



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on Compliance Audit
for the year ended 31 March 2022**



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Jharkhand
Report No. 2 of the year 2024

**Report of the
Comptroller and Auditor General of India
on Compliance Audit**

for the year ended 31 March 2022

Government of Jharkhand

Report No. 2 of the year 2024

TABLE OF CONTENTS

	Reference to	
	Paragraph	Page
Preface		iii
CHAPTER – I (OVERVIEW)		
Introduction	1.1	1
Authority for audit	1.2	8
Planning and conduct of audit	1.3	9
Result of audit	1.4	9
Lack of response of Government to Audit	1.5	10
Status of audit of accounts of SPSEs	1.6	12
Follow-up on Audit Reports	1.7	13
Significant audit observations	1.8	14
CHAPTER – II (SUBJECT SPECIFIC COMPLIANCE AUDITS)		
ROAD CONSTRUCTION DEPARTMENT		
Management of Price Adjustment in contracts of Road Works	2.1	19
ENERGY DEPARTMENT		
Tariff, Billing, Collection of Revenue and Subsidy Management by <i>Jharkhand Bijli Vitran Nigam Limited</i>	2.2	29
COMMERCIAL TAXES DEPARTMENT		
Department's oversight on GST payments and return filing	2.3	67
CHAPTER – III (COMPLIANCE AUDIT PARAGRAPHS)		
Road Construction Department		
Extra cost burden	3.1	101
Urban Development and Housing Department and Drinking Water and Sanitation Department		
Non-realisation of Government dues	3.2	103
Health, Medical Education and Family Welfare Department		
Excess payment	3.3	106
Energy Department		
Non-realisation of Environment Management Fund	3.4	110
Loss to the Company	3.5	111
Transport Department		
Tax Administration	3.6	113
Result of Audit	3.7	114
Non-collection of taxes from transport vehicles	3.8	114
Short realisation/levy of one-time tax from transport vehicles	3.9	115
Renewal of certificates of registration	3.10	116
Non-revision of axle weight	3.11	117
Short levy of one-time tax	3.12	118

APPENDICES			
Appendix no.	Description	Reference to	
		Paragraph	Page
I	List of Departments and Autonomous Bodies/ Authorities/ Companies under the audit jurisdiction of the Accountant General (Audit) Jharkhand	1.1	121
II	List of 26 SPSEs whose accounts are in arrear	1.6	125
III	Standard percentage of components and formula for calculating PA, as adopted by GoJ, in its Standard Bidding Documents	2.1.1	127
IV	Statement showing cost and time overrun	2.1.3	128
V	Works for which price adjustment was not calculated	2.1.4.1	129
VI	Excess payment of PA	2.1.4.2	130
VII	Short-recovered PA	2.1.4.3	131
VIII	Differential cost of bitumen, recoverable from contractors	2.1.4.4	132
IX	Collection efficiency (excluding arrears) in respect of rural domestic consumers	2.2.7	133
X	Irregular allowance of voltage rebate	2.2.9.7	134
XI	Short-billing of energy charges, due to delay in replacing defective meters	2.2.9.8	135
XII	Losses due to erroneous billing of Streetlight Service connections	2.2.9.12	136
XIII	A. Details of nine consumers whose billing had been stopped midway B. Details of five consumers whose bills had not been raised/had been partly raised	2.2.9.12	138
XIV	Short-billing of energy charges and Electricity Duty, due to application of incorrect Multiplication Factor (MF)	2.2.9.15	139
XV	Non-billing in cases of meter replacement for part period	2.2.9.16	140
XVI	Short-billing of energy charges on <i>ad hoc</i> basis	2.2.9.16	142
XVII	Short-billing of energy charges due to wrong average billing	2.2.9.16	143
XVIII	Details of unassessed energy units	2.2.9.20	144
XIX	Aggregate Technical and Commercial (AT&C) losses	2.2.9.20	145
XX	Excess claim of subsidy	2.2.10.1	146
XXI	Excess charge from consumers and excess claim of subsidy	2.2.10.2	147
XXII	Difference of PI payable as per the agreement <i>vis-à-vis</i> the NCDP and the excess PI paid	3.5	148

PREFACE

PREFACE

This Report for the year ended 31 March 2022 has been prepared for submission to the Governor of Jharkhand under Article 151 of the Constitution of India.

This Report contains significant results of audit of Government departments of Jharkhand and State Public Sector Undertakings.

The instances mentioned in this Report are among those which came to notice in the course of test audit for the period 2021-22 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports. Instances relating to the period subsequent to 2021-22 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards and Regulations on Audit and Accounts issued by the Comptroller and Auditor General of India.

CHAPTER-I

OVERVIEW

CHAPTER I: OVERVIEW

1.1 Introduction

This Report covers matters arising out of the Compliance Audit of some State Government departments and their Autonomous Bodies. The primary purpose of the Audit Report is to bring to the notice of the Legislature the important results of audit. Findings of audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations contributing to better governance.

This Report has been organised in three chapters as under:

Chapter 1 contains the profile of the Auditee departments with a brief profile of the expenditure for the last five years, trend of revenue raised by the Government of Jharkhand and arrears of taxes pending collection, the Authority for audit, audit jurisdiction, planning and conduct of audit, response of the Government to various audit products *viz.*, Inspection Reports, individual observations/paragraphs, Performance Audits (PAs), Subject Specific Compliance Audits (SSCAs), follow up action on Audit Reports, *etc.*, and significant audit observations included in this Audit Report.

Chapter 2 contains observations relating to Subject Specific Compliance Audits on ‘Management of Price Adjustment in contracts of Road Works’, ‘Tariff, Billing, Collection of Revenue and Subsidy Management by Jharkhand *Bijli Vitran Nigam Limited (JBVNL)*’ and ‘Department’s oversight on GST payment and return filing’.

Chapter 3 contains 10 Compliance Audit Paragraphs on the expenditure and revenue of five State Government departments.

Profile of the Auditee departments and the Audit Universe

I As per the Budget, the Government of Jharkhand released funds under 60 grants (during 2021-22), to its various departments/organisations and raised revenue of ₹ 31,320.36 crore. The audit universe under the Accountant General (Audit), Jharkhand, comprises 5,812 units of various levels related to 60 Grants. There are 34 departments in the Government of Jharkhand which fall under the audit jurisdiction of the AG. It also includes 76 bodies/authorities which are either substantially financed from the Consolidated Fund of the State or audit of which has been entrusted by the Government under various sections of the Comptroller and Auditor General’s (CAG’s) (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act).

II Besides, there are Government Companies and Government controlled other Companies of the Government of Jharkhand (GoJ) within the audit jurisdiction of the Comptroller and Auditor General of India (CAG). These State Public Sector Enterprises (SPSEs) were established to carry out activities of a commercial nature and to contribute to the economic development of the State. Here the term SPSEs encompasses those Government Companies in which the direct holding of GoJ is 51 *per cent* or more and subsidiaries of such Government Companies. There are no Statutory Corporations in Jharkhand.

As on 31 March 2022, there were 31 SPSEs in Jharkhand including three¹ inactive SPSEs and one² Government controlled SPSE. The working SPSEs registered an increase of 0.07 per cent in annual turnover of 2021-22 (₹ 5,046.28 crore) over annual turnover of 2020-21 (₹ 5,042.66 crore) as per their latest finalized accounts as on 31 December 2022. Annual turnover of 2021-22 was equal to 1.39 per cent of Gross State Domestic Product (GSDP) for the year 2021-22 (₹ 3,63,085 crore). The working SPSEs incurred a loss of ₹ 2,682.45 crore during 2021-22 as per their latest finalised accounts.

There are three inactive SPSEs, having an investment of ₹ 48.99 crore, towards capital (₹ 1.10 crore) and long-term loans (₹ 47.89 crore) which constitute inactive investment as the SPSEs are not contributing to the economic growth of the State. However, initiation of the winding up process of two SPSEs has been approved by their Boards³.

The list of departments and Autonomous Bodies/ Authorities/ Companies under the audit jurisdiction of the AG is shown in **Appendix-I**.

III The trend of expenditure, during FYs 2017-18 to 2021-22, in the major departments of the Government of Jharkhand under the audit jurisdiction of the AG, is shown in **Table 1.1**.

Table 1.1: Trend of expenditure of departments with annual expenditure during 2021-22 exceeding ₹ 100 crore

(₹ in crore)						
Sl. No.	Name of the Department	2017-18	2018-19	2019-20	2020-21	2021-22
1	Finance	13,626.92	14,003.18	15,660.37	15,686.99	18,426.88
2	School Education and Literacy Development	6,490.86	6,392.84	7,864.45	8,304.41	9,288.01
3	Home, Jail and Disaster Management	5,129.55	5,632.55	6,502.39	7,216.87	6,072.45
4	Rural Development	3,836.63	4,708.14	4,868.98	6,018.08	5,665.54
5	Women, Child Development and Social Security	2,539.69	2,582.92	3,912.46	3,777.78	5,653.58
6	Energy	6,345.77	4,155.2	3,148.42	6,846.78	5,483.63
7	Health, Medical Education and Family Welfare	2,847.19	3,382.55	3,128.30	4,061.85	4,813.42
8	Road Construction	5,328.10	4,098.29	3,921.38	3,491.79	3,432.41
9	Agriculture, Animal Husbandry and Co-operative	2,022.42	1,667.69	2,611.77	1,646.90	3,363.04
10	Urban Development and Housing	3,028.35	1,986.42	2,559.20	2,912.09	2,463.06
11	Higher and Technical Education	1,681.00	1,583.84	1,918.40	1,665.10	1,728.17
12	Water Resources	2,094.91	1,883.63	1,722.65	1,421.55	1,586.05
13	Scheduled Tribe, Scheduled Caste, Minority and Backward Class Welfare	1,357.11	1,547.94	1,378.32	1,188.34	1,445.96
14	Food, Public Distribution and Consumer Affairs	944.16	1,030.86	1,134.72	1,380.71	1,445.92
15	Rural Works	2,737.81	4,323.44	2,525.28	1,663.49	1,109.70
16	Panchayati Raj	1,578.46	875.27	2,482.11	1,857.49	806.10

¹ Karanpura Energy Limited (KEL), Patratu Energy Limited (PEL) and Jharbihar Colliery Limited (JCL).

² Ranchi Smart City Corporation Limited.

³ KEL: 5th AGM (15 September 2017), JCL: 15th meeting (15 May 2016) and 16th meeting (2 February 2018).

(₹ in crore)

Sl. No.	Name of the Department	2017-18	2018-19	2019-20	2020-21	2021-22
17	Forest, Environment and Climate Change	591.21	525.07	714.44	725.80	742.18
18	Law	377.33	440.66	458.52	446.42	510.93
19	Building Construction	637.05	496.32	549.55	256.68	429.08
20	Industries	248.78	314.59	276.47	220.09	288.79
21	Labour Employment Training and Skill Development	168.22	179.84	161.24	294.26	252.07
22	Information Technology and e-Governance	74.25	145.48	153.57	122.51	179.71
23	Information and Public Relation	194.75	170.77	201.18	130.79	178.97
24	Tourism, Art Culture, Sports and Youth Affairs	217.08	249.09	212.43	179.90	141.50
25	Drinking Water and Sanitation	2,055.91	1,765.3	1,180.18	1,278.86	121.05
26	Planning and Development	346.53	559.87	270.39	108.25	113.60
27	Legislative Assembly	84.91	89.09	91.94	99.22	112.89
28	Cabinet (Election)	59.81	102.62	348.16	113.81	106.45
Total		66,644.76	64,893.46	69,957.27	73,116.81	75,961.14

(Source: Appropriation Accounts 2017-18 to 2021-22)

IV The tax and non-tax revenue raised by the Government of Jharkhand, the State's share of net proceeds of divisible Union taxes and duties assigned to States and grants-in-aid received from the Government of India during FY 2021-22 and the corresponding figures for the preceding four years, are presented in **Table – 1.2**.

Table – 1.2
Trend of revenue receipts

(₹ in crore)

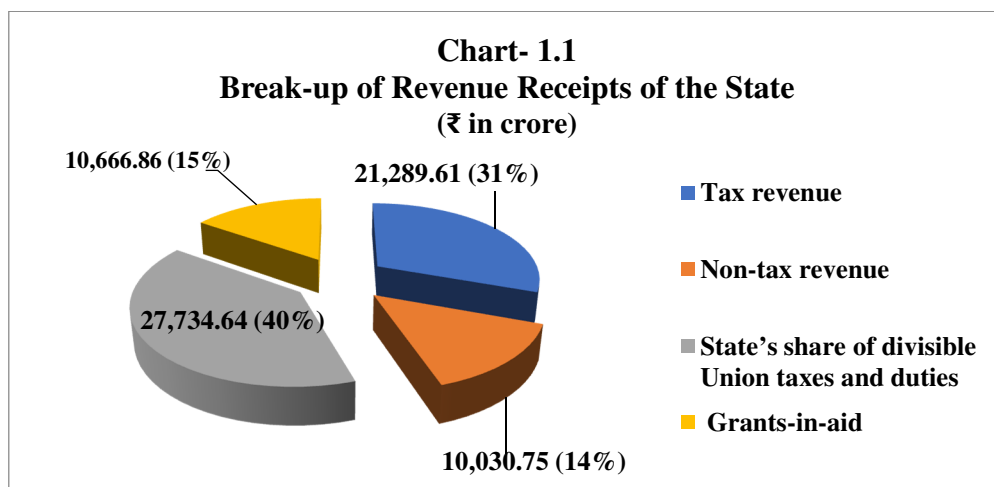
		2017-18	2018-19	2019-20	2020-21	2021-22
1	Revenues raised by the State Government					
	• Tax revenue	12,353.44	14,752.04	16,771.45	16,880.08	21,289.61
	Percentage of growth compared to previous year	(-) 7.11	19.42	13.69	0.65	26.12
	• Non-tax revenue	7,846.67	8,257.98	8,749.98	7,564.01	10,030.75
	Percentage of growth compared to previous year	46.63	5.24	5.96	(-) 13.55	32.61
Total		20,200.11	23,010.02	25,521.43	24,444.09	31,320.36
2	Receipts from the Government of India					
	• State's share of divisible Union taxes and duties	21,143.63	23,906.16	20,593.04	19,712.23	27,734.64
	• Grants-in-aid	11,412.29	9,235.52	12,302.67	11,993.41	10,666.86
Total		32,555.92	33,141.68	32,895.71	31,705.64	38,401.50
3	Total receipts of the State Government (1 & 2)	52,756.03	56,151.70	58,417.14	56,149.73	69,721.86
4	Percentage of 1 to 3	38	41	44	44	45

(Source: Finance Accounts of the Government of Jharkhand)

The above table indicates that during the FY 2021-22, revenue raised by the State Government (₹ 31,320.36 crore) was just 45 per cent of the total revenue receipts. The balance 55 per cent of receipts, during 2021-22, was from the Government of India. Tax revenue and non-tax revenue raised by the State

Government increased by 26.12 per cent and 32.61 per cent respectively in 2021-22, over 2020-21.

The break-up of revenue receipts of the State for the year 2021-22 is shown in **Chart - 1.1**.



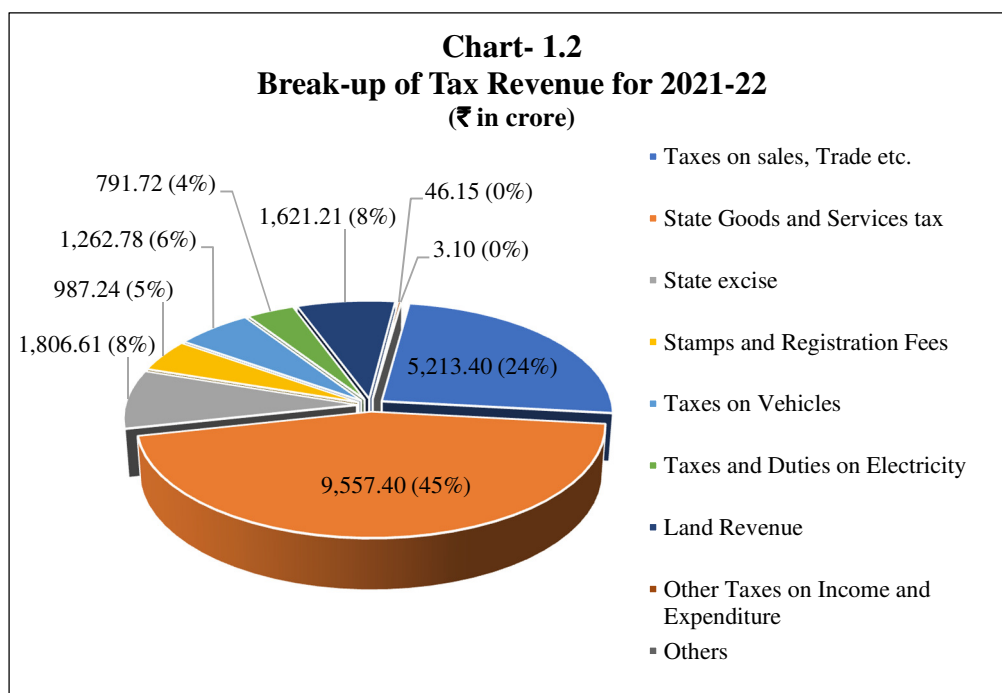
Details of tax revenue raised during the period 2017-18 to 2021-22 are given in **Table - 1.3**.

Table – 1.3
Details of Tax Revenue

							(₹ in crore)
Sl. No.	Head of revenue	2017-18	2018-19	2019-20	2020-21	2021-22	Percentage of increase (+) or decrease (-) in 2021-22 over 2020-21
1	Taxes on Sales, Trade etc.	5,714.69	3,474.96	3,996.33	4,300.89	5,213.40	21.22
2	State Goods and Services Tax	4,123.88	8,200.84	8,417.72	7,930.56	9,557.40	20.51
3	State Excise	840.81	1,082.82	2,009.27	1,821.09	1,806.61	(-) 0.80
4	Stamps and Registration Fees	469.34	451.04	560.33	708.14	987.24	39.41
5	Taxes on Vehicles	778.37	863.94	1,128.98	976.35	1,262.78	29.34
6	Taxes and Duties on Electricity	183.50	209.07	236.24	195.26	791.72	305.47
7	Land Revenue	156.01	389.38	337.98	872.93	1,621.21	85.72
8	Other Taxes on Income and Expenditure	73.98	78.61	83.93	74.77	46.15	(-) 38.28
9	Others	12.86	1.38	0.67	0.09	3.10	3,344.44
Total		12,353.44	14,752.04	16,771.45	16,880.08	21,289.61	(+) 26.12

(Source: Finance Accounts of the Government of Jharkhand)

The break-up of tax revenue for the year 2021-22 is shown in **Chart - 1.2**.



