shows insensitivity of the Department towards the welfare of prisoners and their families.

The IGP stated that the proposals for sanction of these posts would be submitted to Government.

2.2.7.8 Non-availability of Prison Manual

Para 32.25 of MPM, 2016 envisages that each State Government should formulate its own State Prison Manual on the lines indicated in the MPM so as to adequately cater to the indigenous conditions, without diluting the concept of basic uniformity in laws and procedures. The Pondicherry Prison Manual was framed and published as early as in 1969. Though GoI published MPM in 2003 and revised the MPM in 2016, no efforts for publishing the Puducherry Prison Manual were made by the Department. However, Audit noticed that a committee of Senior Officers had been constituted only in January 2021 and the IGP was requested to expedite the submission of Puducherry Prison Manual.

The IGP stated (June 2021) that the Draft of Puducherry Prison Manual has been finalised and it would be submitted to Home Department, Government of Puducherry shortly.

2.2.8 Medical facilities

2.2.8.1 Non-availability of Ambulance in prison hospital

As per Para 7.04 of MPM, one ambulance shall be provided in each prison hospital. Central Prison, Puducherry is 17 kms away from Puducherry Government Hospital. However, Audit noticed that there was no ambulance available for transporting sick prisoners to hospitals. The Tata Sumo Jeep (purchased in 2010) is being used for transporting sick prisoners which was without mandatory life saving equipment *i.e.,* basic medical emergency support. During survey, the inmates also highlighted the requirement of ambulance facility to avoid any untoward incidences in case of emergency. The IGP stated that Ambulance would be procured after receipt of approval for the proposal from Government.

2.2.8.2 Lack of medical equipment in prison

As per Section 39 of Prison Act, 1894 read with Rule 825 of Prison Rules and Para 7.01 of MPM, every prison should have a well-equipped hospital to meet all ordinary requirements. As per Para 7.33 of Manual, the prison hospital should have a dental clinic, an ophthalmology clinic, a minor operation theatre, a clinical laboratory, an X-ray laboratory, a physiotherapy unit, a detoxification

unit and a psychiatric unit with all equipment. Further, as per Para 7.03 of MPM, hospital accommodation should be provided on the scale of five *per cent* of the daily average of the inmate population in all Central and District Prisons.

Audit noticed that the hospital in Central Prison, Puducherry premises did not have any such clinics except a general examination unit. It was also noticed that only basic equipment *viz.,* one each of Glucometer, BP apparatus, Stethoscope, Thermal scanner, Pulse Oximeter and Defibrillator were available. Further, as against the requirement of ten beds[22] only three beds were available. Scrutiny of Prison Hospital records showed that one to 38 inmates (excluding new inmates admitted on that day) were examined every day of which one to fifteen inmates were referred to nearby Government Hospitals as outpatients due to non-availability of requisite medical facilities *viz.,* ECG, X-ray, laboratory, etc., in the Prison Hospital.

2.2.8.3 Shortage of medical professionals

As per Section 6 of the Prison Act, 1894 read with Rule 60 and 71 of Prison Rules, for every prison there shall be a Medical Officer (MO) not below the rank of an Assistant Surgeon.

The hospital in Central Prison, Puducherry is of B type[23] hospital and the requirement and availability of medical professionals are given in **Appendix 2.5**. As against the requirement of 16 medical professionals, the sanctioned posts were only two *i.e.,* one Medical Officer and one Staff nurse. Audit noted that against the requirement of one doctor at all times in Central Prison, no fulltime doctor was available and the sick prisoners were examined as outpatients from 8.00 AM to 02.00 PM on week days and 8.00 AM to 12.00 noon on Saturday.

Test-check of records (January 2021) revealed that 33 inmates were taken to other hospitals during night hours which involved security risks also. During the survey among prisoners, 89 *per cent* stated that the hospital should be provided with a full time MO and necessary medical equipment. Audit also noticed that there were cases of self-mutilation and prisoners were sent to Government General Hospital for psychiatric treatment. The IGP, while accepting the fact, stated that the issue would be examined in consultation with the Health Department.

Audit ascertained that in the nearby[24] Central Prison at Cuddalore under Government of Tamil Nadu, for mental health of prisoners many programme

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22 Average number of inmates were 175 to 200.

23 Hospitals, with 50 beds and above shall be called 'A' type hospitals and Hospitals with less than 50 beds shall be called 'B' type hospitals.

24 Central Prison at Cuddalore under Government of Tamil Nadu is 27 km from Puducherry.

for self-awareness, self-confidence, motivation, painting, cultural activities, yoga, spiritual education were arranged regularly through Non-Governmental Organisations.

