

Executive Summary

About the Report:

The availability of power supply in most rural areas of India is inadequate and unreliable. The Government of India and the State Governments have been implementing several rural electrification schemes with the objective of closing the gap between urban and rural areas with respect to availability of power.

The Government of India (GoI) launched (December 2014) *Deen Dayal Upadhyaya Gram Jyoti Yojana* (DDUGJY) for completion of targets laid down under *Rajiv Gandhi Grameen Vidyutikaran Yojana* (RGGVY) for XII Five Year Plan (FYP) by subsuming RGGVY in DDUGJY as a separate component.

Further, GoI introduced (October 2017) *Pradhan Mantri Sahaj Har Ghar Bijali Yojana* (SAUBHAGYA) with the objective to provide last mile connectivity by release of electric connections to all unelectrified households in rural areas and all remaining economically poor unelectrified households in urban areas.

The Government of Jharkhand (GoJ) had launched *Atal Gram Jyoti Yojana* (AGJY) in April 2015 for providing free electric connections to above poverty line (APL) rural beneficiaries and *Tilka Manjhi Krishi Pump Yojana* (TMKPY) in April 2015 for providing free electric connection to agricultural pumps of rural beneficiaries. GoJ had also launched (March 2017) *Jharkhand Sampurna Bijli Aachhadan Yojana* (JSBAY) for construction of Power Sub-stations (PSSs) and associated lines and metering at all levels besides connection to uncovered households including agriculture connections.

It is in this backdrop that the Performance Audit on Implementation of Rural Electrification Schemes in Jharkhand, covering the period 2015-20, was carried out during the year 2019-20 with the objective of assessing the implementation of rural electrification schemes in the State.

What has been covered in this audit?

In this performance audit, we have focussed on implementation of rural electrification schemes in the State. Achievement of objectives of different rural electrification schemes have been assessed on pre-determined criteria in the sampled districts and covered under themes like Planning, Village and Household electrification, Separation of Feeders, Strengthening of Sub-

Transmission & Distribution network, Financial Management, Contract Management and Monitoring.

What have we found and what do we recommend?

We found significant areas for improvement in implementation of rural electrification schemes in the State as highlighted below:

Planning

- Jharkhand Bijli Vitran Nigam Ltd. (JBVNL) did not maintain database regarding status of electrification of villages except consumer database. While conducting field survey in the seven test-checked districts before commencing the electrification works, the Turnkey Contractors (TKCs) found that 260 electrified villages and 678 non-existent villages were included in the DPRs.
- JBVNL was deprived of GoI grant amounting to ₹ 182.68 crore due to non-completion of RGGVY (X FYP) in Chatra, Garhwa, Latehar and Palamu districts, non-pursuance by JBVNL regarding electrification of left out BPL households in Dumka and West Singhbhum districts and non-uploading of DPR of Simdega district.

JBVNL should strive for adoption of modern technologies based on GIS system for creating and maintaining asset database beside physical survey in villages and other areas which will enable it to formulate schemes and complete the work within stipulated time.

Village and Household electrification

- Though the targets to complete electrification measures in the seven test-checked districts were fixed between July 2019 and December 2019, electrification of 819 (10 *per cent*) out of 7,925 villages taken up under DDUGJY was not completed as of March 2020. Further, 23,951 (21 *per cent*) out of 1,15,629 connections and 68,417 (32 *per cent*) out of 2,15,605 connections could not be provided as of March 2020 under RGGVY (XII FYP) and DDUGJY respectively on account of various project bottlenecks.
- AGJY was fore-closed after providing free electric connections to 1.86 lakh APL households against the target of 3.64 lakh APL households as JBVNL could not provide list of beneficiaries to the Turnkey Contractors (TKCs).
- JBVNL incurred an avoidable expenditure of ₹ 15.85 crore as 56,954 APL connections were released free of cost under DDUGJY against the norms.

- Under SAUBHAGYA, 2,84,485 connections were released in the seven test-checked districts against work order for providing 4,06,196 connections without ensuring assessment of beneficiaries eligible for free connections.
- Though the Department had set a target of providing 3.04 lakh agriculture connections under TMKPY in April 2015, no application for agriculture connections were received from farmers under the scheme mainly due to scarcity of water in nearby water bodies for carrying out irrigation. The scheme was closed in October 2018 without releasing any connections.
- Out of total 5,23,295 connections released under centrally sponsored schemes in the seven test-checked districts, only 2,93,334 consumers were being billed.

Scrutiny of 431 consumers revealed that billing was started with delays ranging between two to 27 months from the date of release of the connections. Further, scrutiny of energy bills of 200 unmetered/defective meter consumers whose meters had been replaced, revealed that 182 consumers were being billed on average basis even after a lapse of eight to 23 months after replacement of the meters.