The reasons for variation in receipts in 2021-22, from those of 2020-21, in respect of some principal heads of tax revenue, were as under:

Taxes on Sales, Trade etc.: The increase of 21.22 *per cent* was attributed (July 2022 and May 2023) by the Department to increase in rate of Value Added Tax on Indian Made Foreign Liquor from 50 to 75 *per cent* from May 2020.

State Goods and Services Tax: The increase of 20.51 *per cent* was attributed (July 2022 and May 2023) by the Department to increase in registered taxpayers enlarging the taxpayer's base, effective monitoring of taxpayers with turnover of more than ₹ two crore, targeted approach to maximise return filing, launch of one time settlement scheme in order to grant relief to tax arrear holders *etc.*

State Excise: The decrease of 0.80 *per cent* was attributed (May 2023) by the Department to non-renewal of some retail shops.

Stamps and Registration Fees: Receipts under 'Stamp and Registration Fees' increased by 39.41 *per cent* in 2021-22 over the previous year. Audit noticed that during 2021-22, receipts from minor head '102-Sale of stamps' increased to ₹ 505.31 crore from ₹ 377.43 crore under sub head 02- Stamps- non judicial during 2020-21.

Taxes on Vehicles: The increase of 29.34 *per cent* was attributed (May 2023) by the Department to enhancement of fees.

Taxes and Duties on Electricity: The increase of 305.47 *per cent* was attributed (July 2022 and May 2023), by the Commercial Taxes Department, to change in policy by introducing levy of ED on percentage basis, *i.e.*, at the rates of six *per cent* on domestic use, eight *per cent* on industrial, mining and commercial use, upto 10 mega volt amperes (MVA) and 15 *per cent* on above 10 MVA of net energy charges for energy consumed or sold. On establishment of captive power stations by either industrial or mining units, the rate of duty

has been revised from 5 *paise* per unit (for industrial purpose) and 15/20 *paise* per unit (for mining purpose) to 50 *paise* per unit consumed.

Audit had highlighted the revenue comparison with neighbouring States during audit of “Mechanism for levy and collection of Electricity Duty (ED) in Jharkhand” featured in **paragraph 3.3.6.1** of Report of the Comptroller and Auditor General of India on General, Social, Economic and Revenue Sectors including PSUs for the year ended 31 March 2019, Government of Jharkhand. The Department, in response, had intimated (December 2020) that a committee had been set up under the Chairmanship of Special Secretary to take action on audit observation on applicable rate of electricity duty and tax in Jharkhand in comparison to neighbouring States.

Land Revenue: The increase of 85.72 *per cent* was attributed (May 2023), by the Department, to collection of arrear revenue of ₹ 500 crore from Central Coalfields Limited, Ranchi.

Other Taxes on Income and Expenditure: The decrease of 38.28 *per cent* was attributed (May 2023), by the Commercial Taxes Department, to the COVID-19 pandemic.

Details of non-tax revenue, raised during the period 2017-18 to 2021-22, are indicated in **Table – 1.4**.

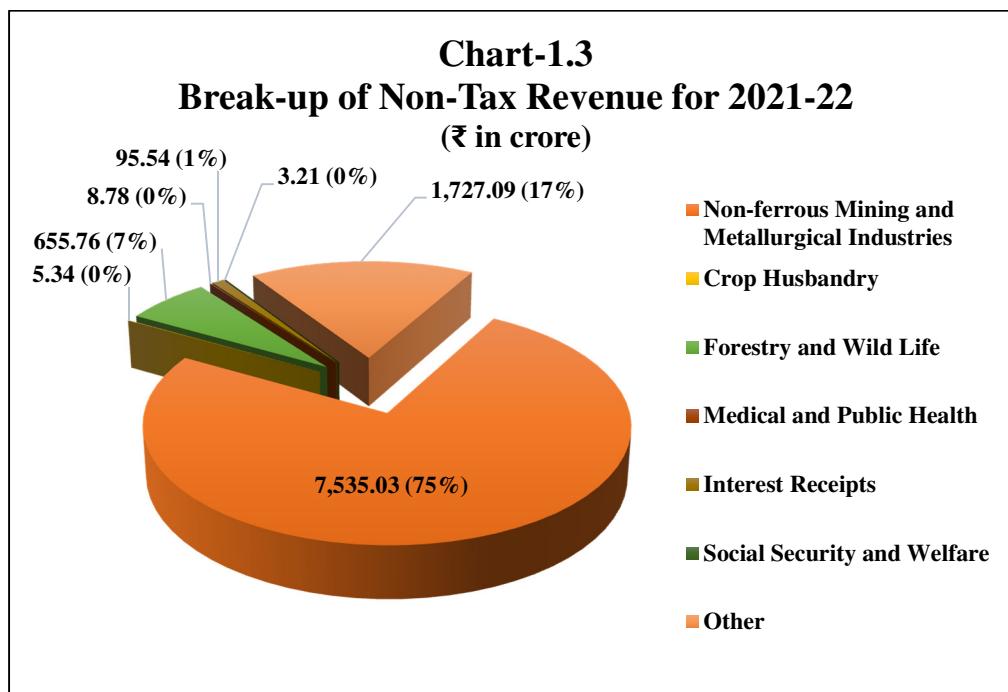
Table – 1.4
Details of Non-Tax Revenue

(₹ in crore)							
Sl. No.	Head of revenue	2017-18	2018-19	2019-20	2020-21	2021-22	Percentage of increase (+) or decrease (-) in 2021-22 over 2020-21
1	Non-ferrous Mining and Metallurgical Industries	5,941.36	5,934.64	5,461.36	5,012.47	7,535.03	50.33
2	Crop Husbandry	166.19	15.23	160.40	555.55	5.34	(-) 99.04
3	Forestry and Wild Life	4.44	14.79	17.59	328.17	655.76	99.82
4	Medical and Public Health	14.22	25.58	8.75	270.71	8.78	(-) 96.76
5	Interest Receipts	168.88	47.20	309.51	81.36	95.54	17.43
6	Social Security and Welfare	135.78	8.46	84.61	18.05	3.21	(-) 82.22
7	Others ⁴	1,415.80	2,212.08	2,707.76	1,297.70	1,727.09	33.09
	Total	7,846.67	8,257.98	8,749.98	7,564.01	10,030.75	32.61

(Source: Finance Accounts of the Government of Jharkhand)

⁴ Others include General Services, Social Services and Economic Services.

The break-up of non-tax revenue for the year 2021-22 is shown in **Chart – 1.3**.



The departments concerned did not furnish the reasons for variation despite several requests.

Crop Husbandry: Receipts under ‘Crop Husbandry’ decreased by 99.04 *per cent* in 2021-22 over the previous year. Audit noticed that recoveries of unspent balance of grants-in-aid during 2021-22 decreased to ₹ 5.34 crore from ₹ 555.55 crore during 2020-21.

Forestry and Wild Life: Receipts under ‘Forestry and Wild Life’ increased by 99.82 *per cent* in 2021-22 over the previous year. Audit noticed that during 2021-22, receipts from minor head ‘103-Receipts from environmental forestry’ under sub-head ‘01-Forestry’ and minor head ‘112-Public Gardens’ under sub-head ‘02-Environment Forestry and Wild Life’ increased over 2020-21 by ₹ 149.42 crore and ₹ 493.42 crore respectively

Medical and Public Health: Receipts under ‘Medical and Public Health’ decreased by 96.76 *per cent* in 2021-22 over the previous year. Audit noticed that recoveries of unspent balance of grants-in-aid during 2021-22 decreased to ₹ 0.76 lakh from ₹ 260.53 crore during 2020-21.

Social Security and Welfare: Receipts under the head ‘Social Security and Welfare’ decreased by 82.22 *per cent* in 2021-22 over the previous year. Audit noticed that recoveries of unspent balance of grants-in-aid of the minor head 913 during 2021-22 decreased to ₹ 1.26 crore from ₹ 16.40 crore during 2020-21.

V The arrears of revenue as on 31 March 2022, in respect of four principal heads of revenue, amounted to ₹ 8,479.97 crore, of which ₹ 4,342.28 crore was outstanding for more than five years, as detailed in **Table-1.5**.

Table-1.5
Arrears of Revenue

(₹ in crore)

Sl. No.	Head of revenue	Arrears as on 31 March 2022	For more than five years as on 31 March 2022	Status of outstanding arrears						
				Demand issued	Stayed by judicial authorities	Stayed by Government	Rectification / review	Dealer/ party insolvent	Written off	Specific action not intimated
1	Taxes on Sales, Trade etc.	7,462.52	3,626.10	1,191.73	2,556.81	626.95	50.14	71.85	0	2,965.04
2	Taxes on Vehicles	609.45	426.11	226.26	0	0	0	0	0	383.19
3	State Excise	77.53	0.00	49.42	7.65	0.07	0.11	0	0.16	20.12
4	Land Revenue	330.47	290.07	Specific action taken in respect of the arrears has not been intimated (March 2024)						
Total		8,479.97	4,342.28							

The position of arrears of revenue pending collection as on 31 March 2022, in respect of other revenue heads, was not furnished (March 2024), despite active pursuance by Audit.

1.2 Authority for audit

Authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the CAG's (Duties, Powers & Conditions of Service) Act, 1971 (DPC Act). CAG conducts audit of the expenditure and receipts of State Government departments under Sections⁵ 13 and 16 of the DPC Act. CAG is the sole auditor in respect of Autonomous Bodies, which are audited under sections 19 (2), 19 (3)⁶ and 20 (1)⁷ of the DPC Act. CAG also conducts audit of other Autonomous Bodies, which are substantially financed by the Government, under Section⁸ 14 of DPC Act.

Further, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments, is subject to audit by the CAG.

The process of audit of Government Companies is governed by relevant provisions of Sections 139 and 143 of the Companies Act, 2013. Further, as per sub-section 7 of Section 143 of the Companies Act, the CAG may, in case of

⁵ Audit of (i) all expenditure from the Consolidated Fund of State, (ii) all transactions relating to the Contingency Fund and Public Account, (iii) all trading, manufacturing, profit & loss accounts, balance-sheets & other subsidiary accounts and (iv) all receipts which are payable into the Consolidated Fund.

⁶ Audit of accounts of Corporations (not being Companies) established by or under law made by the State Legislature in accordance with the provisions of the respective legislations or as per request of the Governor of the State in the public interest.

⁷ Audit of accounts of anybody or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the CAG and the Government

⁸ Several non-Commercial Autonomous/Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, etc., and substantially financed by the Government, are audited under Section 14.

any Company covered under sub-section 5 or sub-section 7 of Section 139, by an order, conduct test-audit on the accounts of such Company, if considered necessary. The provisions of Section 19A of the DPC Act shall apply to such Audit. An audit of the financial statements of a Company in respect of the financial years up to 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Principles and methodologies for various audits are prescribed in the Regulations on Audit & Accounts (Amendments), 2020 and Auditing Standards issued by the Indian Audit & Accounts Department.

Appointment of Statutory Auditors of Public Sector Enterprises

The financial statements of the Government Companies are audited by Statutory Auditors, appointed by CAG as per the provisions of Sections 139 (5) or 139 (7) of the Companies Act, as applicable, who shall submit a copy of their audit report, including the financial statements of the Company, to the CAG, under Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG within 60 days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

1.3 Planning and conduct of audit

Performance Audits (PAs)/, Subject Specific Compliance Audits (SSCAs)/ and individual Compliance Audits (CAs) are conducted as per the Annual Audit Plan (AAP). Units for individual Compliance Audit are selected on the basis of risk assessment of the Apex units, Audit Units and Implementing Agencies involving matters of financial significance, social relevance, internal control systems, past instances of defalcation, misappropriation, embezzlement, *etc.*, as well as findings of previous Audit Reports.

Inspection Reports are issued to the heads of Units after completion of audit. Based on replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as individual observations/paragraphs for inclusion in the Audit Report. PAs/SSCAs/paragraphs are prepared on issues of significance. Selection of issues are done following the same methodology explained above.

Formal replies furnished by the departments are carefully considered while finalising the material for inclusion in the Audit Reports. Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

1.4 Results of audit

During 2021-22, Accountant General (Audit), Jharkhand conducted three Subject Specific Compliance Audits *viz.*, ‘Management of Price Adjustment in contracts of Road Works’ (Road Construction Department); ‘Tariff, Billing, Collection of Revenue and Subsidy Management by *Jharkhand Bijli Vitran Nigam Limited (JBVNL)*’, a State Public Sector Enterprise (Energy Department); and ‘Department’s oversight on GST payment and return filing’ (Commercial Taxes Department); and individual Compliance Audit of 250 units under 24 departments.

Recovery at the instance of audit

The Executive Engineer, Building Construction Division, Giridih paid ₹ 37.58 crore to a contractor, including Price Adjustment (PA) of ₹ 1.95 crore, up to March 2021, for construction of the Collectorate Building at Giridih. PAs already paid in the 7th and 10th RA bills were irregularly added again in the actual work value for calculation of PA which led to excess payment of PA, amounting to ₹ 0.81 crore, to the contractor.

On being pointed out (October 2021) in audit, the Division re-calculated (November 2021) the admissible PA and found excess payment of ₹ 1.20 crore (including 12 per cent GST and one per cent labour cess) on account of PA till date. Accordingly, the Division adjusted (April 2022) ₹ 0.76 crore from the 16th RA bill and the remaining ₹ 0.44 crore (February 2023) from the security deposit of the contractor.

The Departments/Government have accepted audit observations relating to irregularities in collection of revenue amounting to ₹ 571.51 crore out of total observation of ₹ 1,616.75 crore and have intimated recovery of ₹ 13.78 crore.

1.5 Lack of response of Government to Audit

Response of the Government to Inspection Reports

Accountant General (Audit), Jharkhand, conducts audit of Government departments to check for compliance to rules and regulations in transactions and to verify the regularity in maintenance of important accounting and other records as per the prescribed rules and procedures. Important irregularities and other points detected during audit inspections, which are not settled on the spot, find place in Inspection Reports (IRs). After audit, IRs are issued to the Heads of the Offices inspected with copies to the next higher authorities. Serious irregularities are also brought to the notice of the Government by the AG.

As per the Regulations on Audit & Accounts (Amendments), 2020, the Officer in charge of the auditee entity shall send the reply to an Inspection Report (IR) within four weeks of its receipt. On intimation of any major irregularity⁹ by the AG, the Government shall undertake *prima facie* verification of facts and send a preliminary report to the AG confirming or denying facts within three weeks of receipt of intimation. Where the fact of major irregularity is not denied by the Government in the preliminary report, the Government shall further send a detailed report to AG within two months of the preliminary report indicating the remedial action taken to prevent recurrence and action taken against those responsible for the lapse.

In addition, the Finance Department of Government of Jharkhand also issue instructions to the departments, from time to time, for prompt response to the IRs issued by the AG, to ensure timely corrective action.

⁹ Major irregularity means (a) an instance of suspected material fraud or collusion or corruption coming to notice in audit, or (b) an irregularity of a serious nature involving public funds, particularly that relating to mismanagement, loss, waste, nugatory expenditure or loss of revenue, serious breakdown/violation of internal controls, etc.

A six-monthly report, showing the pendency of IRs, is sent to the Principal Secretary/Secretary of the respective Department, to facilitate monitoring and settlement of outstanding audit observations in the pending IRs.

A detailed review of IRs, issued up to March 2022, to 34 departments, revealed that 45,589 paragraphs, contained in 6,167 IRs, were outstanding for want of suitable compliance, as on 31 March 2023 (**Table 1.6**). Of these, even initial replies had not been received in regard to 28,217 paragraphs, contained in 3,859 IRs.

Table 1.6: Outstanding IRs and paragraphs (issued up to 31 March 2022) as on 31 March 2023

Sl. No.	Period	No. of outstanding IRs	No. of outstanding paras
1	2021-22	205	2,074
2	1 year to 3 years	657	6,090
3	3 years to 5 years	624	4,587
4	More than 5 Years	4,681	32,838

Further, the Audit Committee, comprising of the Principal Secretary/Secretary or/and any nodal officer of the Administrative departments and representatives of Audit, meets, from time to time, upon mutual convenience, for expeditious settlement of outstanding Inspection Reports/Paragraphs. An Audit Committee meeting, with the Building Construction Department, was held during 2021-22, in which 114 paragraphs, contained in 20 IRs were discussed and 10 IRs and 92 paragraphs were settled.

It is recommended that Government should ensure that a procedure is put in place for: (i) action against officials failing to send replies to IRs/paragraphs as per the prescribed time schedule (ii) recovery of losses/outstanding advances/overpayments etc., in a time-bound manner and (iii) holding at least one Audit Committee meeting for each Department, every quarter.

Response of the Government to Draft Reports/Paragraphs

The Regulations on Audit and Accounts (Amendments), 2020 stipulate that responses to Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India should be sent within six weeks.

Draft PA/SSCA Reports and individual Draft Paragraphs are forwarded to the Principal Secretaries/Secretaries of the concerned departments as well as to the Finance Department, drawing attention to the audit findings and requesting them to send response within the prescribed time. It is also brought to their personal attention that in view of the likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India, which are placed before the Legislature, it would be desirable to include their comments on these audit findings.

Draft PA/SSCA Reports and individual Draft Paragraphs proposed for inclusion in this Report were forwarded to the Principal Secretaries/Secretaries of the concerned departments and to the Finance Department between September 2022 and April 2023 through Demi-official letters addressed to them by name. The concerned departments had sent replies to eight out of the 13 Individual/Subject Specific Compliance Audit paragraphs featured in the Audit Report. Responses of the Department/Auditee units as well as replies to initial audit memos, wherever received, have been suitably incorporated in the Report.

1.6 Status of audit of accounts of SPSEs

Submission of accounts by SPSEs

Accounts for the year 2021-22 were required to be submitted by 30 September 2022 by all SPSEs. As of 31 December 2022, of the 31 (eight Power Sector and 23 Non-power sector) SPSEs under the audit purview of CAG, only five¹⁰ SPSEs had submitted their accounts for the year 2021-22, including three SPSEs who had submitted their accounts between 01 October 2022 and 31 December 2022, for audit.