The IGP, while accepting the fact, stated that the issue would be taken up with the Health Department to depute a Psychiatrist on part time basis.

2.2.9 Reform and Rehabilitation

According to Section 34 of the Act read with Rules 387 and 388 of Prison Rules, prison labour should be performed with, for the aim of developing capacity for sustained hard work, building up habits of concentration, steadiness, regularity in work, imparting and improving work skills. The MPM in Para 15.01 stipulates that vocational training and work programmes should be treated as essential features of the correctional programmes.

2.2.9.1 Vocational Training

As per Para 15.04 of MPM, a "Board of Work Programme and Vocational Training" under the chairmanship of the IGP should be set up at the Prison Headquarters. Prison industries should be organised on business-cum-commercial basis and preference to prison products while purchasing articles for office use should be given by the various Government Departments.

Audit noticed that the "Board of Work Programme and Vocational Training" was not constituted, no arrangement was made with the help of Labour Department for conducting training for specified trade. As a result, the Central Prison, Puducherry had no workshop for imparting training to prisoners. The IGP stated that the Board would be constituted.



Picture 2.1 : Room constructed for workshop

As per Para 15.08 of MPM, vocational training programmes, self-employing trades and occupations should be organised for convicts with the help of local Industrial Training Institutes. Scrutiny of records showed that the prisoners were engaged only in routine works required for day-to-day maintenance of the prisons. The Department stated that with the help of Non-Government Organisations (NGOs), vocational training such as making of pickle, bakery items, candle and training programme on 'Front Office and Housekeeping Management' were conducted, however, records relating to the above vocational training were not furnished to Audit. The prison

had a workshop **(Picture 2.1)**, which was not equipped with essential items required for conducting the training.

In Khadi Spinning Centre (KSC) in Central Prison, out of 25 charkhas[25] supplied by Pondicherry Khadi and Village Industries Board (PKVIB) in September 2009, only 15 charkhas were functioning. Audit noticed that at the time of establishment of KSC in the prison, 20 prisoners were engaged and the same was reduced to three during 2017-20. The Department attributed (February 2021) the decrease to non-availability of adequate spinning machine. However, when Audit addressed PKVIB, it stated (January 2021) that additional charkhas would be supplied if more prisoners were willing to be engaged in this work. Thus, it is evident that due to lack of co-ordination between the Department and PKVIB, the prisoners were not engaged in meaningful activities despite employment/engagement opportunities being available.

During survey, the prisoners reported that the prison authorities did not arrange programmes on regular basis for developing the skill of prisoners. In this regard, it was ascertained that in nearby Central Prison at Cuddalore under Government of Tamil Nadu, training was imparted for house electrician, plumbing technician, tailoring. In addition, prison bazaar was being run for sale of food, sweets, bakery items, napkins, face masks at Central Prison at Cuddalore.

The IGP stated that there were plans to start industrial training programmes in collaboration with NGOs and the eligible children and family members of the prisoners would also be trained.

2.2.9.2 Non-engagement of prisoners with work on regular basis

As per Para 15.60 of MPM, agriculture, agro-based industries and other allied activities should be given priority in the skill development programmes in correctional institutions. The Central Prison has approximately 14 hectares of land.

Scrutiny of records revealed that it was proposed to use the water from the Sewage Treatment Plant (STP) for growing horticultural crops in the campus. Audit noticed that the treated water from the STP was disposed of in the open area and the vacant land of the prison premises was covered with bushes and shrubs (**Picture 2.2)** paving way for breeding of mosquitoes.



Picture 2.2: Vacant land covered with bushes

[25] A type of Indian spinning wheel used for spinning thread or yarns from fibres.

It was ascertained that the prisoners were earlier engaged in agricultural activities utilising the treated sewage water. The reasons for not continuing the same during 2017-20 were called for, but no reply was received (February 2021). In this regard, it was ascertained that in nearby Central Prison, Cuddalore under Government of Tamil Nadu, organic farming was being done by prisoners.

The IGP stated that plans were already in place for organic farming which would be started after the pandemic situation.

Para 15.17 and 15.30 of the MPM provide that all convicted prisoners should be employed with work. However, Audit observed that out of the 78 convicted prisoners, only 37 were assigned work on rotation basis.

During the joint survey conducted, the prisoners stated that if they were engaged regularly, it would relieve them of their mental stress. In the survey, 40 *per cent* of prisoners stated that they were not given any work, 35 *per cent* of them stated that they were given only routine work *viz.,* kitchen work, cleaning of toilet facilities, etc.

In view of the above lapses, Jail Department's objective of providing opportunities to prisoners to channelise their energies into positive, creative and productive directions remained unfulfilled.