- Collection of energy charges from rural consumers was 15.46 and 13.98 *per cent* under DS-I(A) tariff¹ and 46.77 and 38.81 *per cent* under DS-I (B) tariff² during 2018-19 and 2019-20 respectively excluding subsidy received from GoJ. This, when compared with the overall collection efficiency (between 85 and 90 *per cent*) of JBVNL, was poor.
- JBVNL could not achieve the targeted Aggregated Technical & Commercial (AT&C) loss of 15 *per cent* by 2018-19 as envisaged under Ujjwal Discom Assurance Yojana (UDAY) and the AT&C loss during 2019-20 was 33.49 *per cent*. As a result of the failure to keep AT&C loss within the limits fixed by Ministry of Power (MoP), JBVNL would not be able to avail the opportunity of conversion of loan component into grant under DDUGJY.

JBVNL should make time bound and concerted efforts to improve efficiency in collection of energy charges from rural consumers to match its overall collection efficiency by installing meters in unmetered rural premises, billing the metered rural consumers on a regular basis, setting up nearby collection centres in villages, strengthening the spot billing mechanism by

¹ Domestic rural BPL consumers are classified as DS 1(A) as per JSERC tariff

² Domestic rural consumers other than BPL are classified as DS 1(B) as per JSERC tariff

Urja Mitra in rural pockets etc., to bring down the AT&C losses to 15 per cent.

Further, Energy Department should investigate the deficiencies in the scheme design and deliverables of TMKPY which was closed without providing any connection and AGJY which was closed midway. The Department should also examine the role and failure of JBVNL management in not apprising the Department about the lukewarm response to these schemes at the implementation level and for possible modifications in the scheme mandate to improve last mile connectivity.

Separation of Feeders

- Although 47 feeders and 1,981.29 Ckms of agricultural electric lines were erected as a part of separation of agriculture feeders, none of these were charged. Out of these, 40 feeders and 1,840.71 Ckm of agricultural lines were not put to use even after installation of 2,966 Dtrs in Deoghar, Dhanbad and Ranchi districts at a cost of ₹ 90.61 crore³ for agriculture connections though 16,406 agriculture consumers already existed in these districts.

JBVNL should immediately take measures to regulate power supply to the existing agricultural consumers by charging the idle agriculture feeders and dedicated electric lines.

Strengthening of Sub-transmission and Distribution network

- Under DDUGJY, 29 Power Sub Stations (PSSs) of 235 Mega Volt Ampere (MVA) were constructed. Of these, only eight PSSs of 70 MVA could be charged while 21 PSSs were idle (June 2020) even after three to 29 months of their construction mainly due to the associated Grid Sub Stations (GSSs) remaining incomplete (three cases), non-erection of required 33 or 11 KV lines (16 cases) besides absence of trained manpower (two cases) to operate these PSSs.
- JBVNL had not installed energy meters at PSSs and feeders constructed. Though energy meters were installed at Distribution Transformers (DTrs), DTr-wise energy accounting was not being carried out to check the losses. Thus, one of the main objective *i.e.*, reducing AT&C losses was defeated.

³ 2966 x ₹ 81332 (average cost of DTrs) + 1840.71 x ₹ 3,61,189 (average cost of agricultural line) = ₹ 90.61 crore

JBVNL should ensure that idle assets such as PSSs, associated electric lines, etc., are put to optimal use at the earliest so that money spent on their erection becomes productive.

JBVNL should ensure metering and energy accounting at all levels to identify areas of AT&C losses for remedial action.

Financial Management

- JBVNL had not ensured timely completion of works related to RGGVY (XII FYP) resulting in avoidable expenditure of ₹ 3.43 crore incurred towards charges paid to Project Monitoring Agency (PMA) upto September 2020.
- JBVNL failed to complete works within stipulated time, keep AT&C losses within the prescribed limit of 15 per cent by 2018-19 and claim admissible revenue subsidy from GoJ in the absence of metered and billed power consumption. Thus, JBVNL would not be able to avail the benefit of conversion of 50 per cent of loan valued at ₹ 558.32 crore into additional grant.

The project bottlenecks highlighted by Audit should be addressed before taking up electrification works so that they are completed in a time bound manner. Reasons for non-completion of works within the timelines should be thoroughly analysed by the Department to avoid its recurrence. All works, presently behind schedule, should be closely monitored for completion at the earliest.

Contract Management

- Eighteen packages were awarded to six agencies to carry out rural electrification works. None of the agencies met the required technical criteria to qualify for the bids. Further, in 304 test-checked cases, there were instances of non-deduction of royalty, delays in execution of agreements, empanelment of vendors without calling open tenders and violation of Delegation of Financial Powers (DoFP) in awarding contracts/works.

As contract management is the essence of effective, efficient and economical execution of projects, JBVNL should adhere to the conditions of Notice Inviting Tender/Standard Bidding Document and follow the DoFP and conditions of work order.

Monitoring

- District Electric Committees (DECs) were to meet once in three months to review the quality of power supply, consumer satisfaction and to promote

energy efficiency and energy conservation. In the seven test-checked districts, DECs met only once against the requirement of 20 meetings during April 2015 to March 2020 for which no reasons were available on record. Thus, supervisory oversight by DECs, as laid down in the scheme guidelines, was absent.

The Department should ensure that the DECs meet as per norms and engage constructively to review the grey areas highlighted in this Report for taking corrective action and fixing accountability.

What has been the response of the Government?

While providing a general response regarding efforts being made at their level, the Government assured that necessary action will be taken to improve the system where shortcomings had been pointed out by Audit.