

## Chapter I

### Introduction

#### *Deendayal Upadhyaya Gram Jyoti Yojana*

**1.1.** Ministry of Power (MoP), Government of India (GoI) launched (December 2014) Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) subsuming the targets laid down under the erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) as a separate rural electrification sub-component by carrying forward the approved outlay for the RGGVY to the DDUGJY with additional objectives, *viz.* separation of agriculture and non-agriculture feeders; and strengthening and augmentation of sub-transmission and distribution infrastructure in rural areas, including metering at distribution transformers, and at feeder and consumers' end. A provision was also made for Decentralized Distributed Generation (DDG) as part of RGGVY XII Plan for electrification of all un-electrified revenue villages and hamlets (above 100 population) through conventional or renewable sources (solar, hydro, *etc*) where grid connectivity was either not feasible or not cost effective.

In Karnataka, there were five Electricity Supply Companies<sup>1</sup> (ESCOMs) which implemented the scheme. A tripartite agreement was entered into (November 2015/December 2015) between the REC, GoK and the ESCOMs for implementation of DDUGJY. As per the scheme guidelines, projects were to be implemented on turnkey basis, with an option to execute the projects departmentally in exceptional cases with the approval of the Monitoring Committee. The ESCOMs had implemented the projects under DDUGJY on turnkey basis.

#### *Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)*

**1.2.** The main focus of rural electrification upto 2017 was electrification of villages. However, village electrification did not result in electrification of all the households as the village was considered electrified even on the electrification of 10 *per cent* of households as per the definition. Keeping in view the role of electricity in the human and socio-economic development, the MoP launched (September 2017) Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) to achieve universal household electrification in the country. The scope of the scheme was to provide (i) last mile connectivity and electricity connections to all un-electrified households in rural areas; (ii) Solar Photovoltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages/habitations, where grid extension is not feasible or cost effective; and (iii) last mile connectivity and electricity connections to all remaining economically poor un-electrified households in urban areas. Non-poor urban households were excluded from this scheme.

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<sup>1</sup> Bangalore Electricity Supply Company Limited (BESCOM), Chamundeshwari Electricity Supply Corporation Limited (CESC), Gulbarga Electricity Supply Company Limited (GESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Mangalore Electricity Supply Company Limited (MESCOM).

Funding pattern is similar to that under DDUGJY. Four out of five ESCOMs<sup>2</sup> had implemented the scheme in the state.

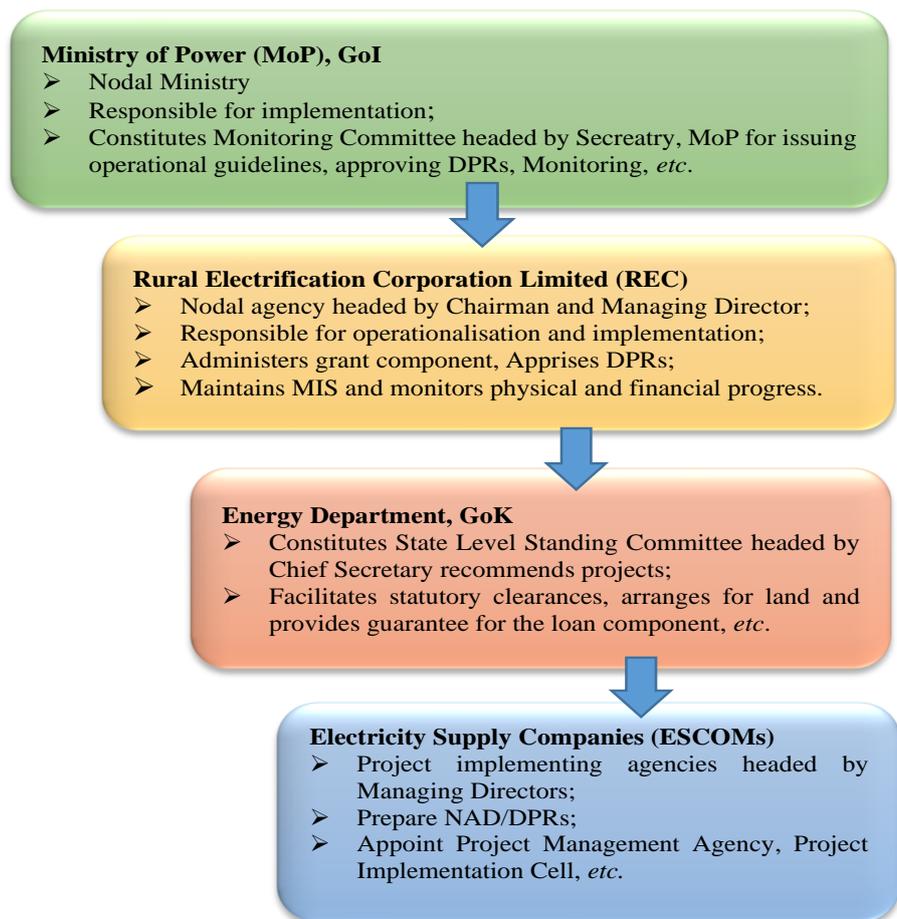
**Cost sharing pattern**

1.3. For the projects under DDUGJY/SAUBHAGYA, 60 per cent of the sanctioned cost was provided by GoI in the form of capital subsidy/grant, and the remaining cost was met by ESCOMs through loan/own contribution. In case of projects under RGGVY/DDG, GoI provided 90 per cent of the sanctioned cost as grant and ESCOMs bore the remaining 10 per cent out of their own funds. The MoP sanctioned the total cost of ₹ 2,074.26 crore<sup>3</sup> for the projects proposed for implementation under DDUGJY/SAUBHAGYA, RGGVY and DDG.