Timeliness in preparation of accounts by SPSEs

Details of arrears in submission of accounts of SPSEs, as of 30 September of the following year, for each of the last five financial years ending 31 March 2022, are given in **Table 1.7** below:

Table 1.7: Position relating to submission of accounts by the working SPSEs

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Number of SPSEs	29	30	31	31	31
2	Number of accounts submitted during the current year	28	21	23	27	23
3	Number of SPSEs which finalised accounts for the current year	4	3	1	3	5
4	Number of previous year accounts finalised during current year	24	18	22	24	18
5	Number of SPSEs with arrears in accounts	25	27	30	28	26
6	Number of accounts in arrears	68	77	84	88	93
7	Extent of arrears (in years)	1 to 9 years	1 to 9 years	1 to 10 years	1 to 11 years	1 to 12 years

(Source: Based on accounts of SPSEs received during the period January 2022 to December 2022)

During the period from 01 January 2022 to 31 December 2022, the SPSEs had finalised 23 annual accounts, comprising five accounts for 2021-22 and 18 accounts for previous years. The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSEs within the stipulated period. However, 93 accounts of 26 SPSEs were in arrears. There were arrears of accounts for more than 10 years, pertaining to two companies (24 accounts); five to 10 years, pertaining to four companies (24 accounts) and one to five years, pertaining to the remaining 20 companies (45 accounts), as detailed in **Appendix-II**. The Chief Secretary to the Government of Jharkhand has been informed regarding the arrears in accounts.

In the absence of finalisation of accounts for 2021-22, as well as earlier years, and their subsequent audit, no assurance could be given in respect of 93 accounts of 26 SPSEs, as to whether the investments and expenditure incurred

¹⁰ (i) Jharkhand Police Housing Corporation Limited; (ii) Jharbihar Colliery Limited; (iii) Patratu Energy Limited; (iv) Jharkhand Railway Infrastructure Development Corporation Limited and (v) Karanpura Energy Limited.

had been properly accounted for and the purpose for which the amount was invested was achieved. The Government investments in these SPSEs, therefore, remained outside the oversight of the State Legislature to that extent.

1.7 Follow-up on Audit Reports

Discussion of Audit Reports by Public Accounts Committee

According to the rules of procedure for the internal working of the Committee on Public Accounts, the Administrative departments were to initiate *suo moto* action on all Audit Reports/Paragraphs featuring in the Comptroller and Auditor General's Audit Reports, regardless of whether they were taken up for examination by the Public Accounts Committee (PAC) or not. The departments were to furnish detailed Action Taken Notes (ATNs) to PAC, duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them.

The Audit Reports on General, Social and Economic Sectors and Audit Report on Revenue Sector for the years 2008-09 to 2019-20 have 503 Audit Paragraphs. Of these, PAC has taken up 162 paragraphs for discussion and made recommendations in respect of three paragraphs and 17 sub-paragraphs. Further, one ATN has been received and in one paragraph, action has been taken by the Department.

Further, the Audit Reports of 2000-01 to 2007-08, which were left to the departments for follow-up, had 471 outstanding paragraphs of which 184 paragraphs were taken up for discussion by PAC. Against this, PAC had made recommendations in respect of twelve paragraphs and eight sub-paragraphs of which, ATNs were received in respect of four paragraphs and six sub-paragraphs, as detailed in **Table 1.8**.

Table 1.8: Status of PAC discussion

Status	Audit Report for the year 2000-01 to 2007-08	Audit Report for the year 2008-09 to 2019-20
No. of outstanding Audit paragraphs	471	503
Taken up by PAC for discussion	184	162
Not taken up for PAC discussion	287	341
Recommendation made by PAC	12 paragraphs and 8 sub-paragraphs	3 paragraphs and 17 sub-paragraphs
ATN received	4 paragraphs and 6 sub-paragraphs	1
Action taken by the department	4 paragraphs and 6 sub-paragraphs	1

Discussion of Audit Reports by Committee on Public Undertakings

The Committee on Public Undertakings (CoPU) was apprised of the pendency of Audit Report Paragraphs in a meeting held in August 2018. Further, CoPU discussed five paragraphs of Audit Reports for 2008-09, 2011-12, 2012-13, 2013-14 and 2015-16 in its three meetings held in 2018-19, seven paragraphs of Audit Reports of 2005-06, 2008-09, 2012-13, 2013-14 and 2015-16 in two meetings held in 2019-20 and three paragraphs of Audit Reports for 2007-08, 2008-09 and 2011-12 in a meeting held in 2020-21. No meetings were held during 2021-22.

CoPU made nine recommendations on paragraphs pertaining to four departments, *i.e.* (i) Forest, Environment and Climate Change (ii) Mines and Geology (iii) Home, Jail and Disaster Management and (iv) Industries with

respect to Audit Reports for 2006-07, 2007-08, 2009-10, 2010-11 and 2012-13. However, no Action Taken Note (ATN) had been received from the SPSEs.

1.8 Significant audit observations

This Report contains three Subject Specific Compliance Audits and 10 individual Compliance Audit Paragraphs.

Significant observations are discussed in brief in the following paragraphs.

Management of Price Adjustment (PA) in contracts of Road Works

Failure of the Department to provide encumbrance free sites to contractors resulted in cost overruns amounting to ₹ 37.29 crore in the form of PA for the extended time period, in eight works. Further, time overruns ranging between two and 78 months, were noticed in 49 works completed with delays/incomplete, out of 80 test-checked road works.

(Paragraph 2.1.3)

The Executive Engineers (EEs) had not calculated the applicable PA despite provision in the contracts, resulting in excess payment of ₹ 5.29 crore, to contractors of seven roads works, in five divisions.

(Paragraph 2.1.4.1)

In 11 road works, in seven divisions, excess payment of ₹ 3.98 crore had been made to contractors, due to the application of incorrect norms in calculating the value of work done, such as, taking the monthly average of the value of work, calculation of PA only for the month in which the work was measured, adding the previously paid PA in the subsequent RA bills *etc.*

(Paragraph 2.1.4.2)

In two road works, in two divisions, RA bills had been paid partially, due to paucity of funds and the actual value of work done had been calculated on the lower side, in the relevant months for which the PA had been calculated. Due to incorrect calculation of PA by the EEs, ₹ 1.53 crore could not be adjusted, from the contractor's bills, in these two divisions.

(Paragraph 2.1.4.3)

In five roads works, in three divisions, with completion periods of less than 12 months, the concerned EEs had not calculated the differential cost of bitumen, due to non-inclusion of the clause regarding payment/recovery of differential cost of bitumen, in the agreement, despite instructions contained in the Government notification of January 2004. As such, the Department had to bear a loss of ₹ 1.98 crore. This recoverable differential cost of bitumen, was due to decrease in the basic rates of bitumen during the execution period, in comparison to the rates provided in the effective Schedule of Rates (SORs).

(Paragraph 2.1.4.4)

Tariff, Billing, Collection of Revenue and Subsidy Management by Jharkhand Bijli Vitran Nigam Limited (JBVNL)

The posts of Chairman and Member of the Jharkhand Electricity Regulatory Commission (JSERC) remained vacant from June 2020 to September 2022, due

to which the electricity tariff, for the FY 2021-22, could not be approved and the Company was deprived of realising additional revenue of ₹ 514.08 crore.

(Paragraph 2.2.8.1)

The system of billing was inefficient, as there were delays in billing; non-allowance of rebate to consumers for delayed billing; non-billing of effective consumers and short billing, due to non-updation of metering details in the billing software. In addition, there were instances of short-billing of fixed charges, due to cut-off hours of supply of power; losses due to delays in changing defective meters; short/non-billing of streetlight consumers; irregular charging of meter rent from consumers; non-billing of energy charges to consumers; and delays in release of new electricity connections *etc.*

Though the overall collection efficiency (excluding arrears and Government subsidy) of the Company, during FY 2018-19 and FY 2021-22, ranged between 38.34 and 52.51 *per cent*, the collection efficiency, in case of rural domestic consumers, was low and ranged between 8.54 to 14.68 *per cent*. The realisation of the revenue of the Company was only 86.42 to 92.27 *per cent* of the energy sold during FYs 2018-19 to 2021-22. The Aggregate Technical and Commercial Losses (AT&C) of the Company, ranged between 46.57 and 49.21 *per cent*, during FYs 2018-19 to 2020-21, due to exhibition of inflated consumption against unmetered connections, as against the reported AT&C losses of 28.69 to 41.21 *per cent*, during the same period.

(Paragraph 2.2.7 and 2.2.9)

The Company claimed excess subsidy, by irregularly changing the category of ‘unmetered consumers’ into ‘consumers with defective meter’ and did not map the provisions of billing related to defective meters, in the billing software, as provided in the JSERC Electricity Supply Code.

(Paragraph 2.2.10.2)

The Company could not recover outstanding dues of ₹ 234.01 crore, as the recovery had become time-barred, due to non-filing of certificate cases in time. The Company also failed to recover additional Security Deposit from consumers.

(Paragraph 2.2.11.3)

The Company failed to comply with the provisions of the Electricity Act, 2003 and the provisions of the JSERC Electricity Supply Code, in assessment of penalty, in cases of theft of power, and, thus, suffered loss of revenue, amounting to ₹ 5.74 crore.

(Paragraph 2.2.12.2)

Department’s oversight on GST payments and return filing

A Subject Specific Compliance Audit (SSCA), covering the period from July 2017 to March 2018, for review of scrutiny of returns by the Department and verification of taxpayer’s records, and July 2017 to March 2021, for audit of the functions of selected Commercial Taxes Circles (CTCs), was conducted and audit findings emerged, in course of audit, are as follows.

Interest of ₹ 236.88 crore, on delayed payment of tax, was not collected from 82,393 taxpayers who had filed their returns belatedly and consequently paid tax liability with delay.

(Paragraph 2.3.6.1)

In absence of a Manual/SOP for scrutiny of returns and risk-based approach for selection, less than three *per cent* of total GSTR-3Bs filed were scrutinised by the Department.

(Paragraph 2.3.6.2)

Initial responses were not received for deviations/inconsistencies in 27 cases communicated to the Department, which represents a mismatch of turnover of ₹ 30.89 crore in five cases and mismatch of tax liability/ITC of ₹ 13.27 crore in 22 cases.

(Paragraph 2.3.7.1)

Out of the 445 deviations, the Department accepted the audit observations or initiated examination in 255 cases which represent mismatch of turnover of ₹ 7,056.79 crore in 46 cases and mismatch of tax liability/ITC of ₹ 215.80 crore in 209 cases.

(Paragraph 2.3.7.4)

The granular records were partially produced in all the 55 cases; as a result the identified risks relating to mismatch/excess/irregular availing of ITC and undischarged liability of ₹ 356.61 crore could not be examined in detail by Audit.

(Paragraph 2.3.8.1)

In 29 out of 55 cases audited, taxpayers had either filed their returns belatedly or had erroneously utilised excess ITC, which were reversed, but the interest payments amounting to ₹ 0.74 crore, on belatedly filed returns or reversal of excess input tax credit, was not discharged.

(Paragraph 2.3.8.2)

In 17 out of 55 cases at seven CTCs, ITC of ₹ 52.20 crore was not reversed where the goods or services or both are used partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies.

(Paragraph 2.3.8.2 Table 2.18 Sl. No. 4)

In 50 out of 55 cases at 16 CTCs, there was mismatch in ITC of ₹ 109.46 crore compared to ITC available as per GSTR-2A with the ITC availed under GSTR-3B/GSTR-9.

(Paragraph 2.3.8.3 Table 2.18 Sl. No.1)

In 36 out of 55 cases at 12 CTCs, there was mismatch in tax liability and payment of tax liability of ₹ 289.34 crore on comparison of the tax liability based on the greater of the amounts furnished in GSTR-1 and GSTR-9 with actual payment of tax in GSTR-3B.

(Paragraph 2.3.8.4 Table 2.19 Sl. No. 1)

34 cancelled taxpayers were re-granted registration on same PAN, though having outstanding liability of ₹ 95.36 lakh on the previously cancelled registrations.

(Paragraph 2.3.9.2)

Compliance Audit paragraphs

The Departmental Tender Committee cancelled a bid after disqualification of the lowest bidder, instead of awarding the work to the next lowest bidder, as per the terms and conditions of the bidding document. The work was awarded at a higher cost in the re-bid, leading to extra cost burden of ₹ 2.62 crore on the Government.

(Paragraph 3.1)

The Executive Engineer, Drinking Water and Sanitation Division, Chaibasa, did not ensure: (i) preparation of a certificate of dues, after termination of a contract relating to a water supply project and (ii) initiation of certificate proceedings, for recovery of government dues of ₹ 4.42 crore, for more than three years. Further, the population that was intended to benefit from the said water supply project, remained deprived of the benefits of the project, for more than ten years after its sanction.

(Paragraph 3.2)

The Mahatma Gandhi Memorial Medical College and Hospital, Jamshedpur, hired manpower on contractual basis and allowed inadmissible claims of overtime, extra working days not supported by attendance sheets and payments for manpower not supplied, leading to excess payment of at least ₹ 2.67 crore to the agencies.

(Paragraph 3.3)

The Energy Department had not set up an Environment Management Fund even after a lapse of over 10 years from the commencement of operations of a coal-based thermal power plant. Consequently, it failed to realize ₹ 82.40 crore from the Company that had set up the plant, towards the Company's contribution for carrying out environmental amelioration activities in the vicinity of the project and its hinterland, although this had been agreed upon in the Memorandum of Understanding (MoU) between the Department and the Company.

(Paragraph 3.4)

M/s Tenughat Vidyut Nigam Limited failed to consider the provisions of the New Coal Distribution Policy regarding procurement of coal up to the Annual Contracted Quantity without paying Performance Incentive (PI), while entering into a Coal Supply Agreement (CSA) with the Central Coalfields Limited. Further, it did not initiate action to modify the provision of PI, despite there being a provision in the CSA, resulting in loss of ₹ nine crore to the Company.

(Paragraph 3.5)

Taxes and penalty of ₹ 60.12 crore, realisable from defaulting owners of 4,486 transport vehicles, were not collected by the DTOs.

(Paragraph 3.8)

One-time tax and penalty of ₹ 26.30 crore, realisable from defaulting owners of 9,856 vehicles, brought under the purview of one-time tax, was not collected by the DTOs. Further, 392 construction equipment vehicles were misclassified as 'goods vehicles', leading to short levy of one-time tax, amounting to ₹ 4.42 crore.

(Paragraph 3.9)

Certificates of registration of 1,359 personalised vehicles were not renewed after expiry of their validity, resulting in non-levy of registration fee, inspection fee and green tax, amounting to ₹ 6.27 crore.

(Paragraph 3.10)

Non-revision of axle weight of 6,853 transport vehicles, led to short assessment of tax, amounting to ₹ 5.70 crore.

(Paragraph 3.11)

One-time tax of ₹ 1.05 crore, was short assessed from 2,633 personalised vehicles, due to delayed mapping of business rules in VAHAN.

(Paragraph 3.12)

CHAPTER-II
SUBJECT SPECIFIC
COMPLIANCE AUDITS

CHAPTER II: SUBJECT SPECIFIC COMPLIANCE AUDITS

Road Construction Department

2.1 Management of Price Adjustment in contracts of Road Works

Executive summary

The Standard Bidding Document (SBD) of the Government of Jharkhand (GoJ), included provision for Price Adjustment (PA), in work contracts with completion periods of more than 12 months. PA was to be calculated on a monthly basis, taking into account the total value of work done during the month. Further, for works with completion periods of less than 12 months, the differential cost of bitumen (i.e. the difference between the estimated cost and the procurement cost) was to be paid to/recovered from the contractor.

The audit of 'Management of Price Adjustment in contracts of Road Works' was conducted to assess whether the: (i) the provision for PA had been incorporated in the bid documents of works whose completion periods were more than one year, in a proper manner (ii) notification regarding the differential cost of bitumen, for works whose completion periods were less than one year, had been made part of such agreements (iii) correct Wholesale Price Index (WPI) and Consumer Price Index (CPI), for material and labour, as well as the retail price of bitumen, had been applied, for determining the applicable PA and (iv) circulars, instructions and notifications, of the Department, related to PA and differential cost of bitumen, had been followed.

Audit test-checked nine divisions (out of the 26 road construction divisions in the State), covering the period from FY 2017-18 to FY 2021-22, focusing on price adjustments and payment/recovery of the differential cost of bitumen. The audit objectives, criteria, scope and methodology, were explained to the Secretary, Road Construction Department, Jharkhand, in an entry conference, held on 18 July 2022.

Audit scrutiny revealed cost overruns amounting to ₹ 37.29 crore in the form of payment of PA during the extended period, in eight works and time overruns ranging between two and 78 months, in 49 works completed with delays/incomplete, due to failure either by the Department or by the contractors.

Further, in many cases, the Executive Engineers (EEs) had not calculated the applicable PA, despite provision, in this regard, having been incorporated in the agreements, resulting in excess payment of ₹ 5.29 crore, to contractors of seven roads works, in five divisions. Further, in 11 road works, in seven divisions, excess payment of ₹ 3.98 crore had been made to contractors, due to the application of incorrect norms in calculating the value of work done, such as, taking the monthly average of the value of work, calculation of PA only for the month in which the work was measured, adding the previously paid PA in the subsequent RA bills etc. In two road works, in two divisions, RA bills had been paid partially, due to paucity of funds and the actual value of work done had been calculated on the lower side, in the relevant months for which the PA had been calculated. Due to incorrect calculation of PA by the EEs, ₹ 1.53 crore could not be adjusted, from the contractor's bills, in these two divisions.

In five road works, in three divisions, with completion periods of less than 12 months, the concerned EEs had not calculated the differential cost of bitumen, due to non-inclusion of the clause regarding payment/recovery of differential cost of bitumen, in the agreement, despite instructions contained in the notification of January 2004. As such, the Department had to bear a loss of ₹ 1.98 crore. This recoverable differential cost of bitumen, was due to decrease in the basic rates of bitumen during the execution period, in comparison to the rates provided in the effective Schedule of Rates (SORs).

Regarding excess payments, the Department stated (March 2023) that ₹ 3.83 crore had been recovered in eight works; recovery had been initiated in seven works; in three works, recovery would be made after re-calculation; and one case was sub-judice, and action would be taken after final decision. Reply was not furnished in one case. Further, regarding the differential cost of bitumen, the Department accepted the audit observation that recoveries could not be initiated, as the relevant clause had neither been incorporated in the NITs, nor in the agreements. However, the Department assured that the provisions regarding payment/recovery of differential cost of bitumen would be included in agreements for future works.

In this light, Audit recommends that:

(i) the Department may ensure that measurements of the works executed every month, are recorded in the MBs on a monthly basis, and PA is also worked out on a monthly basis, as required under the contracts.