2.2.9.3 Wages to prisoners

The Hon'ble Supreme Court ordered (September 1998) that fair wages to be paid to the prisoners for the work done by them in prison. In pursuance of the order, UT Government issued an interim order for wages in November 1998 and constituted a Wage Fixation Body (WFB) in December 1998. Based on the recommendations of WFB, UT Government had notified wages for prisoners in May 2001. UT Government reconstituted the WFB in July 2010 and revised wages were notified in February 2012. Accordingly, the wages are being paid to prisoners for the work done by them in prison after deducting the contributions towards three funds *viz.,* (i) Prison up-keep/Workshop Fund (₹ 50) (ii) Victim Compensation Fund (40 *per cent* of the net wages after deduction of Prison up-keep Fund) and (iii) Prisoners Welfare Fund (₹ 10). The MPM contemplated that the prisoners' wages should be deposited in their personal account.

The following observations are made on maintenance of the account of prisoners' wages.

(a) Payment of wages to prisoners

As per the recommendations of WFB, the Superintendent of Prison shall claim from the Government, the gross wages payable to the prisoners for the work done by them in the prison and deposit the said amount in the Prison

Upkeep/Workshop Fund, Victim Compensation Fund and the Prisoner Welfare Fund for which separate accounts should be opened. During 2017-20, out of 78 convicts, only about 37 convicts were given work. The unclaimed wages from July 2016 to January 2020 worked out to ₹ 65.68 lakh. The Department paid an amount of ₹ 27.52 lakh pertaining to 182 claims during March 2017 to August 2019. Further, from August 2019, no wage claims of the prisoners were entertained. During the joint survey, 72 prisoners stated that they were not paid any wages for the work done for the past three years.

Scrutiny of records showed that from 2012-17, the Jail Department had claimed wages of ₹ 25.81 lakh and deposited the same in the account maintained by the Department in a Nationalised Bank. This deprived the prisoners of earning interest on the deposit of their wages. Similarly, in respect of Special Sub-Jail, Karaikal, an amount of ₹ 4.67 lakh was kept in the bank account maintained for the purpose of prisoners' wages.

The IGP stated that ₹ 47.80 lakh has been released by Government in March 2021 and also stated that Nationalised Bank would be contacted for opening accounts for prisoners and do the needful.

(b) Non-review of wages

As per Para 15.46 of MPM, 2016, in order to keep the wage system in prisons in harmony with that in the free community, the wages should be reviewed every three years and revised whenever necessary. However, Audit observed that last review of wages was done during February 2012 and no action was initiated by the Department to review the rate of wages thereafter. The IGP stated that action would be taken to submit proposal for revision of wages to Government.

2.2.10 Poor attention to welfare of Prison Officials

The Para 30.01 of MPM states that a concerted approach towards staff development should be made as an integral part of the legal framework that regulates prisons. Further, Para 30.15 of MPM states that effectiveness and utility of correctional institutions will largely depend upon the level of satisfaction that prevails in the service. In this regard, the following was observed in Audit.

2.2.10.1 Staff Welfare Committee

As per Para 30.93 of MPM, there shall be a Welfare Committee at each institution consisting representatives of executive, technical, ministerial and guarding/custodial personnel. Further, as per Para 30.18 and Para 30.99 of MPM, each State should set up a Service Board for periodic review of all matters pertaining to the service conditions of prison staff.

Audit noted (February 2021) that Welfare Committee/ Service Board or any other forum was not constituted since 2016. As such, the staff had no avenue to address their grievances. The IGP stated that the Welfare Committee would be put in place.

2.2.10.2 Non-availability of toilet facilities for female guards

The Para 30.34 of MPM specifies the facilities which should be available to the staff while on duty *viz.,* Rest rooms with beds, bathroom, lavatories, first aid boxes, etc. On joint inspection (December 2020) of prison premises by audit, it was noticed that though there was a rest room for female guarding personnel, basic amenities like toilet were not available within the rest room. In the entire prison complex, there were only two lavatories, one each in the administrative block and executive block. Of the nine female warders, three to four would be on duty per shift, but no separate toilet facilities were available for them. The Department replied (February 2021) that the guarding female warders were using the toilets of the female inmates. The IGP stated that action would be taken to construct toilets.

2.2.11 Monitoring

2.2.11.1 Appointment on key posts other than Correctional Services

Para 30.01 of MPM, stipulates that correctional work being a specialised field, all posts in the Department of Prisons and Correctional Service[26], except where supporting staff is required, should be manned by persons belonging to the Jail Department. As per Recruitment Rules for the post of CSJ, one of the eligibility conditions was that the official should have served in correctional services for at least two years. For the post of Superintendent of Jail, the preferable educational qualification should be Degree of a recognised University in Criminology, Sociology, Social Welfare or Psychology. The prison staff should possess and consciously exhibit proper attitude while dealing with prisoners, accordingly a provision has been made in the Manual that as far as possible the jail staff should be appointed through correctional services.