**Organisation setup**

1.4. The organisation setup for implementation and operationalization of the schemes is depicted in the chart below:

**Chart No.1.1: Organisation setup**



<sup>2</sup> CESC, GESCOM, HESCOM and MESCOM.

<sup>3</sup> DDUGJY: ₹ 1,747.49 crore; SAUBHAGYA: ₹ 197.84 crore; RGGVY: ₹ 104.02 crore; DDG: ₹ 24.91 crore.

### **Audit objectives**

**1.5.** The Performance Audit is undertaken to ascertain whether:

- i) Planning and financial management of projects was done efficiently and economically to achieve the targets of the scheme;
- ii) Implementation of projects was done in an efficient and effective manner; and
- iii) Monitoring of the scheme was effective.

### **Audit criteria**

**1.6.** The main sources of audit criteria for the performance audit were:

- Scheme guidelines issued by the Ministry of Power, GoI and REC;
- Approved Need Assessment Document and Detailed Project Reports (DPRs);
- Bipartite/Tripartite agreement among REC, State Government and ESCOMs;
- Instructions/circulars/orders/manuals/guidelines issued by MoP, REC, GoK and ESCOMs regarding the scheme, Decisions of Technical Committee and Board/Sub-Committee Meetings of ESCOMs;
- General Financial Rules, Contract Agreements, Standard Bid Documents, and Sanction orders; and
- Karnataka Transparency in Public Procurement (KTPP) Act, 1999 and KTPP Rules, 2000.

### **Audit scope and methodology**

**1.7.** The Performance Audit was conducted in all the five ESCOMs covering the transactions during 2014-15 to 2020-21 for the schemes of DDUGJY/SAUBHAGYA including RGGVY XII Plan and DDG. Audit sample was drawn using simple random sampling method through IDEA software. The details of selected sample are given in **Appendix-1**. Following table depicts the sampling methodology:

**Table No. 1.1: Details of sample selected**

Sl. No.	Category	Sample size
1	Districts	10 out of 30 districts <sup>4</sup> (8 under DDUGJY and 2 under RGGVY).
2	Blocks	21 blocks (taluks) under selected 10 districts ensuring a minimum of two blocks in each district.
3	Villages	190 villages in 21 blocks representing 30 <i>per cent</i> of the total villages, restricting to maximum of 10 villages. Besides, five villages in three districts <sup>5</sup> under DDG were selected.
4	Beneficiary survey	105 villages in 21 selected blocks restricting to five villages in each block.

Audit scrutinized records maintained at Energy Department, Corporate offices and at selected divisional/sub-divisional offices of ESCOMs and Corporate office of Karnataka Power Transmission Corporation Limited. The methodology also involved interaction with the personnel of auditees and Energy Department, collection of information through audit requisitions and issue of audit queries.

Besides, a survey of selected beneficiaries and villages was conducted with the help of a structured questionnaire designed to capture the experience and perception of the beneficiaries regarding the scheme.

Entry Conference was held on 18 September 2020. The Draft Performance Audit Report was issued to the Government/ ESCOMs in September 2021 and the Report was discussed in the Exit Conference held on 11 October 2021. The views furnished (November 2021/February 2022) by the ESCOMs/Government have been suitably incorporated in the Report.

### Audit findings

**1.8.** Audit findings are organised in the following chapters, *viz.*

- **Chapter-II:** Planning and Financial Management.
- **Chapter-III:** Implementation of projects under the schemes.
- **Chapter-IV:** Survey findings and Monitoring issues.

### Acknowledgement

**1.9.** Audit acknowledges the cooperation and assistance extended by the Energy Department of GoK, Management of ESCOMs and Karnataka Power Transmission Corporation Limited in facilitating the conduct of Performance Audit.

<sup>4</sup> **DDUGJY:** 1. Bidar, 2. Chikmagalur, 3. Haveri, 4. Mandya, 5. Raichur, 6. Shimoga, 7. Tumkur and 8. Udupi. **RGGVY XII<sup>th</sup> Plan:** 1. Mysore and 2. Bangalore Rural.

<sup>5</sup> **DDG:** 1. Chamarajanagar (Arbigere -Keredibba); 2. Madikeri Nalkeri Forest (Begurhadi & Gonigadde) and 3. Shimoga (Urulugallu & Chitra Shettihalli).