(ii) the Department may ensure inclusion of the relevant clause, regarding the differential cost of bitumen, in the tender documents.

The Department accepted the audit recommendations, in the exit conference held on 2 March 2023.

2.1.1 Introduction

The Price Adjustment (PA) clause in contracts is crucial to ensure that the contracts remain commercially viable for all the parties concerned, given that the financial, commercial and economic conditions that exist at the time when the contracts are entered into often change throughout their term. In a contract for Public Works, a PA clause, linked with the price indices of material and labour component, is essential to safeguard the contract against general inflation.

The Government of Jharkhand (GoJ) introduced Standard Bidding Documents (SBD), for road works contracts, in November 2007. The SBD included provision for PA, in work contracts with completion periods of more than 12 months. The PA was to be calculated monthly, taking into account the total value of work done during the month, the all India Wholesale Price Index¹ (WPI), the Consumer Price Index² (CPI), retail price³ of bitumen at the Indian

¹ WPI issued by Ministry of Industrial Development/ the Economic Advisor, Government of India (GoI), for commodities and different items of material.

² CPI for industrial workers, issued by Labour Bureau of India.

³ Retail price of bitumen issued by Indian Oil Corporation Limited (IOCL).

Oil Corporation (IOC) depot and percentage of component of material and labour, in the work, as indicated in the contract (*Appendix-III*).

Further, there were two series each of WPI (2004-05 and 2011-12) and CPI (2001 and 2016). The Ministry of Road Transport & Highways (MoRTH), GoI, notified (June 2014 and June 2018) changes in the nomenclature of some items of material⁴ in the new series, and their effective dates⁵ to be considered, while calculating the PA. The linking factor⁶ was also to be applied on old contracts, where base indices⁷ were to be taken from the old series, which had been stopped after introduction of the new series.

Additionally, GoJ issued (January 2004) a notification to compensate the differential cost of bitumen, to contractors in road works, for increase in the procurement cost of bitumen, during the execution period, in comparison to the estimated cost. However, deduction was to be made from the contract amount, in case of decrease in the price of bitumen. Later on, GoJ clarified (July 2011) that this notification would be a part of the contracts, for works having completion periods of less than 12 months.

2.1.2 Scope and methodology of audit

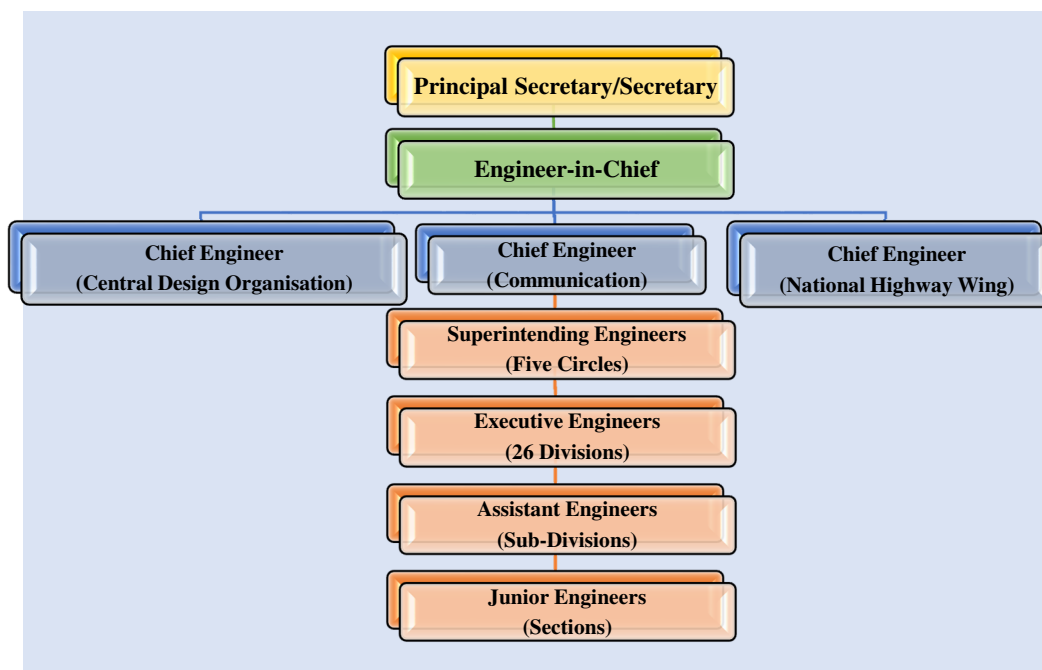
The road infrastructure of the State included National Highways (NHs), State Highways (SHs), Major District Roads (MDRs), Other District Roads (ODRs) and Rural Roads. This Subject Specific Compliance Audit (SSCA) was conducted with regard to contracts executed for SHs, MDRs and ODRs, for which the administrative department was the Road Construction Department (the Department). The organogram of the Department is given below:

⁴ Grey cement and steel (Rebar) in the 2004-05 WPI series as Ordinary Portland Cement (OPC) and MS (bright bars) respectively in the 2011-12 series.

⁵ The WPI series of 2011-12 was effective from 1 April 2017 and the CPI series of 2016 was effective from 1 September 2020.

⁶ The Linking factor (multiplication factor of the new series) was for conversion of WPI (2011-12) into WPI (2004-05) and was to be applied on those contracts, which had been executed prior to the effective dates of the new series, *i.e.* prior to April 2017, but were to be completed later on, when publication of old series was stopped, *i.e.* after March 2017. The multiplication factor for WPI 2011-12 series was 1.641 for all commodities, 1.625 for OPC and 1.902 for MS Bright Bar. Similarly, for CPI 2016 series, it was 2.78 for the Bokaro center, 3.29 for Jharia and 3.24 for Jamshedpur.

⁷ The WPI or CPI index, on the 28 days preceding the date of opening of bids.



For selection of the audit sample, the 24 districts of the State were stratified into the existing five circles⁸, and nine divisions⁹ from these circles were selected through statistical sampling, for proper coverage of all contracts. The audit was conducted between May 2022 and August 2022, covering the period from FY 2017-18 to FY 2021-22, with the objectives of assessing whether the:

- (i) Provision for PA had been incorporated in the bid documents of works whose completion periods were more than one year, in a proper manner;
- (ii) Provision for payment/recovery, of the differential cost of bitumen, for works whose completion periods were less than one year, had been made part of such agreements;
- (iii) Correct WPI and CPI indices, for material and labour, as well as the retail price of bitumen, had been applied for determining the applicable PA and
- (iv) Circulars, instructions and notifications, of the Department, related to PA and differential cost of bitumen, had been followed.

An entry conference was held on 18 July 2022, with the Secretary of the Department, in which the audit objectives, criteria, scope and methodology, were discussed. The Exit conference was held on 02 March 2023, with the Engineer-in-Chief of the Road Construction Department, in which the audit observations and audit recommendations were discussed. The views and replies, furnished by the Department, during the exit conference have been suitably incorporated in the report. The Department accepted the audit recommendations. Further, a revised report was issued (December 2023) to the Department for response followed by reminder on 12 January 2024. No replies have been received (March 2024).

⁸ Chaibasa, Daltonganj, Dumka, Hazaribag and Ranchi.

⁹ (1) Chaibasa circle: Manoharpur (2) Daltonganj circle: Garhwa (3) Dumka circle: Deoghar, Jamtara and Sahibganj (4) Hazaribag circle: Bokaro and Koderma and (5) Ranchi circle: Lohardaga and Simdega.

Audit findings**2.1.3 Time and cost overruns**

Audit scrutinised records of 80 contracts of road works in the nine test-checked divisions, including 44 contracts executed prior to FY 2017-18. Out of these 80 works, **67** works (eligible for price adjustment) had completion periods of more than one year and **13** works (eligible for differential cost of bitumen) were to be completed within one year. Agreements valued at ₹ 3,815.94 crore were executed (between June 2013 and January 2020) by the divisions, for completion of these works between June 2014 and October 2021 and ₹ 3,643.02 crore was spent on these works, between April 2017 and October 2023.

Scrutiny further revealed that, out of 80 works, 23 works¹⁰ had been completed/foreclosed within the scheduled date of completion, after incurring expenditure of ₹ 1,068.32 crore; 43 works¹¹ had been completed with delays ranging between 2 and 76 months, after incurring expenditure of ₹ 1,983.38 crore and the remaining 14 works¹² were in progress (November 2023), after incurring expenditure of ₹ 591.32 crore, with delays ranging between 26 and 78 months.

Audit scrutiny revealed that, in eight works, ₹ 37.29 crore had been paid as PA in the extended period (*Appendix-IV*), due to time overruns, ranging between 4 and 49 months. This delay was attributable to the Department not providing clear and encumbrance free sites to the contractors. However, in 25 out of 33 works eligible for PA, the divisions had not paid PA for the extended periods, ranging between 2 and 76 months. Further, in four out of 10 works eligible for differential cost of bitumen, ₹ 1.79 crore was recoverable from the contractors, during the extended period, as discussed in *Paragraph 2.1.4.4*.

Case Study: 1

In Widening, Strengthening and Reconstruction of Ramrekha Dham Road under the Road Division, Simdega, Audit observed that PA, amounting to ₹ 1.23 crore, was recoverable from the contractor, as per the measurement book, had the work been completed within the stipulated date (22 October 2016). However, due to the failure of the Department in providing an encumbrance-free work site to the contractor, the Department had granted extension of time up to May 2020, without any mention of payment/recovery of PA. However, the division had calculated PA, amounting to ₹ 2.57 crore, for the extended period and paid ₹ 1.34 crore, after adjusting recoverable PA of ₹ 1.23 crore. The work had finally been completed (May 2020) after four years from the due date of completion, resulting in cost overrun of ₹ 2.57 crore, due to payment of PA for the extended period.

Thus, due to not providing an encumbrance-free site to contractor, the works had got delayed, resulting in cost overruns of ₹ 37.29 crore, in the form of PA, for the extended time period, in eight works. In addition, there were time overruns, ranging between two and 78 months, in 49 works, which had been

¹⁰ PA: 21 and Differential cost: 2

¹¹ PA: 33 and Differential cost: 10

¹² PA: 13 and Differential cost: 01

completed with delays/were incomplete, due to failure either by the Department or by the contractors.

The matter was reported to the Department in December 2023, reply has not been received (March 2024).

2.1.4 Excess payment/short recovery of PA and non-recovery of difference cost

Out of the **67** works in which the price adjustment clause was applicable, the monthly values of work done, required for the calculation of price adjustment, was available only in case of nine works, for which the divisions had calculated PA as per the monthly values of works carried out. Further, the divisions had calculated PA as per the values of the running bills, in case of 20 works, whereas it had been calculated by taking the monthly average of running bills, in case of 19 works. In the remaining **18** works, the divisions had not calculated PA, despite provision for PA made in the agreements. In one work, the clause of price adjustment had not been included in the SBD.

Out of the **13** works which were eligible for the differential cost of bitumen, the concerned divisions had not calculated the differential cost of bitumen, except in case of one work, wherein the calculation made was found to be incorrect.

In the absence of monthly measurements of the work done which was required for calculation of PA, the concerned divisions had derived the monthly value of the work done, by averaging the value of running bills on a monthly basis. However, Audit worked out the monthly value of the work done, by first averaging the value of the running bills on a daily basis and then on a monthly basis, by multiplying it with the number of days in a particular month, for calculation of the applicable PA.

Instances of excess payments to contractors, due to non/short calculation of the price adjustment; non-adjustment of the differential cost of bitumen; and application of incorrect WPI indices/monthly value of work, for calculating PA, noticed in audit, are discussed in the succeeding paragraphs.

2.1.4.1 Excess payment without working out the PA

As per clauses 42 and 47 of the SBD, the contractor was to submit monthly statements of the estimated value of work done, to the Executive Engineer (EE) and the PA was to be determined in each month. Further, as per Rule 243, read with Rule 247, of the Jharkhand Public Works Account Code, before the bill of a contractor was prepared, the Junior Engineer (JE) was to enter the description and quantities of work in the Measurement Book (MB) and payment for the work done was ordinarily to be made on a monthly basis, on a Running Account (RA) bill.

In five divisions¹³, agreements were executed (between July 2014 and November 2015), for seven works (with a consolidated value of ₹ 402.54 crore), with completion periods of more than 12 months. These works were to be completed between March 2016 and November 2017. Five of these works were completed (between July 2016 and April 2021) at a cost of ₹ 274.95 crore,

¹³ Bokaro, Deoghar, Jamtara, Sahibganj and Simdega.

whereas two works, were under progress, as of August 2022 against which payments of ₹ 88.10 crore had been made.

Audit noticed that, in these seven works, the EEs had not determined the applicable PA, despite provision for calculation of PA having been incorporated in the respective agreements. Further, though it was required under the contracts and codal provisions, the contractors had not submitted monthly statements of the estimated values of works done. The divisional engineers had also not ensured recording of the quantity of work executed on a monthly basis, in the MBs, or preparation of monthly RA bills. Instead, the works had been measured randomly, with gaps of upto six months between two consecutive RA bills.

As the values of the works executed had not been recorded in the MBs on a monthly basis, Audit calculated the applicable PA, by taking the monthly average of the value of work, considering the number of days between two consecutive RA bills. Based on the monthly average value of work, the recoverable PA worked out to ₹ 5.29 crore (*Appendix-V*). Thus, the failure of the EEs, to determine the applicable PA, resulted in excess payment of ₹ 5.29 crore, to the concerned contractors. Further, Security Deposits (SDs), amounting to ₹ 12.06 crore, in two¹⁴ road works, with recoverable PA liability of ₹ 3.13 crore, were also found to have been refunded (April 2017) to the concerned contractors.

The Department accepted the Audit observation and stated (March 2023) that ₹ 0.73 crore had been recovered in two works¹⁵; action had been initiated for recovery in four works¹⁶; and the contractor of one work¹⁷ had approached the Hon'ble High Court of Jharkhand, on another issue, and recovery would be made, after finalisation of the case.

2.1.4.2 Excess payment due to incorrect calculation of PA

Seven divisions¹⁸ executed (between June 2016 and January 2020) SBD agreements for 11 works (₹ 736.15 crore), with the stipulated dates of completion being between December 2017 and October 2021. Of these, eight works had been completed (between April 2018 and January 2022), at a cost of ₹ 497.34 crore, and three works were in progress, with expenditure of ₹ 154.78 crore having been incurred thereagainst, as of August 2022. Against these works, ₹ 32.32 crore had been paid (between July 2018 and February 2022), to the concerned contractors, as PA.

It was, however, seen that the admissible PA, considering the monthly average value of work (*Appendix-VI*), worked out to ₹ 28.34 crore. The excess payment of PA amounting to ₹ 3.98 crore, worked out by Audit, was on account of application of incorrect norms regarding value of work, such as, taking the monthly average of the value of work; calculation of PA only for the month in which measurement was taken, for preparation of the RA bills; addition of

¹⁴ W/s of Simdega-Sewai-Kinkel Road (Simdega) and W/s of Ranga-Sirsa Road (Deoghar).

¹⁵ Bhadurpur-Kashmar-Khairachatar-Bengal border Road (Bokaro): ₹ 0.48 crore and Dholta More to Nala Road (Jamtara): ₹ 0.25 crore.

¹⁶ W/s of Haricharana-Kherwa-Shivgadi Link Road (Sahibganj), W/s of Ranga-Sirsa to Karmatand via Dhiba Road (Deoghar), W/s of Khoripanana to Punasi & Punasi to Jasidih Road (Deoghar) and W/s of Jamtara-Karmatar-Laharjore Road (Jamtara).

¹⁷ W/s of Simdega-Sewai-Kinkel-Kurdeg Road.

¹⁸ Bokaro, Garhwa, Jamtara, Koderma, Lohardaga, Manoharpur and Sahibganj.

previously paid PA, in subsequent RA bills *etc.*, by the divisions. Price indices of material, with specifications differing from the prescribed specifications, had also been taken into account, by the divisions, while calculating the PA.

Case Study: 2

Reconstruction of the Maharajpur to Sharmapur via Taljhari-Kalyanchak Padaria More-Tinpahar- Bakudih Road, under the Road Division, Sahibganj.

Against this agreement (16 SBD/2017-18), ₹ 8.18 crore was paid to the contractor as PA. However, due to taking price indices of cement and steel with different specifications than prescribed for ₹ 37.49 lakh was paid, in excess, as PA, as shown in the Table below:

Sl. No.	Items taken by Audit	Base Index	Monthly Index	Items taken by the Division	Base Index	Monthly Index	Recoverable amount (in lakh)
1	Ordinary Portland Cement (OPC)	111.1	110.2 to 124.6	Slag Cement	122.70	121.6 to 134.8	19.36
2	MS Bright Bar	86.4	92.4 to 111.3	Angles, channels, sections, steel (coated/not)	91.60	94.5 to 136.3	18.13

Further, in the same work, ₹ 1.47 crore was paid in excess, due to: (i) adding the inadmissible previously paid PA amount of ₹ 4.59 crore, in the current value of work and (ii) adding part of value of work of the previous RA bill, which had not been paid due to lack of funds, in the subsequent RA bill, when the price indices of labour and material were higher.

Thus, due to application of incorrect norms, PA of ₹ 1.84 crore was paid, in excess, to the contractor. On this being pointed out (June 2022), the EE assessed (August 2022) the recoverable PA to be ₹ 1.85 crore. It was further seen that security deposit of ₹ 8.58 crore had already been refunded (March 2020 and January 2021) to the contractor.

The Department accepted the audit observation and stated (March 2023) that ₹ 1.87 crore had been recovered from contractors, in cases of four roads¹⁹; recovery had been initiated in cases of four roads²⁰; re-calculation of PA, in case of one work²¹, would be done; and recovery of excess paid PA, in another work²², would also be done. However, the Department did not furnish reply in regard of one work, *viz.* Reconstruction of the Chandwara-Tham-Selhara-Pandeywara road.

2.1.4.3 Short-recovery of PA

Agreements for two road works²³ (with a combined value of ₹ 168.51 crore) were executed (between January 2014 and March 2015), with the stipulated

¹⁹ Maharajpur-Shramapur Road: ₹ 1.30 crore, Shivgadi-Sanmani Road: ₹ 0.14 crore, Dantu-Kathara Road: ₹ 0.35 crore and Lohardaga-Gangupara Road: ₹ 0.07 crore.

²⁰ Bhawnathpur-Kandi via Kalian Road, Garhwa-Majhiaon-Kandi Road, Ranka-Chiniya Road and Jamtara-Karmatad via Combined building Road.