Audit noticed that the posts of IGP and the CSJ were manned by the officials from Puducherry Civil Services and not from correctional services since 2004. Moreover, these officers did not have two years' experience in correctional services as required by the provisions of the MPM. Further, the post of Superintendent of Jail in Central Prison was vacant since September 2015. Non-compliance with above provisions of MPM resulted in lack of monitoring

[26] Correctional service means service aimed at the reformation and rehabilitation of the prisoners.

of prison functions like reformation and rehabilitation of prisoners, maintenance of records, provision of medical facilities, implementation of e-Prison project.

It is also pertinent to mention that, in connection with the death of a remand prisoner (November 2018) in Central Prison, Puducherry, as per the directions of Madras High Court, a team headed by an Amicus Curiae[27] visited the Central Prison, Puducherry in February 2019. In the report of the Amicus Curiae, it was pointed out that the Central Prison should be headed by a properly trained official from Prison Services who had been trained in correctional administration to have complete grasp of the prison system. The Amicus Curiae recommended that a full time IGP drawn from the Prison Services ought to be appointed and the same applies to the CSJ. However, audit noted that despite the recommendations of the Amicus Curiae, no follow up action was taken up by the Jail Department, for filling up the post of Superintendent of the Jail.

The IGP, in the exit conference, stated that the officer from civil service could also understand the prison system and its objectives of reformation and rehabilitation of prisoners. Regarding non-filling up of the post of Superintendent, it was stated that none of the officials in the Prison Administration qualified for promotion. The fact, however, remains that the Jail Department is being manned by the officials from Puducherry Civil Services who do not possess two years' experience in correctional services as is required as per the MPM.

2.2.11.2 Board of visitors

As per Provisions 29.01 to 29.07 of MPM, the Government shall constitute a Board of Visitors comprising of District Judge as the Chairman at district level and Sub-Divisional Judicial Magistrate at sub-division level along with other Official and Non-official members. The task of the Board of visitors include monitoring, suggesting new avenues for improvement and redressal of grievances of prisoners. The Board should meet at least once in every quarter. Audit noticed that the Board of visitors was not constituted in UT of Puducherry resulting in non-review by Experts from outside for possible improvement. The IGP stated that the proposal for modification in the Members of the Board was being made in the Draft Manual under submission to Government.

2.2.11.3 Formation of State Level Committee

According to Para 20.04 of MPM, each State shall constitute a State Level Committee (SLC) to recommend premature release of life convicts in appropriate cases. As per Para 20.08 of MPM, life convicts (men and

[27] An Amicus Curiae is someone who is not a party to a case and who assists a Court by offering information, expertise or insight that has a bearing on the issues in the case.

young offenders) on completion of 10 years of imprisonment, including remission, except those covered under Section 433A[28] of the Code of Criminal Procedure, 1973, whose cases would be considered after completing 14 years of actual imprisonment. However, even after a lapse of 17 years from the introduction of MPM, 2003, SLC has not yet been constituted. Scrutiny of records revealed that there were 47 prisoners convicted for life imprisonment in Central Prison, Puducherry. Out of them, 29 prisoners had completed more than ten years of imprisonment and their cases were yet to be reviewed. Therefore, non-constitution of SLC was in violation of MPM.

2.2.12 Good practices adopted by Central Prison, Puducherry

Audit observed that the following good practices were adopted by the Central Prison, Puducherry for the prisoners:

- The prisoners were provided with sufficient and quality meals thrice a day. In the survey conducted among prisoners, 86 *per cent* of the prisoners confirmed the above facts. Similarly, 61 *per cent* of the prisoners agreed that drinking water provided was very good.
- The prisoners were allowed to meet their family members when they visit the prison premises. They could also contact family member through office phone twice a week.



Picture 2.3: Buddha statue made by a prisoner

2.2.13 Conclusion

State Level Committee has not been constituted to review premature release of appropriate life convicts in violation of the provisions of Model Prison Manual. The guarding personnel were not properly trained. The X-ray baggage scanner installed to ensure prohibition of entry of illegal items was not functional. The jail hospital was lacking adequate staff and medical facilities and majority of cases referred to outside hospitals for treatment. Separate yards for accommodating young prisoners were not available. The key posts were operated with persons from non-correctional services. Board of visitors was not

28 **433A. Restriction on powers of remission or commutation in certain cases.** Where a sentence of imprisonment for life is imposed on conviction of a person for an offence for which death is one of the punishments provided by law, or where a sentence of death imposed on a person has been commuted under section 433 into one of imprisonment for life, such person shall not be released from prison unless he had served at least fourteen years of imprisonment.

constituted. Shortage of trained staff compromised the ability of jail administration to effectively develop the required skills in inmates for future rehabilitation. Majority of prisoners were not engaged in any work, further, wages for the work done by prisoners were not paid.

2.2.14 Recommendations

- As contemplated in Model Prison Manual, State Level Committee for premature release of prisoners may be constituted.
- For effective management of Jails, e-Prison project should be implemented to have an integrated data of prisoners.
- Safety, security and discipline of the prisoners may be strengthened by installation/proper maintenance of electronic security devices.
- Requisite medical equipment/facilities may be upgraded and adequate numbers of professionals/doctors may be appointed.
- Government should evolve a system for adequate reform and rehabilitation measures like constitution of Board of work Programme, Vocational Training, etc.
- Board of visitors may be constituted as per the norms.
- The adoption of best practices like creation of self-awareness programmes, motivation, skill development, organic farming etc., in Central Prison, Puducherry may be explored.

2.3 Overpayment

HEALTH AND FAMILY WELFARE AND REVENUE AND DISASTER MANAGEMENT DEPARTMENTS

2.3.1 Excess payment of interest

Interest for the compensation for acquisition of land was paid without considering the earlier part payments of compensations which resulted in excess payment of interest of ₹ 5.91 crore.

The Land Acquisition Act (LA) (Section 4(1)) authorises Land Acquisition Officer (LAO) to take steps for possession and assessment of cost of land required by the Government for public purposes. However, if the awardees are not satisfied with the cost of land awarded by LAO, they can approach the Court for revision/enhancement of cost. Further, Section 28 of the LA Act stipulates that awardees are entitled for interest [29] in case of delayed payments.

The Directorate of Health and Family Welfare Services of Health Department requested (1987) the LAO to acquire land for construction of Woman and Child Hospital. Based on the request, the LAO handed over 3,59,515 sq.ft. of land (Land-I) (October 1998) and land measuring 18,643 sq.ft. (Land-II) (October 2000) for the construction of hospital. The LAO fixed (April 2000) the market value of the Land-I at ₹ 115 per sq.ft. and the market value of Land-II as ₹ 300 per sq.ft (December 2000).

Based on the representation by the land owners, the market value of both the pieces of land (Land-I and II) was enhanced (March 2016) by the Hon'ble High Court, Madras to ₹ 580 per sq.ft. The total compensation payable for Land-I and Land-II was ₹ 31.63 crore[30] (₹ 30.21 crore and ₹ 1.42 crore respectively) from the date of taking possession. The details are given in **Table 2.11**.

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[29] Nine *per cent per annum* from the date of taking possession and 15 *per cent per annum* after expiry of one year.

[30] Land I - Market Value:₹ 20.85 crore; 30 *per cent* solatium; ₹ 6.25 crore
Additional Market Value for 453 days: ₹ 3.11 crore.
Land II - Market Value ₹ 1.08 crore; 30 *per cent* solatium; ₹ 0.32 crore
Additional Market Value for 57 days: ₹ 0.02 crore.

Table 2.11: Land acquisition compensation paid

(₹ in crore)

Particulars	Land I	Land II
Compensation paid before taking possession	4.74	0.58
Compensation paid after taking possession	25.47	0.84
Total compensation paid (1)	**30.21**	**1.42**
Interest Paid (2)	**69.86**	**1.81**
Interest Payable (3)	64.00	1.76
Excess payment of Interest (2)-(3)	**5.86**	**0.05**

Audit noted that while calculating interest for delayed payment of compensation, for the period from January 2000 to November 2019, the Department did not adjust the compensation amount paid during May 2002 and thereafter. After consideration of part payments effected on each occasion, the interest due worked out to ₹ 64 crore whereas, the Department paid a sum of ₹ 69.86 crore resulting in excess payment of ₹ 5.86 crore in respect of Land-I. Similarly, in respect of Land-II, non-adoption of the reduced balances after considering part compensations already paid resulted in excess payment of interest amounting to ₹ 0.05 crore. Thus, while computing compensation including interest, ignoring the compensation already paid to land owners resulted in excess payment of interest amounting to ₹ 5.91 crore as detailed in **Appendix 2.6**.