²¹ Chakradharpur-Sonua-Goelkera Road.

²² Gopalpur-Tiro-Beladih-Chatar Road.

²³ Construction of Sankh-Chatra Road (Lohardaga division) and Strengthening & reconstruction of Putritoli-Barasloya-Lacharagarh-Jaldega-Pandripani-Simdega-Jaldega-Girda Road (Simdega division).

dates of completion being between January 2016 and August 2016. Both these works were completed between August 2016 and December 2016 and the contractors were paid (between April 2017 and September 2021) ₹ 171.58 crore, after adjusting PA of ₹ 1.48 crore.

Audit noticed that, in 17 RA bills²⁴, pertaining to these works, partial payment of ₹ 43.17 crore²⁵ had been made, against the bill value of ₹ 55.46 crore²⁶, due to paucity of funds. However, it was seen that the Division had considered only the partial value of work (₹ 43.17 crore), instead of the total value of work (₹ 55.46 crore), for working out the applicable PA. The value of work, for which payment had been deferred, was considered for calculating the PA, in the subsequent RA bills, when these subsequent RA bills were paid. As such, the actual value of work was taken on the lower side, in the relevant months for which the PA had been calculated. Based on the monthly average value of work done, Audit calculated the recoverable PA to be ₹ 3.01 crore (**Appendix-VII**).

Thus, due to incorrect calculation of PA by the EE, an amount of ₹ 1.53 crore was short-recovered from the contractors.

In reply, the Department stated (March 2023) that calculation of price adjustment would be re-checked and action would be taken accordingly.

Recommendation 1: The Department may ensure that measurements of the works executed every month, are recorded in the MBs on a monthly basis, and PA is also worked out on a monthly basis, as required under the contracts.

2.1.4.4 Loss due to non-recovery of the differential cost of bitumen

The Departmental notification of January 2004 was applicable (from July 2011) to works whose completion periods were less than 12 months. As per the notification, the differences in the estimated and procurement costs of bitumen, in cases of increase in price of bitumen, were to be borne by the Road Construction Department, as compensation to the concerned contractors. Further, deductions were to be made from the contract amounts, in cases of decrease in the price of bitumen. This notification was required to be made a part of the contracts.

Estimates of five road works were prepared (September 2012 to July 2015), on the basis of the Schedule of Rates (SoRs) effective during the related periods. The basic rates of bitumen, in these SoRs, ranged between ₹ 30,848 and ₹ 52,269 per Metric Ton (MT). Agreements for these road works were executed (between June 2013 and May 2016) for a consolidated amount of ₹ 92.61 crore, with the stipulation that these works be completed within 12 months. All these works were completed and the contractors were paid (between November 2016 and January 2018) a consolidated amount of ₹ 86.93 crore.

Audit observed that the divisions had not determined the differential costs of bitumen in these works, despite decrease in the basic rates of bitumen during execution, in comparison to the rates in the effective SoRs, due to non-incorporation of the clause regarding payment/recovery of differential cost of

²⁴ Nine RA bills in case of the Shankh-Chatra Road and eight RA bills in case of the Putritoli-Girda Road.

²⁵ Shankh-Chatra Road: ₹ 20.13 crore and Putritoli-Girda Road: ₹ 23.04 crore.

²⁶ Shankh-Chatra Road: ₹ 23.07 crore and Putritoli-Girda Road: ₹ 32.39 crore.

bitumen, in the concerned NIT/SBD agreements. In the absence of any clause regarding recovery of the differential cost of bitumen, the Department suffered a loss of ₹ 1.98 crore, as worked out by Audit (*Appendix-VIII*).

The Department accepted the audit observation in regard to the clause regarding differential cost of bitumen having neither been included in the concerned NITs, nor in the agreements, due to which recovery of the differential cost of bitumen could not be initiated.

Recommendation 2: The Department may ensure inclusion of the relevant clause, regarding the differential cost of bitumen, in the tender documents.

ENERGY DEPARTMENT

Jharkhand Bijli Vitran Nigam Limited

2.2 Tariff, Billing, Collection of Revenue and Subsidy Management by Jharkhand Bijli Vitran Nigam Limited

Executive Summary

The Jharkhand Bijli Vitran Nigam Limited, the only DISCOM in the State, is mainly dependent on an efficient system of billing and collection of revenue, for meeting its operational costs. The audit on 'Tariff, Billing, Collection of Revenue and Subsidy Management by the Company', was taken up to assess whether the entire cost of providing electricity was being recovered; metering, billing and collection of revenue were being managed efficiently and effectively; subsidy management was efficient; and adequate monitoring and internal controls existed for elimination of risk in the billing and collection activity.

Audit covered the period from FY 2018-19 to FY 2021-22 and focused on tariff petitions, billing system, collection efficiency and management of subsidy received/availed.

Audit findings

- *The posts of Chairman and Member of the Jharkhand State Electricity Regulatory Commission (JSERC) remained vacant from June 2020 to September 2022, due to which the electricity tariff, for the FY 2021-22, could not be approved and the Company was deprived of realising additional revenue of ₹ 514.08 crore.*
- *The system of billing was inefficient, as there were delays in billing; non-providing of rebate to consumers for delayed billing; non-billing of effective consumers and short billing, due to non-updation of metering details in the billing software. In addition, there were instances of short-billing of fixed charges, due to cut-off hours of supply of power; losses due to delays in changing defective meters; short/non-billing of streetlight consumers; irregular charging of meter rent from consumers; non-billing of energy charges to consumers; and delays in release of new electricity connections etc.*
- *The Company claimed excess subsidy, by irregularly changing the category of 'unmetered consumers' into 'consumers with defective meter' and did not map the provisions of billing related to defective meters, in the billing software, as provided in the JSERC Electricity Supply Code.*
- *Though the overall collection efficiency (excluding arrears and Government subsidy) of the Company, during FY 2018-19 and FY 2021-22, ranged between 38.34 and 52.51 per cent, the collection efficiency, in case of rural domestic consumers, was low and ranged between 8.54 to 14.68 per cent. The revenue realisation of the Company was only 86.42 to 92.27 per cent of the energy sold, during FYs 2018-19 to 2021-22. The Aggregate Technical and Commercial Losses (AT&C) of the Company, ranged between 46.57 and 49.21 per cent, during FYs 2018-19 to 2020-21, due to exhibition of inflated consumption against unmetered connections, as against the reported AT&C losses of 28.69 to 41.21 per cent, during the same period.*

- *The Company could not recover outstanding dues of ₹ 234.01 crore, as the recovery had become time-barred, due to non-filing of certificate cases in time. The Company also failed to recover additional Security Deposit from Consumers.*
- *The Company failed to comply with the provisions of the Electricity Act, 2003 and the provisions of the JSERC Electricity Supply Code, in assessment of penalty, in cases of theft of power, and, thus, suffered loss of revenue, amounting to ₹ 5.74 crore.*

Recommendations

- 1. Government may ensure that the posts of Chairman and Members of JSERC are not left vacant, in order to ensure timely finalisation of the tariff.*
- 2. The Company may ensure that: (i) Energy Audits are conducted (ii) Circle-wise T&D Loss Reduction Plans are prepared and (iii) responsibility is fixed against the concerned officials for not achieving complete metering.*
- 3. The Company may ensure: (i) mapping and updating of all the provisions of the Electricity Supply Regulation and Tariff Orders, in the billing Software (ii) correct and timely billing of all effective consumers i.e. all the existing consumers presently availing power from the Company and (iii) that responsibility is fixed against the concerned officials for not updating the billing software.*
- 4. The Company may ensure: (i) cent per cent metering of all consumers (ii) billing on the basis of actual consumption and (iii) that responsibility is fixed against concerned officials for booking excess energy consumption against unmetered consumers leading to suppression of AT&C loss.*
- 5. The Company may ensure: (i) correct billing and claims of subsidy, as per GoJ's Resolution of March 2019 and (ii) that responsibility is fixed against concerned officials for incorrect billing and claiming excess subsidy.*
- 6. The Company may ensure strict implementation of provisions related to disconnection and file certificate cases for realisation of outstanding dues. Responsibility may also be fixed in regard to dues which have become irrecoverable.*
- 7. The Company may ensure proper assessment and levy of fine against theft of power, on the basis of the provisions of the Electricity Act and the Electricity Supply Code.*

2.2.1 Introduction

Electricity is a key ingredient for continuing economic growth and is vital for the overall development of the State. Amongst the three major layers, *i.e.* generation, transmission and distribution of power, distribution has direct interface with the end consumers and is largely accountable for consumer satisfaction and flow of revenue in the entire value chain of the power sector. A distribution company is required to maintain a robust distribution network, in order to ensure regular supply of electricity to its consumers and is mainly dependent on an efficient system of billing and collection of revenue, for meeting its operational costs.

The electricity distribution network in Jharkhand is managed by the State-owned Company, *Jharkhand Bijli Vitran Nigam Limited* (the Company), which was incorporated on 23 October 2013. The Company is responsible for billing and collection of energy charges from its consumers. The administrative control of the Company lies with the Energy Department, Government of Jharkhand (GoJ). The Company has been awarded Grade “C-” by the Ministry of Power, Government of India (GoI), in the 10th Annual Integrated Rating²⁷ and Ranking related to Power Distribution Utilities, published in August 2022, due to its low financial and operational performance.

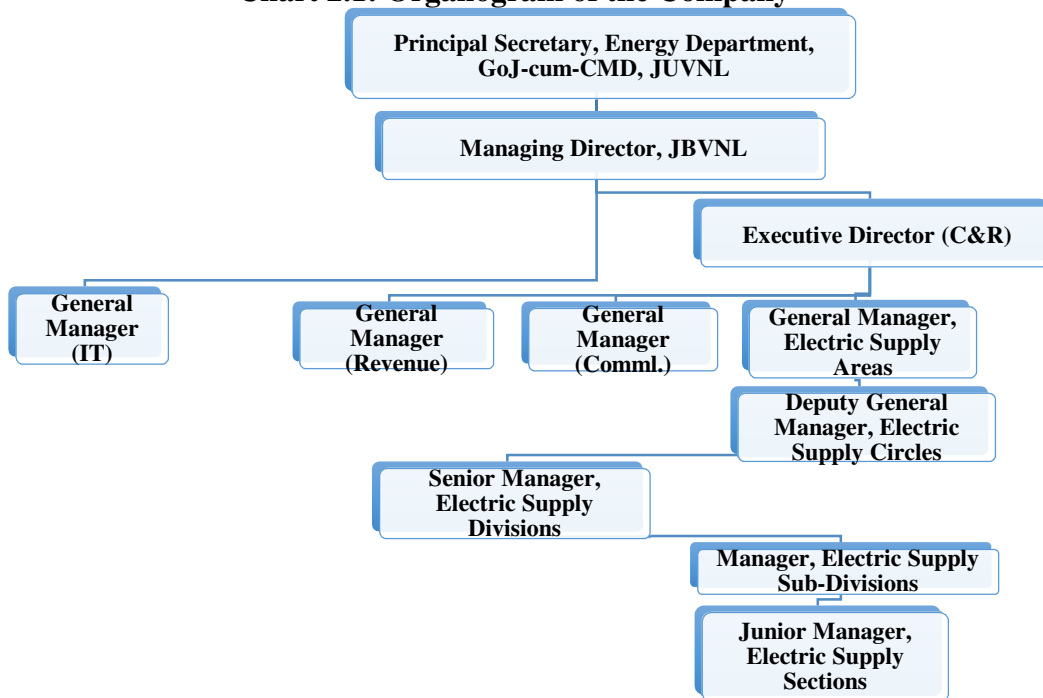
The Company has finalised its accounts up to FY 2021-22. The total accumulated losses of the Company were ₹ 12,228.01 crore, as on March 2022. The Company had purchased 13,729.45 Million Units (MUs) of electricity, valued at ₹ 6,430.83 crore, and sold 9,018.19 MUs, valued at ₹ 5,806.58 crore, during FY 2021-22. It had collected ₹ 5,357.24 crore, during FY 2021-22, on account of energy charges. This comprised of an amount of ₹ 3,308.43 crore, pertaining to FY 2021-22, inclusive of subsidy of ₹ 1,755.20 crore. The total outstanding dues, on account of energy charges, were ₹ 8,254.97 crore, as of March 2022.

2.2.2 Organisational Setup

The Management of the Company is vested with its Board of Directors (BoD). The Managing Director (MD), appointed by the State Government, is assisted by Executive Directors (EDs), General Managers (GMs), Deputy General Managers (DGMs) and Senior Managers (SMs), at its Corporate Office in Ranchi. At the field level, there are seven Electric Supply Areas (ESAs), headed by GMs; 15 Electric Supply Circles (ESCs), headed by DGMs; and 44 Electric Supply Divisions (ESDs), headed by SMs. ESDs are further divided into Electric Supply Sub-Divisions (ESSDs) and Sections, which are headed by Managers and Junior Managers, respectively. The organogram of the Company has been depicted in *Chart 2.1*.

²⁷ Integrated ratings reflect the operational and financial health of a DISCOM. They are used for intra-DISCOM comparisons, based on 15 base matrices, classified into three sections, viz. financial sustainability, performance excellence and external environment and nine specific disincentives. Based on the overall score of any DISCOM on the above parameters, grades were awarded from A+ to D.

Chart 2.1: Organogram of the Company



2.2.3 Tariff, Billing and Collection functions

The GM (Commercial) collects and compiles information and prepares tariff petitions, for filing with the Jharkhand State Electricity Regulatory Commission (JSERC). Billing of High Tension (HT) consumers is managed by the ESCs, through a software application (Java based Billing Software), developed in-house, under the Re-structured Accelerated Power Development Reform Programme (RAPDRP). Billing of Low Tension (LT) consumers is managed by the ESDs/ESSDs, through a customised billing software application (JAVA.net and back end postgres), under the overall control of GM (IT). Spot billing and bill distribution to LT consumers, is being carried out by outsourced agencies, appointed to engage and manage the *Urja Mitras*²⁸.

As per the JSERC (Electricity Supply Code) Regulations, 2015, bills are to be issued at periodicity of not more than two months in respect of billing of domestic, commercial, agricultural services and other category of services. The due date for payment for the LT Domestic, Commercial and Agricultural consumers is minimum 15 days after the issue date of the bill and, in case of all other categories of consumers, minimum 21 days after the issue date.

2.2.4 Audit objectives

The objectives of the audit, were to assess whether:

- The entire cost of providing electricity was being recovered, by filing timely and correct tariff petitions with the JSERC;
- Tariff orders, circulars, directions and instructions were issued by the Company without any ambiguity and implemented in time by the field offices;

²⁸ Persons engaged by the outsourced agency, for spot billing and distribution of bills.

- Metering and billing were managed efficiently and effectively;
- Collection and accounting of revenue and subsidy was completed in an economic and efficient manner; and
- Adequate monitoring and internal controls exist for the elimination of risk, in the billing and collection activity.

2.2.5 Audit scope

Audit covered the period from FY 2018-19 to FY 2021-22. Records of the concerned wings at the Corporate Office, six²⁹ out of 15 ESCs and 12³⁰ out of 44 ESDs (two ESDs in each ESC) were examined. ESCs and ESDs were selected through statistical sampling.

An Entry Conference was held (2 June 2022) with the Principal Secretary of the Energy Department, wherein the audit objectives, scope, criteria and methodology of audit, were discussed. The Exit Conference was held (2 May 2023) with the Additional Chief Secretary, Department of Energy cum CMD, JUVNL cum MD, JBVNL. The views of the Department have been suitably incorporated in the Report. Further, a revised report was issued (December 2023) to the Department for response. Replies (January 2024) of Department have been suitably incorporated in the Report.

2.2.6 Audit criteria

The criteria for achieving the audit objectives were derived from the following sources:

- Electricity Act, 2003;
- Tariff Regulations, Tariff orders and directives, issued by JSERC;
- JSERC (Electricity Supply Code) Regulations, 2015;
- Budget, delegation of financial powers of the Company, Agenda and minutes of BoD meetings;
- Instructions issued by GoJ and the Company;
- Terms and conditions of NITs/Work Orders; and
- Management Information System of the Company.

Audit findings

2.2.7 Performance of the Company

The position of energy available for sale, actual sale of energy and loss of energy during the last four financial years, up to 31 March 2022, is given in **Table 2.1**.

Table 2.1: Financial performance of the Company

(₹ in crore)

Computation of Aggregate Technical & Commercial Losses (AT&C)					
Particulars		2018-19	2019-20	2020-21	2021-22
A	Requirement of energy in the State (in million units)	13,469.30	13,824.16	13,064.26	13,708.46
B	Gross energy purchased (in million units)	12,860.36	12,707.61	13,290.20	13,729.45

²⁹ Deoghar, Dhanbad, Dumka, Giridih, Gumla and Ramgarh.

³⁰ Deoghar: Godda and Madhupur; Dhanbad: Govindpur and Nirsa; Dumka: Dumka and Jamtara; Giridih: Giridih (North) and Giridih (South); Gumla: Gumla and Simdega and Ramgarh: Kujju and Ramgarh.

Table 2.1: Financial performance of the Company

(₹ in crore)

Computation of Aggregate Technical & Commercial Losses (AT&C)					
Particulars		2018-19	2019-20	2020-21	2021-22
C	Transmission losses ³¹ (in million units)	856.21	606.18	1,051.40	1,292.12
D	Net input energy (in million units)	12,004.15	12,101.43	12,238.80	12,437.33
E	Total units sold (in million units) (% of D)	9,277.55 (77)	9,314.89 (77)	7,913.41 (65)	9,018.19 (73)
F	Total revenue from sale of energy, including revenue grant ³² and subsidy ³³ (₹ in crore)	5,074.10	6,405.07	5,244.98	6,487.41
G	Adjusted revenue (after adjustment of excess/short revenue grant ³⁴ and subsidy ³⁵) (₹ in crore)	5,074.10	6,426.04	4,888.82	6,804.21
H	Opening debtors (debtors at the end of previous year) for sale of energy (₹ in crore)	5,890.81	6,283.03	7,185.18	7,429.11
I	Closing debtors (debtors at the end of current year) for sale of energy (₹ in crore)	6,283.03	7,173.67	7,305.17	8,254.97
	i) Closing debtors for sale of energy (₹ in crore)	6,283.03	7,173.67	7,305.17	8,254.97
	ii) Any write-off	0	0	0	0
J	Adjusted closing debtors- (₹ in crore) (i+ ii)	6,283.03	7,173.67	7,305.17	8,254.97
K	Collection efficiency (amounts collected during the year against total dues) (<i>per cent</i>) (G+H-J)/F	92.27	86.42	90.92	92.15
L	Average National Collection Efficiency	93.39	92.80	92.40	97.25
M	Units realised (units against which energy charges were realised) (million units) (E*K) (% of E)	8,560.40 (92)	8,049.92 (86)	7,194.87 (91)	8,310.26 (92)
N	Units unrealised (units against which energy charges were not realised) (million units) (D-M)	3,443.75	4,051.50	5,043.93	4,127.07

³¹ Loss of energy during its transmission at levels above 33 KV.