It is pertinent to mention that during the compliance audit of Health and Family Welfare Department in November 2018, Audit advised the Department to work out the interest due after adjusting the compensations already paid. However, interest amount was worked out without taking into account the amount of compensation already paid by the Department resulting in excess payment of interest of ₹ 5.91 crore.

The matter was referred (March 2021) to the Health and Family Welfare Department, however, their reply was awaited.

Recommendation

The Department should fix the responsibility for this lapse and also explore the possibility of recovery of excess payments from the land owners. The Department should exercise due care while calculating interest by taking into consideration the payments already made.

2.4 Unfruitful expenditure

REVENUE AND DISASTER MANAGEMENT AND FISHERIES AND FISHERMEN WELFARE DEPARTMENTS

PROJECT IMPLEMENTATION AGENCY

2.4.1 Non-utilisation of Effluent Treatment Plant created at a cost of ₹ 3.41 crore

The Project Implementation Agency decided to set up Effluent Treatment Plant of 1 mld capacity which was 500 times of the existing requirement and 20 times of future requirement. Due to unjustified/unrealistic assessment of the actual requirement, the ETP created at a cost of ₹ 3.41 crore remained unutilised for the last two years.

The Project Implementation Agency (PIA) under Coastal Disaster Risk Reduction Project (CDRRP) with the assistance of World Bank, proposed (August 2010) construction of additional buildings and other facilities[31] to the existing fishing harbour at Thengaithittu, Puducherry. The work was approved by the Puducherry Planning Authority in February 2011. The project included, among other facilities, treating the discharge of effluent sullage in the fishing harbour by constructing an Effluent Treatment Plant (ETP). The PIA in July 2015 accorded sanction for incurring an expenditure of ₹ 3.57 crore for construction of additional building and other facilities.

Audit scrutiny of records (October 2020) relating to setting up of ETP revealed the following:

A Detailed Project Report (DPR) for setting up of ETP was prepared by a firm[32] wherein the quantity of sullage generation by the existing Fish Auction Hall I and II was stated to be 2,000 litres per day (lpd). The total quantity of sullage likely to be generated by other facilities proposed to be constructed was estimated as 50,000 lpd. PIA was informed (May 2010) by the Puducherry Pollution Control Board (PPCB) that, C-Tech was the specialised agency for treating the sullage/sewage. Accordingly, when approached by PIA, C-Tech informed that the minimum plant capacity available with them for making ETP was 10 lakh lpd *i.e.,* one million litres per day (mld). Despite the existing requirement of 2,000 lpd and future requirement of 50,000 lpd as envisaged in

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31 Extension of quay, Modernisation of shipping yard, Marine mechanised workshop, Boat making and repairing yard, Fish processing unit, Ice plant, Treatment for discharge of effluent sullage.

32 M/s WAPCOS Ltd.

DPR, PIA decided to establish ETP of one mld *i.e.,* 500 times of existing requirement and 20 times of future.

The work[33] of 1 mld capacity ETP based on Sequential Batch Reactor (SBR) Technology for Puducherry Fishing Harbour on Design, Build, Operate and Transfer basis at Puducherry was awarded (March 2015) to a contractor at a cost of ₹ 3.27 crore. As per contract, the work relating to construction of ETP was to be completed by April 2017. However, there were delays in completion of work and the same was actually completed in May 2018 at a total cost of ₹ 3.41 crore. A penalty of ₹ 4.79 lakh was levied on the contractor for delay in completion of work.

Audit observed that when the work was nearing completion, Executive Engineer (EE), PIA addressed (October 2017) the Director, Fisheries and Fishermen Welfare Department that the effluent generated by the various units would be far less than the required quantity for running ETP and therefore, effluent from nearest villages may be connected to the ETP after due investigation/survey for the effective functioning of ETP and to depute a person to be trained in ETP (November 2017).

During May 2018, the trial run was conducted. The World Bank team instructed to identify the sources of effluent to run the plant continuously for sustaining the 1 mld plant. As there was no continuous supply of effluent, the EE/PIA apprehended (August 2018) that it might cause permanent damage to the ETP and requested the Director, Fisheries and Fishermen Welfare Department to take over the plant. Director of Fisheries and Fishermen Welfare Department intimated (August 2019) the Joint Project Director (TECH), PIA that due to non-availability of technical staff and sufficient effluent, the Department was not in a position to take over the ETP and suggested that it may be handed over to Public Works Department (PWD). However, the Chief Engineer (PWD) stated (May 2020) that it was not feasible to run the plant as minimum quantity of sewage required and sufficient manpower were not available with PWD.

Thus, as against the actual existing requirement of 2,000 lpd and future requirement of 50,000 lpd (0.05 mld) as envisaged in the DPR, the injudicious decision of the PIA to establish ETP of 1 mld capacity *i.e.,* 500 times of the then existing requirement and 20 times of future requirement resulted in idling of ETP for more than two years resulting in unfruitful expenditure of ₹ 3.41 crore. The ETP has not been handed over to Director of Fisheries/PWD till date (November 2020).

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[33] Designing, Providing, Construction, Erection and Commissioning, Start up and Performance of trial run for three months, followed by one year free operation and maintenance.

The matter was referred (March 2021) to the Fisheries and Fishermen Welfare Department, however, their reply was awaited.

Recommendation

The Department should explore the possibility of utilising the ETP efficiently so that the facility created at a cost of ₹ 3.41 crore could be put to efficient use.

2.5 Idle Investment/Blocking of funds

TOWN AND COUNTRY PLANNING DEPARTMENT

2.5.1 Unfruitful investment

Non-selection of beneficiaries before construction and subsequent non-allotment of tenements led to unfruitful investment of ₹ 1.54 crore.

Puducherry Slum Clearance Board (Board) implements Slum Upgradation Programme under State Plan scheme. The programme aims at acquiring sites in urban areas for construction of tenements in storeyed blocks for slum dwellers on rental basis. Under this programme, the Board identifies the slum dwellers (beneficiaries) and issues Priority cards[34] before commencement of construction of tenements and after completion of tenements, allotments are made to Priority card holders.

At Kann Doctor Thottam area of Puducherry, the Board constructed and allotted 384 tenements in 10 blocks in a phased manner during the period 2001-2010. The Member of Legislative Assembly (MLA) of the constituency requested (January 2011) the Board to construct one more tenement block at a vacant place in the same area to accommodate houseless poor. Accordingly, an estimate of ₹ 1.56 crore for construction of one block of 32 tenements (Block E1) was prepared (February 2011) by the Board. In deviation from the existing practice of identification of beneficiaries, under the Slum Upgradation Programme before commencement of the project, a proposal for construction of 32 tenements was submitted (January 2011) by the Board to Town and Country Planning Department (Department). The administrative approval was accorded (February 2011) by the Government of Union Territory of Puducherry. Work order for this was issued for ₹ 1.40 crore (May 2012) after tender process. The

[34] Priority cards are issued by the Board to slum dwellers who are affected by fire accident, evicted from housing project site and road side encroachment for rehabilitation in the housing project schemes.

work was scheduled to be completed in May 2013 whereas the same was completed in November 2015 at a total cost of ₹ 1.54 crore[35] after a delay of more than two years.

Audit noticed that even after lapse of more than five years from completion of construction, the above 32 tenements were yet to be allotted (March 2021). It was not evident from the records maintained by the Board as to why these 32 tenements were not allotted even after completion of construction.

To an audit query, the Board replied that non finalisation of rules conforming to provisions of Slum Areas (Improvement and Clearance) Pondicherry Amendment Act, 1986, (Act) for allotment of tenements constructed under Slum Upgradation Programme was the reason for non-allotment of tenements to the beneficiaries. Despite Public Accounts Committee (PAC) recommendations to frame the rules for the purpose of allotment of tenements in a transparent and clear manner in 2008, the rules have not been framed for last 34 years, as a result of which 32 tenements constructed at a cost of ₹ 1.54 crore remained unoccupied and are idling or crumbling. The joint inspection (January 2020), by the Audit team with Officers of the Board, revealed that the above tenements were in a deteriorated state with broken window panes and waste was being dumped inside the block, which made the tenements unfit for immediate occupation as shown in **Pictures 2.4** and **2.5**.



Picture 2.4: Broken window and waste material dumped



Picture 2.5: Unhygienic waste dumped inside the block

It is pertinent to note that in the Report of the Comptroller and Auditor General of India - Government of UT of Puducherry for the year ended 31 March 2000 (Paragraph No. 3.4.6.1), non-framing of separate rules for allotment of plots and tenements was commented upon. Despite PAC

[35] The expenditure includes additional expenditure incurred on internal electrification, service connection and water connections, etc., and the Board's Administrative Charges @ 10.75 *per cent* of the work value.

recommendations (April 2008) for preparation of comprehensive rules, the rules are yet to be framed.

To ascertain the status of framing of Rules for allotment of tenements and plots to slum dwellers, Audit scrutinised the records in Town and Country Planning Department, Puducherry which revealed that "Draft rules for allotment of plots/tenements for slum dwellers" were prepared (December 2012) by the Board and sent to Government for approval. Examination of current status of the draft rules revealed (January 2018) that the Department took five years in framing the rules before forwarding to Law Department for vetting. The Secretary, Housing Department stated that the Rules were very poorly drafted without due diligence as no critical analysis was made by the Board. The matter is still pending with the Town and Country Planning Department and the Rules are yet to be notified even after 34 years of formulation of the Act.