³² Revenue grant booked (Grants given by the Government to finance the revenue deficit and accounted for as income in the books of Accounts) - 2018-19: ₹ 1,250 crore, 2019-20: ₹ 600 crore, 2020-21: Nil.

³³ Subsidy booked (Energy charges given by the Government, on behalf of consumers, as subsidy, and accounted for as receipts in the books of Accounts)- 2018-19: Nil, 2019-20: ₹ 1,329.04 crore, 2020-21: ₹ 1,356.16 crore.

³⁴ Revenue grant received (Grants received during the year) - 2018-19: ₹ 1,250 crore, 2019-20: ₹ 600 crore, 2020-21: Nil.

³⁵ Subsidy received (Amount of Subsidy received during the year) - 2018-19: Nil, 2019-20: ₹ 1,350 crore, 2020-21: ₹ 1,000 crore.

Table 2.1: Financial performance of the Company

(₹ in crore)

Computation of Aggregate Technical & Commercial Losses (AT&C)				
Particulars	2018-19	2019-20	2020-21	2021-22
O Aggregate Technical & Commercial Loss (AT&C ³⁶ Loss) (<i>per cent</i>) (N/D*100)	28.69	33.48	41.21	33.18
P Average National AT&C Loss	21.64	20.73	22.32	16.42
Q Target of AT&C loss	15	15	15	15
R Excess AT&C loss (O-Q)	13.69	18.48	26.21	18.18
S Excess unrealised (excess units over and above the target which have not been billed) (million units) {(N*(R/O)}	1,643.25	2,236.31	3,207.99	2,261.31
T Energy purchased (₹ in crore)	5,615.09	6,205.99	5,954.74	6,430.83
U Cost of energy purchased per KWH (₹) (T/B)*10	4.37	4.88	4.48	4.68
V Loss due to excess AT&C loss (₹ in crore) (S*U)/10	718.10	1,091.32	1,437.18	1,058.29

(Source: compiled from data furnished by the Company)

It can be seen from Table 2.1 that:

- The percentage of units sold, in comparison to the net input energy, decreased from 77 *per cent* in FY 2018-19, to 73 *per cent* in FY 2021-22, which indicated increase in the distribution loss³⁷ of energy, as not all of the input energy could be billed.
- The Company could not achieve the yearly target of AT&C loss of 15 *per cent* fixed by the Ministry of Power (MoP), GoI. The AT&C loss (28.69 *per cent* to 41.21 *per cent*) was more than the National Average AT&C loss (16.42 *per cent* to 22.32 *per cent*), during FYs 2018-19 to 2021-22. On account of excess AT&C losses, the Company suffered losses of ₹ 4,304.89 crore, during FYs 2018-19 to 2021-22.
- The collection efficiency of the Company (86.42 *per cent* to 92.27 *per cent*) was less than the National Average collection efficiency (92.40 *per cent* to 97.25 *per cent*), during FYs 2018-19 to 2021-22. Audit further observed that the overall collection efficiency, excluding subsidy³⁸, had decreased from 53 *per cent* in FY 2018-19, to 38 *per cent* in FY 2021-22. However, it was very low (it decreased from 15 *per cent* in FY 2018-19, to nine *per cent* in FY 2021-22) in case of rural domestic consumers. In terms of the number of bills, the Company could collect energy charges against only 21 to 25 *per cent* of the bills raised during FYs 2018-19 to 2021-22, while, in the

³⁶ AT&C loss is a combination of 'technical loss' (energy loss + theft + inefficiency in billing) and 'commercial loss' (default in payment + inefficiency in collection).

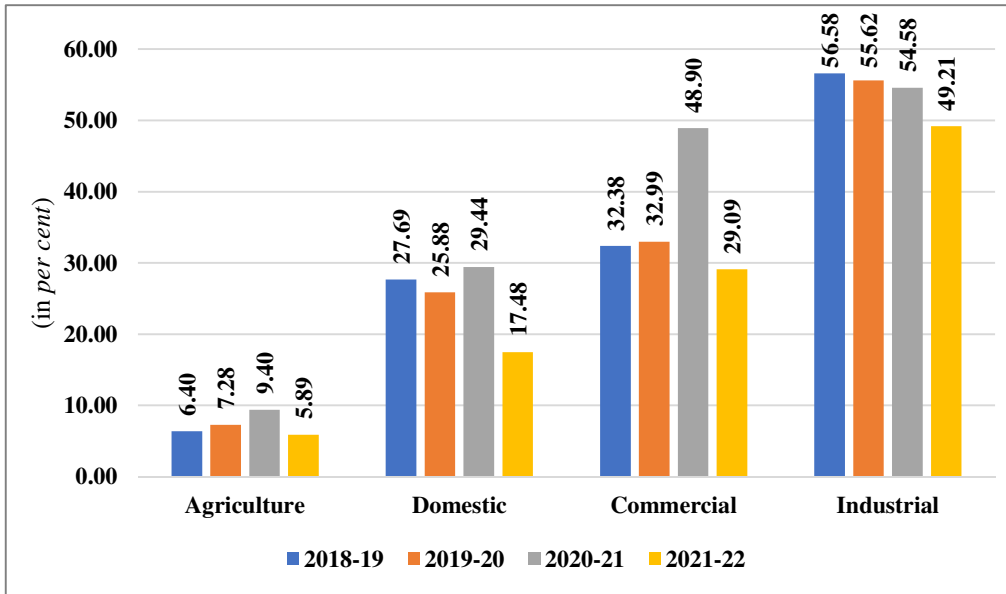
³⁷ 'Distribution loss' is loss of energy at voltage levels of 33 KV and below, whereas 'Transmission loss' is loss of energy above voltage levels of 33 KV.

³⁸ Percentage of collection of total dues, excluding subsidy, as the subsidy was provided directly to the Company, by GoJ.

case of rural domestic consumers, it was only nine to 11 *per cent* (*Appendix-IX*).

- Collection of revenue, excluding subsidy, against the tariffs applicable to various categories of consumers, during 2018-19 to 2021-22, is shown in **Chart 2.2**.

Chart 2.2: Category-wise collection against consumers (percentage) during 2018-19 to 2021-22



(Source: compiled from data furnished by the Company)

From the above, it can be seen that during 2018-19 to 2021-22, collection of revenue (percentage), against total assessment, from:

- agriculture consumers (IAS-1 and IAS-2) ranged between 5.89 *per cent* and 9.40 *per cent*;
- domestic (rural and urban) consumers (DS-1A, DS-1B, DS-2 and DS-3) ranged between 17.48 *per cent* and 29.44 *per cent*;
- commercial consumers (NDS-1, NDS-2 and NDS-3) ranged between 29.09 *per cent* and 48.90 *per cent*; and
- industrial consumers (LTIS, LTIS-D and HT) ranged between 49.21 *per cent* and 56.58 *per cent*.

Thus, instead of improving realisation from the consumers, the Company was mainly dependent on subsidy from GoJ, which is evident from the fact that only 23 *per cent* of the bills issued during FYs 2018-19 to 2021-22 were realised from consumers. This also led to increase in outstanding dues, from ₹ 6,283.03 crore in FY 2018-19, to ₹ 8,254.97 crore in FY 2021-22 (**Table 2.1**).

In reply, the Department stated (May 2023) that the Company had been able to achieve a consistent collection efficiency of nearly 90 *per cent*, despite the fact that the population of Jharkhand was mainly from the economically weaker section. However, the key reasons for less collection efficiency in rural areas were, very limited sources of income, unwillingness of consumers to pay,

consumers being located in remote and scattered places and non-acquaintance of the consumers with digital modes of payment.

Regarding reducing the AT&C loss and improving collection efficiency, the Department stated that installation of pre-paid meters was under progress; revenue camps and *Urja Melas* were being organised at the field level, for revenue collection and handling grievances; awareness was being spread among consumers, regarding payment of electricity bills; actions like imposing fines and initiating proceedings for non-payment, disconnection and reconnection of lines, were being taken in regard to loss making feeders; and various digital modes of payments, including e-wallet, were being developed. As a result, the Company had improved its collection efficiency during October 2022 to March 2023. It further stated that the Company had achieved 100 *per cent* metering to all domestic consumers, increased the billing coverage and had removed duplicate consumers.

The reply was, however, silent regarding collection efficiency excluding subsidy. Further, the Company had raised bills against only 35,63,910 consumers, out of 51,02,349 effective consumers, in March 2022, which was the main reason behind the AT&C losses.

2.2.8 Finalisation of Tariff

As per Section 62 (4) of the Electricity Act, 2003, tariff rates are to be amended at least once in any financial year, for which application for determination of tariff is to be filed, by the licensee, with the concerned Electricity Regulatory Commission. The State Government constituted (August 2002) the Jharkhand State Electricity Regulatory Commission (JSERC), under Section 17 of the Electricity Regulatory Commissions Act, 1998, which became operational from April 2003.

2.2.8.1 Filing of tariff petitions

As per JSERC (Terms and Condition for Determination of Distribution Tariff) Regulations, the Tariff Petition should be filed by 30 November of the previous financial year of the financial year for which tariff is to be approved and approval should be granted within 120 days of acceptance of the filing of tariff petition by JSERC, *i.e.* by 31 March.

Year-wise details of the tariff petitions filed by the Company, tariff petitions approved by the JSERC and the effective dates for implementation of the approved tariff are shown in **Table 2.2**.

Table 2.2: Details of the tariff petition filed, approved and their effective dates of implementation (as of 31 December 2022)

Tariff for the period	Scheduled date of filing	Actual date of filing	Date of approval by JSERC	Scheduled date on which tariff should have been effective	Actual effective date
2018-19	30.11.2017	28.11.2017	27.4.2018	1.4.2018	01.5.2018
2019-20	30.11. 2018	28.11.2018	28.2.2019	1.4.2019	01.4. 2019
2020-21	30.11.2019	30.11.2019	1.10.2020	1.4.2020	01.10.2020
2021-22	30.11.2020	30.11.2020	Not approved	1.4.2021	-

(Source: compiled from records of the JBVNL, tariff orders and regulations)

It can be seen from **Table 2.2** that there were delays in the approval of tariffs, ranging from one to six months. The tariff order for the year 2021-22 could not be approved by the JSERC, as of November 2022, even after 24 months from the date of filing, mainly due to non-appointment of a Chairman, since June 2020 to September 2022, and Member of JSERC, since January 2021 till June 2022, by GoJ. Further analysis of the Tariff orders and petitions revealed that:

- The Company had submitted (December 2019) its petition for true-up³⁹ of the tariff order for the financial year 2018-19, proposing a total revenue requirement of ₹ 6,191.80 crore. However, JSERC disallowed (October 2020) ₹ 339.14 crore, on account of excess Intra-State Transmission Charges⁴⁰ (₹ 8.07 crore), interest on Working Capital Loan (₹ 11.33 crore) and excess distribution loss (₹ 319.74 crore), as the Company had not been able to meet the targets given by the JSERC, in its tariff order for FY 2018-19.
- The Company could not generate additional revenue of ₹ 514.08 crore through sale of 10,414.60 MUs of electricity, as projected in the Annual Revenue Requirement⁴¹ (ARR) for the FY 2021-22, as the tariff order, for the financial year 2021-22, could not be finalised.

While accepting the audit observation, the Department stated (May 2023) that the Chairman and Members of JSERC had been appointed (May 2022) and JSERC had started working since 10 June 2022. It was further stated that petitions for true-up of tariff orders of FYs 2020-21 and 2021-22, ARR for FY 2022-23 and tariff petition for FY 2023-24 had been submitted (November 2022) to JSERC.

The reply is factually incorrect, as JSERC itself had intimated (November 2022) Audit that the Chairman had joined JSERC in September 2022. Moreover, the fact remains that the Tariff orders for FY 2021-22 was yet to be finalised. Further, the reply was silent on the non-achievement of targets fixed by JSERC, in its tariff order for FY 2018-19, which had ultimately resulted in disallowance of excess Intra-State Transmission charges, interest on Working Capital Loan and excess distribution losses, by JSERC.

2.2.8.2 Non-compliance of JSERC directives

- JSERC, in the tariff order effective from 1 August 2011, directed that no new unmetered electric connections were to be provided. The tariff for unmetered connections was to be applicable only for the existing unmetered connections, until they were metered.

Audit noticed that the Company had set a target to eliminate unmetered connections, through metering, by December 2018, but had not been able to meet its target. JSERC provided a final opportunity to the Company, to complete metering by December 2020. However, the Company failed to achieve complete metering, even within the extended period. Audit further

³⁹ Tariff order for a Financial Year (FY) is issued based on the estimated figures. Subsequently, 'true-up' of estimated revenue or expenditure is done, based on the actual figures of that FY, and changes, if any, are considered in the current tariff order.

⁴⁰ Charges for transmission of electricity, within the territory of a State, levied by the State Transmission Utility.

⁴¹ Requirement of revenue, to meet the operating costs during a year.

noticed that 2,44,825 bills had been issued against unmetered connections, in March 2022. Audit could not ascertain the total number of unmetered connections provided after 2011, as the dates of connection, for all connections, were not available in the database.

Case Study: 3

In ESSD, Basukinath, Dumka, 12,318 unmetered connections were provided after August 2011, despite JSERC directions that no new unmetered connections were to be provided.

While accepting the audit observation, the Department stated (May 2023) that the main reasons behind non-conversion of unmetered consumers, into metered consumers, were mainly, the poor financial health of the DISCOM, difficulty in tracing the premises of unmetered consumers and remote and scattered locations of rural consumers. It further stated that the Company had filed (December 2020) a petition with JSERC, seeking to allow unmetered tariff, till 100 *per cent* metering was achieved. The hearing was pending, as JSERC had been non-functional till August 2022. Meanwhile, the Company had stepped up metering work under Annual Development Plan and submitted (January 2023) the status of metering of unmetered connections, to JSERC. JSERC had passed (January 2023) its final order on the said petition, observing that the metering work had been completed by the Company.

- As per clause 8.2.16 of the JSERC (Electricity Supply Code) Regulations, 2015, the Distribution Licensee shall pay interest annually on the consumer's security deposit. JSERC also directed (October 2020) the Company to ensure payment of interest on security deposits, to all consumers.

Audit observed that, though the Company had made a provision of ₹ 471.29 crore, for interest payment, in its Annual Financial Statement for the year 2020-21, it was not paying/ adjusting interest on security deposits to LT consumers⁴², as the amounts of security deposit were not being updated in its billing database. Provision for payment of interest annually had also not been mapped in its billing software (as of March 2022).

The Department accepted the audit observation and stated (May 2023) that the Company had paid (February and March 2023) interest of ₹ 20 crore to 6.80 lakh LT consumers for the FY 2021-22.

The fact, however, remains that the Company had not made this provision universal for all LT consumers, through necessary entry in the billing software.

- JSERC issued (June 2017) the Tariff Order for 2016-17, with directions to conduct division-wise Energy Audit and prepare Circle-wise Transmission & Distribution (T&D) Loss Reduction Plan. The Plan, along with progress, was to be submitted to JSERC, within six months. JSERC also directed the Company to submit a sample energy audit report, of transformers having

⁴² Consumers, who are supplied electricity, at low or medium voltage (not exceeding 250 volts between phase and neutral or 440 volts between any two phases).

different consumer mix, for reducing losses, along with the action taken, if any, within six months.

Audit noticed that the Company did not conduct the division-wise Energy Audit, to prepare the Circle-wise T&D Loss Reduction Plan. It also did not submit the sample energy audit report of said transformers, as of November 2022.

The Department accepted the facts and stated (May 2023) that an agency had been engaged (January 2019) for technical study on voltage-wise costs of supply (VCoS) and circle-wise T&D loss reduction. The Report on VCoS had been submitted to JSERC, with the circle-wise loss reduction plan. However, JSERC had not accepted the Report, on the ground that selection of sample feeders was not appropriate and data from meters was incomplete. A revised report, with compliance of JSERC, was yet to be submitted, as the said energy audit was in progress.

Recommendation No. 1: Government may ensure that the posts of Chairman and Members of JSERC are not left vacant, in order to ensure timely finalisation of the tariff.

Recommendation No. 2: The Company may ensure that: (i) Energy Audits are conducted (ii) Circle-wise T&D Loss Reduction Plans are prepared and (iii) responsibility is fixed against the concerned officials for not achieving complete metering.

2.2.9 Billing of energy

2.2.9.1 Irregularity in appointments of Urja Mitras

A Request for Proposal (RFP) was approved (August 2020), by the Standard Bidding Document (SBD) Committee, for hiring a Service Agency, for 'Engaging and Managing *Urja Mitra* for operationalisation of Android based smart mobile (with printer) photo spot energy billing system'. Five NITs, for different Electric Supply Areas (ESAs), were floated (between July 2020 and January 2021) by the Company. As per the terms and conditions of the NITs, the bidder had to upload all documents with digital signatures and also had to provide work orders and work performance certificates, issued by the client organisations of the previous works executed. The minimum technical requirements for the bidders were as below:

- (i) The bidders should have not been terminated or suspended from any work contract with a Government Department and their performance guarantee/ security should have not been forfeited. Non-disclosure of these facts would make the bidders liable for disqualification from the bidding process.
- (ii) The bidders should have experience of preparing electrical energy bills for any one State Electricity Board (SEB)/ State Power Distribution utility (SPDU)/ Distribution Company (DISCOM) in India, for at least five lakh consumers per month, for any two consecutive years, in the past seven years, as on the date of opening of the bid.
- (iii) The bidders should have experience of deployment of at least 400 personnel, in preparation of electrical energy bills, for any SEB/ SPDU/

DISCOM in India, for any two years, in the past seven years, as on the date of opening of the bid.

- (iv) The bidders should have the experience of having successfully completed the work of preparation of bills, for any one SEB/ SPDU/ DISCOM in India, during the last seven years. The bidders should have completed three similar works, costing not less than ₹ 10 crore each, or two works, costing not less than ₹ 15 crore each, or one work, costing not less than ₹ 20 crore, as of May 2020.

Test-check of three⁴³ NITs revealed the following:

- In the NIT for ESA, Dumka, the successful bidder (M/s Vaibhu Infra Tech India Private Limited) had not submitted digitally signed documents. Further, the bidder had not submitted any certificate regarding completion of any work costing at least ₹ 10 crore. However, the Tender Evaluation Committee (TEC) had declared the bidder as having been technically qualified, by adding multiple work orders, costing below ₹ 10 crore.
- In the NIT for ESAs, Dhanbad and Giridih, the successful bidder (M/s EMDEE Digitronics Pvt. Limited) had not submitted completion certificate, issued by the client, for a similar work. It had, instead, submitted a report of two executed works, costing more than ₹ 15 crore each, which had been certified by a Chartered Accountant. TEC accepted this document, even though it had not been issued by the client, to declare the bidder as technically qualified.
- In the NIT for ESA, Hazaribagh and Medininagar, the successful bidder (M/s Sai Computers Limited) had submitted (September 2020) an affidavit, regarding non-termination of the contract and not being debarred from any tender. However, Audit noticed that the *Madhya Pradesh Poorv Kshetra Vidyut Vitran Company Limited* had terminated (March 2017) the contract of the same bidder and forfeited the earnest money as well. Besides, the bidder had also been debarred (June 2017) from participating in future tenders. Thus, the successful bidder had submitted a false affidavit. Further, the value of executed works, beyond the stipulated date of May 2020, was also considered by the TEC, for declaring the bidder as technically qualified.

Thus, the TEC had declared ineligible bidders to be technically qualified, on the basis of false affidavits and inadmissible documents and, ultimately, the works had been awarded to them, leading to undue favour to ineligible bidders.

In case of ESAs, Dumka, Dhanbad and Giridih, the Department stated (May 2023) that the bidders were asked for requisite certificates, as per the terms and conditions of the tender, as per which, a certificate issued by a CA, was acceptable.

In case of ESAs, Hazaribagh and Medininagar, it was stated that the agency had submitted an undertaking regarding no blacklisting or debar, on judicial stamp paper, which had been considered by TEC. However, the Department acknowledged the submission of false affidavit, as raised by Audit, and assured that further examination and necessary action would be taken in this regard.

⁴³ The first for ESA, Dumka; the second for ESAs, Dhanbad and Giridih combined; and the third for ESAs, Hazaribag and Medininagar combined.

Regarding the value of work executed, it was stated that work executed after May 2020 had not been considered for qualification.

The reply regarding ESAs, Dumka, Dhanbad and Giridih, is not convincing, as the terms and condition of NIT clearly mentioned that the performance certificate should have been duly signed by an officer not below the rank of Electrical Superintending Engineer (ESE)/Deputy General Manager, failing which the firm was not to be considered as being eligible for meeting the qualifying requirements. However, during the technical evaluation of bids, the Technical Evaluation Committee (TEC) had asked for the CA certified documents from the bidders, beyond the conditions of the NIT, for further evaluation of the tenders and, accordingly, the bidders had been declared as having technically qualified. As such, TEC had not adhered to the NIT condition, in the technical evaluation of bids.

The reply regarding ESAs, Hazaribag and Medininagar, is also not convincing, as the TEC had accepted the certificate of one work, issued by ESAs, Hazaribag and Giridih, where the value of executed work was up to July 2020, whereas, for another work, the certificate issued (August 2020) by WESCO Utility, Orissa, included the work value up to March 2021.

2.2.9.2 Non-imposition of penalty on billing agencies for delayed billing

Works for billing were awarded (between April 2017 and June 2017) to different agencies, for four ESAs (ESA at Dhanbad, Dumka, Giridih and Ranchi). The work orders (clause 4.6.6) stipulated that non-delivery of the energy bill, to a consumer, for two consecutive months, would attract penalty of ₹ 200 per incident as non-performance activity. The Nodal Officers of respective ESDs were to impose the penalty.

As per the scope of work, meter readings were to be taken through android based smart phones and bills were to be generated on the spot, for delivery to the consumers. Audit scrutiny of the billing data, of the 12 test-checked ESDs, revealed that 25.06 lakh⁴⁴ bills had been generated after delays of more than two months, during April 2018 to August 2021. However, the Nodal Officers of the respective ESDs had not imposed penalty of ₹ 50.12 crore, on the defaulting agencies.

In reply, the Department stated (May 2023) stated that, due to network problems in remote and rural areas, meter readers generally took meter readings manually and generated bills in bulk, in nearby areas, where network was available. The meter readers had a tendency to dump the bills, or not to provide the bills to the consumers, after generation. It was further stated that there was a clause in the work order regarding penalties for non-generation of bills, which was automatically linked with the delivery of bills. There was a clause (4.6.1.2) in the work order, regarding deduction of 10 *per cent* of the financial quote, per consumer, from the monthly bill, if the billing done was less than 90 and 80 *per cent* of designated consumers, in urban and rural areas, respectively. The penalty was to be levied, in case the billing agency had generated the bills, but failed to deliver it to the consumers, consecutively for two months.

⁴⁴ Dumka: 3.59 lakh, Giridih North: 3.46 lakh, Giridih South: 4.65 lakh, Godda: 2.60 lakh, Govindpur: 1.24 lakh, Gumla: 3.21 lakh, Jamtara: 0.78 lakh, Kujju: 0.62 lakh, Madhupur: 1.10 lakh, Nirsa: 1.01 lakh, Ramgarh: 0.75 lakh and Simdega: 2.05 lakh.

The reply was not acceptable, as both clauses were separate from each other. Clause 4.6.1.2 was regarding short billing, whereas clause 4.6.6 was regarding non-delivery of bills to consumers for two consecutive months. As such, both clauses were applicable at the same time. Audit has raised only one issue *i.e.* non-delivery of bills to consumers, linking it with the non-generation of bills, only to show that generation of bills was a precondition to ensure delivery of bills to consumers. Moreover, delivery of bills, to consumers in remote and rural areas, where the network was weak, was essential for ensuring payment of energy charges.

2.2.9.3 Delay in billing, resulting in creation of liability

As per clause X, of the terms and condition of supply, of the JSERC Tariff Order, 2020, effective from October 2020, in case the bill was not received by the consumers for two continuous billing cycles, a rebate, at the rate of one *per cent* per month, on the bill amount, for delays beyond two months or part thereof, would be applicable to consumers, subject to a ceiling of three *per cent*. The Utility would not be eligible to claim such rebate as a part of its Aggregate Revenue Requirement (ARR) and it would be treated as compensation to consumers, out of the Return on Equity (RoE) of the Licensee.

Audit scrutiny of billing details, in the 12 test-checked ESDs, revealed that 63.34 lakh bills⁴⁵ had been issued with delays beyond two months (*i.e.*, these bills had been issued with a billing cycle of more than two months, during October 2020 to March 2022). However, the ESDs had not provided rebate to the concerned consumers, in these bills, as provision for this had not been mapped in the billing software. This had led to benefits of ₹ 15.16 crore⁴⁶ not being passed on to consumers, on account of compensation.

The Department accepted the fact and stated (May 2023) that the Tariff order for 2020 was effective from October 2020 and due to impact of widespread COVID -19 pandemic, billing of consumers at regular interval became a huge challenge which resulted in irregular consumer billing. It was further stated that the billing system being in transition phase, affected timely billing. However, the Company assured that the directions issued by JSERC would be adhered to and that Clause X will be implemented, once the billing system stabilises.

2.2.9.4 Delay in issue of bills to HT consumers⁴⁷

As per the JSERC (Electricity Supply Code) Regulations, 2015, the Distribution Licensee shall ensure distribution of bills within five days of the date of issuance of bill. As per the Tariff orders of JSERC, the due date for making payment of energy bills is 21 days from the date of issue of bill.

⁴⁵ Dumka: 48,82,683, Giridih North: 2,54,914, Giridih South: 2,76,879, Gumla: 2,34,112, Govindpur: 53,282, Jamtara: 1,16,587, Kujju: 39,272, Madhupur: 39,226, Godda: 1,89,715, Nirsa: 50,345, Ramgarh: 44,555 and Simdega: 1,52,256.

⁴⁶ Dumka: ₹ 1.31 crore, Giridih North: ₹ 1.22 crore, Giridih South: ₹ 1.93 crore, Godda: ₹ 1.35 crore, Govindpur: ₹ 0.56 crore, Gumla: ₹ 2.10 crore, Jamtara: ₹ 1.04 crore, Kujju: ₹ 2.54 crore, Madhupur: ₹ 0.27 crore, Nirsa: ₹ 0.19 crore, Ramgarh: ₹ 1.79 crore and Simdega: ₹ 0.86 crore.

⁴⁷ Consumers, who are supplied electricity, at voltage levels between 650 Volts and 33,000 Volts.

Audit scrutiny of 12,702 bills⁴⁸ of HT consumers, in six test-checked ESCs revealed that there were gaps, ranging from one to 22 days, in meter readings and issue of bills. Delay in the issue of bills had also resulted in extension of the due date for payment. However, the Company had adopted spot billing for LT consumers, *i.e.* meter reading and issue of bills on the same day. Gaps in the issue of bill, from the date of meter reading and, consequently, payment within the extended due date, in case of HT consumers, had resulted in avoidable loss of interest, amounting to ₹ 1.50 crore⁴⁹, against bills of ₹ 2,692.07 crore, calculated at the SBI base rate of 7.3 to 9.05 *per cent*. It was noted, in this regard, that collection from HT consumers comprised 38 *per cent* of the total collection, during 2020-21.

The Department stated (May 2023) that some meters of HT consumers were equipped with the automatic meter reading (AMR) system, while manual readings were being done in the remaining cases. In case of manual readings, the billing parameters were being punched in the software system and energy bills were being generated through the centralized computerised billing system. Since December 2022, the due date for majority of the HT bills had been the 24th of every month.

The reply is not convincing, as the Company was yet to adopt spot billing, to avoid delays in punching of manual readings in the software system.

2.2.9.5 Non-billing of effective consumers

As per the JSERC (Electricity Supply Code) Regulations 2015, the periodicity of issue of bills was to be not more than two months, in regard to meter reading-based billing of domestic, commercial, agricultural and other category of services. However, as per the work orders (April 2017) issued to the billing agencies, billing of all consumers was to be done on a monthly basis.

Audit noticed that:

- Against the requirement of 4.07 crore, 4.81 crore, 5.35 crore and 5.76 crore bills, to be issued to effective consumers, on a monthly basis, during FYs 2018-19, 2019-20, 2020-21 and 2021-22, respectively, only 3.45 crore (85 *per cent*), 3.67 crore (76 *per cent*), 3.26 crore (61 *per cent*) and 4.16 crore (72 *per cent*) bills, had been issued.
- In the test-checked ESDs, the billing of 34,168 consumers⁵⁰ had not commenced, for periods from three months, to 149 months, as of March 2022, after entering basic data in the billing software, mainly due to reasons such as the concerned consumers remaining untraceable and the same consumer ID being allotted to more than one consumer. Further, 28,605 consumers⁵¹ had not been billed, for periods ranging from three months to 82 months, after issue of the previous bills.

⁴⁸ Deoghar: 806, Dhanbad: 7,590, Dumka: 1,240, Giridih: 893, Gumla: 281 and Ramgarh: 1,892.

⁴⁹ Deoghar: ₹ 11.18 lakh, Dhanbad: ₹ 85.58 lakh, Dumka: ₹ 11.47 lakh, Giridih: ₹ 4.67 lakh, Gumla: ₹ 1.97 lakh and Ramgarh: ₹ 35.53 lakh, calculated at the SBI base rate.

⁵⁰ Dumka: 11,869, Govindpur: 4,722, Jamtara: 8,018, Kujju: 6,992, Nirsa: 897 and Ramgarh: 1,670.

⁵¹ Dumka: 8,426, Jamtara: 3,850, Kujju: 9,960, Nirsa: 4,081 and Ramgarh: 2,288.

Thus, the Company did not ensure monthly issue of bills to all consumers, which decreased from 85 *per cent* in 2018-19, to 72 *per cent* in 2021-22.

The Department stated (May 2023) that the field offices had been directed to verify the data.

2.2.9.6 Reduction in Fixed/Demand charges, on account of cut-off⁵² hours of supply of power

As per Clause XI of 'other terms and conditions' of the JSERC Tariff Order: 2020-21, effective from October 2020, recovery of complete Fixed/ Demand Charges, from consumers, was to be in proportion to the hours of supply, recorded in the meters installed in the consumer's premises. The cut-off hours, for complete recovery of Fixed/ Demand Charges, were 23 and 21 hours per day, for HT and LT Consumers, respectively. Further, any reduction in the recovery of Fixed/ Demand Charges, on account of less supply (as compared to the stipulated hours of supply), could not be claimed as a part of the ARR and had to be considered as compensation to the consumer, by the licensee.

Audit scrutiny of billing details, in six test-checked ESCs, revealed that 10,582 bills, had been issued to 649 HT Consumers⁵³, from October 2020 to March 2022. Of these, in 7,443 bills (70 *per cent*), the average hours of power supply were less than 23 hours/day, ranging between two and 712 hours per month. As a result, the Company could not bill demand charge of ₹ 7.76 crore⁵⁴, at the full rate of ₹ 350/ KVA/ month, from HT consumers. However, this benefit was not passed on to the LT consumers, as the hours of supply were not being entered in the related billing software, though this could be ascertained from the feeder meters installed at Power Sub-stations (PSSs)⁵⁵ or from Distribution Transformers⁵⁶ (DTRs).

While accepting the audit observation, the Department stated (May 2023) that, while there was a system of the recording hours of supply, in the meters of all HT consumers, such a system was not available in the meters of LT consumers. Further, due to lack of feeder-wise consumer tagging of LT consumers, the said benefits could not be passed on to them. However, feeder tagging was under process, and once it was completed, the Company would pass on this benefit to LT consumers also.

2.2.9.7 Irregular allowance of voltage rebate

As per the JSERC Supply Code, 2015, the voltage at which electricity is supplied, shall be based on the contract demand⁵⁷ (CD) of the consumer⁵⁸.

⁵² Minimum hours of supply.

⁵³ Deoghar: 97, Dhanbad: 299, Dumka: 67, Giridih: 65, Gumla: 28 and Ramgarh: 93.

⁵⁴ Deoghar: ₹ 0.38 crore, Dhanbad: ₹ 3.31 crore, Dumka: ₹ 0.27 crore, Giridih: ₹ 0.89 crore Gumla: ₹ 0.29 crore and Ramgarh: ₹ 2.62 crore.

⁵⁵ 'Power Sub-Station' is the part of a power system where high voltage electricity (33 KV) is stepped down to 11 KV, through transformers, for supply to LT consumers.

⁵⁶ Distribution Transformers step down the voltage, from 11 KV to 220 volt, for domestic supply.

⁵⁷ 'Contract demand' is the amount of electric power that a customer demands from the power utility, in a specified interval of time.

⁵⁸ For consumers having CD of 100 to 1,500 KVA, electricity was to be supplied at 6.6/11/22 KV; for consumers having CD of 1,501 to 10,000 KVA, electricity was to be supplied at 22/33 KV; for consumers having CD of 10,001 to 20,000 KVA, electricity was to be supplied at 33 KV and for consumers having CD exceeding 20,000 KVA, electricity was to be supplied at 66/110/132/220 KV. If the above provisions were relaxed for any consumer, then the applicable voltage rebate, for supply at higher voltage, was not allowed.

Further, as per the tariff orders of 2018-19, 2019-20 and 2020-21, voltage rebate of three, two and three *per cent*⁵⁹, respectively, was applicable on the demand and energy charges⁶⁰, on monthly basis, for power supply at 33 KV. However, consumers with arrears of energy charges were not eligible for the said rebate.

Audit noticed that 19 HT consumers, in six test-checked ESCs, having CD below 1,500 Kilo Volt Ampere (KVA), were eligible for power supply at 6.6/11/22 KV, but had been irregularly supplied power at 33 KV, and accordingly, allowed voltage rebate of ₹ 2.28 crore (**Appendix-X**). However, only consumers with higher CD, who had paid higher demand charge, were eligible for supply of power at 33 KV.

Case Study: 4

There was an arrear of ₹ 6.23 crore, in the bill of May 2019, against an HT consumer, bearing consumer number GDHT1 (T). The DGM, ESC, Deoghar, had kept (June 2019) the arrear in abeyance, in subsequent bills, as of March 2022, without taking any formal decision, or recording any justification, in this regard. Meanwhile, voltage rebate of ₹ 39.73 lakh was provided to the consumer, for the period from May 2019 to March 2022.

The Department stated (May 2023) that the amount of voltage rebate allowed would be charged in the next energy bills of the consumers, *i.e.* it would be recovered in respect of ESCs, Giridih and Gumla. In respect of ESCs, Deoghar and Dhanbad, no reply was furnished. In respect of ESCs, Ramgarh and Dumka, it was stated that load-wise voltage criteria, for getting electric connection, had first been defined in the Electricity Supply Code 2015, applicable from 6 December 2015, and that these connections pertained to the period prior to the applicability of the Electricity Supply Code, 2015.

The reply regarding ESCs, Ramgarh and Dumka, is not convincing, as the provisions of the Electricity Supply Code, 2015, should have been imposed on all existing connections, even if they had been given prior to its effective date, as was done in the cases of ESCs, Giridih and Gumla. Moreover, in ESC, Deoghar, a consumer (GDHT1 (T)) had a connection (3 March 2019) for availing power at 132 KV, with CD 2000 KVA, though he was entitled to avail power at 33 KV, as per the Supply Code of 2015. Later on, the Company reduced the voltage rebate rate, applicable for 33 KV of this consumer, instead of 132 KV, with the permission (16 December 2020) of JSERC.

2.2.9.8 Delay in replacement of defective meters

As per the JSERC (Electricity Supply Code) Regulations, 2015, if a meter was defective or burnt or stuck and had stopped recording, the consumer was to be billed on the basis of the average consumption of the immediate last three months, preceding the month in which meter was last read (including that month) subject to a maximum period of three months. In case the meter was found to be defective, the Company was to inform the consumer and also ask

⁵⁹ Rebate of three, two and three *per cent*, in energy and demand charges, was allowed, if power was availed at 33 KV and above.

⁶⁰ 'Energy charge' is levied on the total units consumed during the month and 'demand charge' is levied on the maximum demand availed, or 75 *per cent* of the contract demand, whichever is higher, based on the rates approved by the JSERC.

the said consumer to replace the meter within seven days, after which the Company was empowered to install a new meter.