Thus, non-identification of beneficiaries before commencement of construction of tenements and non-framing of Rules resulted in non-allotment and unfruitful investment of ₹ 1.54 crore for more than five years besides deterioration of tenements and deprival of benefits to the targeted beneficiaries.

The matter was referred (January 2021) to the Department, however, their reply was awaited.

Recommendation

Rules be framed in a time bound manner to ensure transparency, criteria for identification of beneficiaries for allotment of tenements to be formulated prior to construction. Further, the constructed tenements may be allotted expeditiously before they become completely uninhabitable.

FISHERIES AND FISHERMEN WELFARE AND REVENUE AND DISASTER MANAGEMENT DEPARTMENTS

2.5.2 Tardy Implementation

The Ice plant and storage plant created for preservation of fish at a cost of ₹ 3.09 crore in December 2015 has not commenced the commercial operation even after five years of completion due to defective implementation of project.

The Project Implementation Agency (PIA) under the control of Department of Revenue and Disaster Management, UT of Puducherry (Department) is the implementing agency for Emergency Tsunami Reconstruction Project within Puducherry. In order to meet the present requirement of 53 metric tonne (MT) ice, for preservation of fish, the PIA proposed (June 2010) setting up of an ice

plant including other facilities[36] at an estimated cost of ₹ 5.79 crore. The production capacity of plant was projected as 50 MT ice per day.

The contracts for setting up of the Ice plant including other facilities were finalised (May 2011) between PIA and M/s. B. Nathamuni and Sons, Chennai at a total cost of ₹ 5.50 crore. In addition, the contract for setting up of cold storage plant was awarded (August 2015) to M/s. Asva Cool Solutions Limited, Chennai at a cost of ₹ 42.85 lakh. After completion of work, the Ice plant and storage plant were handed over to the Fisheries Department in August 2015 and December 2015 respectively.

Audit scrutiny of records relating to contracts revealed that as per the original bid condition, the contractor should have experience or should have satisfactorily completed at least one similar work[37] valuing ₹ 4.71 crore. This condition was removed in the Addendum issued (January 2011) and in place of the said condition only experience in "civil construction work" was added. As a result of which the work was awarded to a contractor who had no experience relating to establishment of Ice plant. The Ice plant could not achieve the rated capacity of 50 MT per day against the projected normal time of 24 hours mainly due to inadequate provision of cooling coil by the contractor. Against the cooling coil requirement of 3,200 running feet as envisaged in the agreement, the actual measurement of the coil installed by the contractor was only 1,600 running feet (50 *per cent* of the agreement requirement). This resulted in longer cooling time for formation of ice. It was also seen that Ice plant is actually producing 35 MT ice against the envisaged requirement of 50 MT ice per day.

Audit observed (January 2021) the facilities created for preservation of fish could not be operationalised/put to commercial use till date due to frequent technical snags/faults *i.e.,* smoke in chill plant, leakage of ammonia gas and low load in suction plant. Audit also observed that due to frequent snags, the Ice plant was temporarily closed in September 2017. The department had also incurred an expenditure of ₹ 3.31 lakh on its repair/maintenance in December 2018. The Department handed over Ice plant/Storage plant to Puducherry Fisheries Harbour Management Society[38] for early operationalisation of ice plant. The society in response proposed (December 2018) for leasing out the chill plant for 12 months at a cost of ₹ 30.89 lakh. However, despite lapse of two years, this proposal was yet to materialise for want of approval from the competent authority.

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36 Construction of Chill Plant, pre-processing unit, net mending shed, mechanised workshop and improvements to existing Auction Halls for Puducherry Fishing Harbour.

37 Dredging work, Marine/Sea Ports work inclusive of construction work.

38 A society under the control of Fisheries Department, Puducherry.

Thus, the change in original bid document led to award of work to a contractor who became eligible due to the revised bid document, lacked experience in installation of ice plants. As a result, on the one hand the completion of plant was delayed and on the other the defective installation led to short production and longer period in formation of ice. This, coupled with delay in outsourcing the plant for commercial production resulted in the Ice plant and storage plant created at a cost of ₹ 3.09 crore lying idle for more than five years. Thus, the objective of supply of ice for preservation of fish remained unachieved.

The matter was referred (March 2021) to the Department, however, their reply was awaited.

Recommendation

The Department should take due care at the time of implementation of contract and fix responsibility for lapses. All out efforts to be made to outsource the plant to achieve the intended objectives as per DPR.