Audit scrutiny of records, in five test-checked ESCs, revealed that meters of 25 HT consumers⁶¹, had been found defective, between September 2013 and September 2021. Meters of 13 consumers⁶², out of these 25 consumers, had been replaced, between October 2018 and November 2020, after delays ranging from one month to 70 months, beyond three months. Defective meters of the remaining 12 consumers⁶³ had not been replaced, even after a lapse of four to 70 months beyond three months (as of June 2022).

Further, scrutiny of the energy bills of 12 out of 13 consumers, whose meters had been replaced with delays, revealed that the average consumption, as per replaced meters, was higher by 10 to 80 *per cent*, as compared to the average consumption for which energy bills had been issued, during the period when the meters were defective. As calculated by Audit, the short energy charges worked out to ₹ 6.40 crore (*Appendix-XI*), being the difference between the average consumption during the period in which the meters were defective and the average consumption, as per the replaced meters, for the period from December 2013 to June 2020. Further, due to delays in the replacement of defective meters, chances of increase in the consumption of energy, by the HT consumers, could not be ruled out.

While accepting the audit observation, the Department stated (May 2023) that the defective meters could not be replaced in time, due to non-availability of the HT meters/metering units. The remaining 12 defective meters have also been replaced now.

The reply is not convincing, as 229 to 451 HT meters, 23 to 39 metering units of 33 KV and 27 to 66 metering units of 11 KV, were available with the Central Stores of Dhanbad, Dumka, Giridih and Ramgarh, at the end of FYs 2016-17 to 2021-22. These could have been used to replace the defective meters. Moreover, the reply was silent on the reasons behind the high consumption during the metering period.

2.2.9.9 Inadmissible power factor rebate to consumers

As per the tariff order for 2016-17 (applicable till April 2018), in case the monthly average power factor⁶⁴, as maintained by the consumer, was more than 90 *per cent*, a rebate of one *per cent*, and, if the power factor is more than 95 *per cent*, a rebate of two *per cent*, on the demand and energy charges, was applicable to consumers. Further, power factor rebate⁶⁵ was not to be allowed to consumers with arrears.

⁶¹ Dhanbad: 14, Dumka: 5, Giridih: 1, Gumla: 4 and Ramgarh: 1.

⁶² Dhanbad: 5, Dumka: 3, Giridih: 1, Gumla: 3 and Ramgarh: 1.

⁶³ Dhanbad: 9, Dumka: 2 and Gumla: 1.

⁶⁴ 'Power Factor' (PF) is the ratio of working/real power consumed, measured in kilowatts (kW), to the apparent power (power used to run machinery and equipment during a certain period), measured in kilovolt amperes (kVA).

⁶⁵ Rebate, as prescribed by the JSERC in Energy and Demand charges given to the consumers, if the Power Factor is maintained up to 90 *per cent*, by the consumers.

Audit noticed that 59 HT consumers⁶⁶, in four of the test-checked ESCs, had been allowed power factor rebate of ₹ 59.87 lakh⁶⁷, for the period from July 2017 to May 2018, even though they had arrears.

The Department accepted (May 2023) the fact and stated that recovery of rebate had been done from the respective consumers in ESC, Gumla, whereas it was under process in three ESCs (Deoghar, Dumka and Ramgarh).

2.2.9.10 Non-levy of Electricity Duty

As per the gazette notification of the Commercial Taxes Department, GoJ, issued in September 2018, electricity duty⁶⁸ (ED) was to be billed and collected from consumers, from October 2018 onwards, at the rates prescribed from time to time, and deposited into the Government account. ED was not to be levied on Central Government departments.

Audit noticed that ED of ₹1.02 crore⁶⁹ had not been levied on 37 HT consumers⁷⁰, in the six test-checked ESCs, though they were not Central Government departments. Further, the type of these consumers had been entered as 'State Government', 'private' and 'others' in the database, but non-levy of ED on these consumers indicated that this provision had not been mapped in the billing software.

While accepting the audit observation, the Department stated (May 2023) that ESC, Gumla, had charged and realised the ED, while ESC, Dhanbad, had worked out the recoverable ED and it would be charged in the coming months. In three ESCs (Ramgarh, Dumka and Deoghar), cases were being verified. In ESC, Giridih, the consumers were Central Government offices.

The reply regarding ESC, Giridih, is not factual, as all the four consumers were State Government offices and not Central Government offices.

2.2.9.11 Non-levy of charges against Transmission and Distribution Losses

A temporary electric connection, to a HT consumer (GDHT1 (T)) had been provided in March 2019. As per the load sanction letter (January 2019), the transmission and distribution (T&D) losses were to be borne by the consumer.

Audit noticed that T&D losses, of 2.5 per cent of the energy and fixed charges, were levied on the consumer, only from the month of August 2021, even though they were required to have been levied since March 2019 onwards. Thus, the Company did not charge ₹ 31.57 lakh, on account of T&D losses, for the period from March 2019 to July 2021.

The Department stated (May 2023) that the field unit had been directed to submit the reply at the earliest.

2.2.9.12 Short/ non-billing of street light consumers

As per the tariff orders for 2018-19 and 2019-20, Street Light Service (SS) tariff shall apply for use of the street lighting system, including single system, in

⁶⁶ Deoghar: 04, Dumka: 29, Gumla: 02 and Ramgarh: 24.

⁶⁷ Deoghar: ₹ 46.00 lakh, Dumka: ₹ 3.33 lakh, Gumla: ₹ 0.18 lakh and Ramgarh: ₹ 10.36 lakh.

⁶⁸ Electricity Duty is levied by the Government on the consumption of power by consumers (other than Central Government consumers).

⁶⁹ Deoghar: ₹ 0.11 crore, Dhanbad: ₹ 0.57 crore, Dumka: ₹ 0.12 crore, Giridih: ₹ 0.01 crore
Gumla: ₹ 0.01 crore and Ramgarh: ₹ 0.20 crore.

⁷⁰ Deoghar: 6, Dhanbad: 8, Dumka: 11, Giridih: 4, Gumla: 1 and Ramgarh: 7.

Corporations, Municipalities, Notified Area Committees (NACs), *Panchayats etc.*, as also in areas not covered by Municipalities and NACs. The tariff for unmetered connections was ₹ 500 per 100 watt per month, till December 2020, by which time, meters were to be installed and meter billing was to be done. The tariff for metered connections was ₹ 6 per unit, which was increased to ₹ 6.25 per unit, from April 2019.

It was seen from the billing data of 91 street light consumers, in nine out of the 12 test-checked ESDs, that unmetered connections had been provided to 73 consumers⁷¹ and metered connections had been provided to 18 consumers. Further scrutiny revealed that:

- Out of the 73 consumers who had unmetered connections, 68 consumers had been shifted into the category of consumers with defective meters, without installing meters and average billing was being done in respect of these consumers. Due to billing on average basis, instead of unmetered billing at the applicable tariff of ₹ 500 per 100 watt per month, the Company had short-billed energy charges by ₹ 37.41 crore, against these 68 consumers, during the period from June 2017 to July 2022 (*Appendix-XII*). Further, billing of six consumers, out of these 68 consumers, had not been done for the period from April 2018 to March 2019, while the billing of three out of these 68 consumers, had been stopped midway, in March 2019. In case of the remaining five consumers (out of 73 consumers), bills had either not been raised or had been raised for only partial periods. This had led to non-billing of ₹ 17.81 crore, calculated at the tariff applicable for unmetered connections, for the period from January 2018 to July 2022 (*Appendix-XIII*).
- In ESD, Giridih (South), bills had not been raised against the 18 metered consumers, since the time of providing their connections, between May 2021 and April 2022 (as of July 2022).

Thus, the Company had either short-billed consumers or had not raised bills against consumers, leading to non-billing/short-billing of ₹ 55.22 crore, from street lighting system unmetered consumers.

While accepting the audit observation, the Department stated (May 2023) that ESD, Dumka, and ESD, Jamtara, had charged the consumers, as per the tariff applicable to unmetered consumers, whereas the other ESDs had been directed to submit their reports in this regard.

2.2.9.13 Irregular charge of meter rent

As per the tariff order of 2016-17, effective from July 2017, meter rent was not to be charged from consumers under the rural domestic category. Further, as per the tariff order for 2020-21, effective from October 2020, meter rent was not to be charged from any consumer.

Audit scrutiny of records, for the financial years 2017-18 to 2021-22, revealed that the Company had charged ₹ 89.66 crore, as meter rent, from rural domestic consumers, during July 2017 to March 2022 and ₹ 1.59 crore from consumers other than rural domestic consumers, between October 2020 and March 2022.

⁷¹ Deoghar: 37, Dumka: 12, Giridih (South): 1, Godda: 1, Jamtara: 2, Madhupur: 9, Nirsa: 2, Ramgarh: 8 and Simdega: 1.

Thus, the Company had irregularly charged meter rent of ₹ 91.25 crore, till March 2022.

While accepting the audit observation, the Department stated (May 2023) that meter rent had been charged from rural domestic consumers, after July 2017 till March 2021, and from other consumers, from October 2020 to March 2021. Now, it has been stopped and necessary steps would be taken to refund the excess meter rent charged.

2.2.9.14 Inadmissible prompt payment rebate allowed

As per the JSERC (Electricity Supply Code) Regulations, 2015, the due date, for bill payment through cheques, was to be three days in advance, while for payments made through online bank transfers/ credit cards, it was to be one day in advance of the normal due date for bill payment. Further, in case of failure in making payment on the due date, prompt payment rebate was not be allowed to the consumers.

Test-check of the billing data of 463 HT consumers⁷², in five of the test-checked ESCs, revealed that the Company allowed prompt payment rebate of ₹ 6.28 crore⁷³, to consumers who had made payments through cheques or online, till the normal due date. This was attributable to non-mapping of the above mentioned provision in the billing software, as the bills depicted only the normal due date of payment, without specific provision for payment through cheques or online. Further, it had also led to non-charging of Delayed Payment Surcharge (DPS), amounting to ₹ 0.53 crore⁷⁴, even though the cheque/online payments had been made after the prescribed due date.

The Department stated (May 2023) that, as per the JSERC tariffs for FYs 2018-19 to 2020-21, the due date for making payments of energy bills was to be 21 days after the issue date of the bill and had not been segregated for different modes of payment.

The reply is not factual, as the mentioned tariff orders were also in accordance with the provisions of JSERC (Electricity Supply Code) Regulation, 2015, which also allow 21 days for payment of energy bills, but stipulate the due dates for cheque or digital payments prior to the normal due dates, to ensure settlement of the amount within the due dates. Realisation of revenue, by the Company, within the due dates, is a pre-requisite for extending the benefit of rebate to the consumers, as per the Regulation.

2.2.9.15 Short billing due to non-updation of multiplication factor

Billing of consumers is done on the basis of the consumption shown in the meter. In case of an HT consumer, the meter reading is multiplied by a proportionality factor, called the 'multiplication factor (MF)' for arriving at the actual number of units consumed, based on which, the energy charges are calculated. The MF is fixed at the time of installation of a new metering unit.

Audit observed that the MF for 12 HT consumers⁷⁵, of three out of the six test-checked ESCs, had increased, due to the installation of new metering units.

⁷² Deoghar: 35, Dhanbad: 292, Dumka: 29, Giridih: 17 and Ramgarh: 90.

⁷³ Deoghar: ₹ 0.21 crore, Dhanbad: ₹ 3.61 crore, Dumka: ₹ 0.08 crore, Giridih: ₹ 0.07 crore and Ramgarh: ₹ 2.31 crore.

⁷⁴ Dhanbad: ₹ 0.45 crore, Dumka: ₹ 0.04 crore and Ramgarh: ₹ 0.04 crore.

⁷⁵ Dhanbad: 9, Dumka: 02, and Giridih: 1.

However, the increased MFs had not been updated in the billing software, while updating other details of the installed meters and the ESCs had continued to issue bills, applying the old and lower MF. This had led to short billing of ₹ 43.15 crore (*Appendix-XIV*), including ED of ₹ 0.85 crore⁷⁶. While accepting the audit observation, the Department stated (May 2023) that ESCs, Dhanbad, Dumka and Giridih, had charged the amount of short billing in the current energy bills of the respective consumers, which were under realisation.

2.2.9.16 Short billing of energy charges

Billing of consumers is done on the basis of the units consumed, as shown in the meter, and on an average basis, in case of defective meters. Monthly energy bills are to be charged for units consumed during the month.

Audit scrutiny of records, of the test-checked ESCs, revealed that:

- Defective meters of 22 HT consumers, in four test-checked ESCs, had been replaced in the middle of the month, but the bills, for that particular month, had been issued on the basis of the readings of the newly installed meters. Average bills, for part period of the month, during which the meters had been defective, were not raised, leading to short billing of ₹ 55.25 lakh (*Appendix-XV*).
- Meters of 14 HT consumers, in four of the test-checked ESCs, had become defective, and hence, billing was being done on an average basis. However, the average consumption, of seven out of these 14 consumers, had been reduced arbitrarily, in later months, without assigning any reason, which had led to short-billing of energy charges, amounting to ₹ 2.43 crore (*Appendix-XVI*). In case of the remaining seven consumers, the average of past consumption had been calculated on the lower side, which had led to short billing of ₹ 3 crore (*Appendix-XVII*). Thus, due to arbitrary reduction of average consumption and faulty average calculation of past consumption, there had been short billing of ₹ 5.43 crore, against 14 HT consumers.

The Department stated (May 2023) that ESCs, Dhanbad and Ramgarh, had charged the amount of short billing while ESC, Dumka, would charge the same in the next bill. No reply was furnished in respect of the remaining ESCs.

2.2.9.17 Short billing of energy charges from unmetered HT consumers

As per the JSERC tariff for 2011-12, effective from August 2011, no new connections were to be provided, without appropriate meters having been provided by the Company (erstwhile Jharkhand State Electricity Board). The tariff for unmetered connections was to be applicable only to the existing unmetered connections, until they were metered. Further, as per the JSERC tariff, for 2015-16 onwards, in case of a meter being out of order, from the period before which no pattern of consumption was available, the provisional average bill was to be issued on the basis of the LHDF formula⁷⁷, as prescribed in the tariff orders.

⁷⁶ Dhanbad: ₹ 0.77 crore, Dumka: ₹ 0.06 crore and Giridih: ₹ 0.02 crore.

⁷⁷ L= Load, H = No. of hours, D=No. of days and F= load factor (0.25/0.30).

Audit scrutiny of meter installation reports, energy bills and new connection files, of HT consumers, in the test-checked ESCs, revealed that:

- Six consumers had been provided new connections, without meters, during January 2019 to February 2021, under ESC, Ramgarh. The meters had been installed during February 2020 to November 2021, *i.e.* after nine to 13 months of providing the connections. No bills had been raised, against these six consumers, till the installation of meters. Bills for the unmetered period were raised subsequently, considering the average consumption of three months after installation of meters. Since no pattern of past consumption was available in these cases, energy consumption should have been calculated using the LHDF formula. Adopting the LHDF formula, Audit worked out short billing of ₹ 55.69 lakh, which ultimately constituted loss of revenue to the Company.
- ESC, Koderma, provided two new unmetered HT connections⁷⁸, to the South Bihar Power Distribution Company Limited (DISCOM of Bihar), in December 2017. Both connections had been provided without obtaining any application and the required security deposits, and without signing any agreement. Meters had been installed after 18 to 37 months, in June 2019 and January 2021. No bills had been raised till the installation of the meters.

In one connection (7003/GOVT H174), the billing for the unmetered period (January 2018 to June 2019) had been done based on the average energy consumption in the first three metered months, *i.e.* the months of July to September 2019, whereas, in the second case (70024/JWHT7493), the bill for the unmetered period (January 2018 to December 2020) had been raised on the basis of the energy consumed by the other connection (7003/GOVT H174), on proportionate basis. Non-adoption of the LHDF formula, for calculation of energy charges, for the unmetered period, had led to short billing of ₹ 2.03 crore. Further, the total demand of ₹ 5.19 crore, raised by ESC, Koderma, for both connections, was outstanding, as of December 2022.

Thus, ESC, Koderma, provided connections to a DISCOM of another State without signing a formal agreement and recovery of ₹ 7.22 crore was outstanding for more than five years (as of December 2022).

While accepting the audit observation, the Department stated (May 2023) that ESC, Ramgarh, had charged the amount of short billing to the consumers, in October 2022. It was further stated that both connections, JWHT7493 and GOVTH174, of ESC, Koderma, had been disconnected, in March 2022 and March 2023, respectively, and the discrepancy would be analysed and action would be initiated accordingly.

2.2.9.18 Non-charging of energy charges from HT consumers

As per Tariff Orders, energy billing of HT consumers comprises of energy charges on the basis of: (i) the energy consumption reflected in the meter and, (ii) demand charges, as 75 per cent of the sanctioned load or maximum demand, whichever is higher. Further, as per the JSERC (Electricity Supply Code)

⁷⁸ Consumer No. 7003/GOVT H174 and 70024/JWHT7493, with sanctioned loads of 945 KVA and 450 KVA, respectively.

Regulations, 2015, the Distribution Licensee is to issue the first bill within two billing cycles of energising a new connection.

Test-check of records of ESC, Dhanbad, revealed that new connections had been provided (April and December 2016) to three HT consumers. However, the ESC had not raised bills in their regard, till June 2019. Further, the database of the billing software showed meter readings only from July 2019 onwards, with status of meter being shown as defective. The meter readings were found to have changed from August 2019 onwards though the meters were still being shown as 'defective'. ESC started raising bills from July 2019, on *ad-hoc* basis, and bills for the previous periods, ranging from 31 to 40 months, had not been raised. Audit calculated the value of bills not raised, as being ₹ 15.10 crore, considering the bills raised after August 2019, as detailed in **Table 2.3**.

Table 2.3: Non-charging of energy charges from HT consumers

Consumer Name/No.	Date of connection	Period for which not charged (months)	Period for which charged	Unit charged	Unit taken for Audit calculation	Outstanding energy charge (₹ in crore)
Executive Engineer NREP (BRD591)	December 2016	December 2016 to June 2019 (31 months)	July 2019	68,070	28,944	0.53
			Since August 2019	28,944		
Executive Engineer MADA (SND1517/1520)	April 2016	April 2016 to June 2019 (39 months)	July 2019	5,07,790	2,16,000	3.49
			Since August 2019	2,16,000		
Assistant Mechanical Engineer (J172)	April 2016	April 2016 to June 2019 (39 months)	July 2019	3,29,784	5,07,600	11.08
			Since August 2019	5,07,600		
Total						15.10

(Source: compiled from records of JBVNL)

Thus, due to non-billing, the Company could not realise energy charges of ₹ 15.10 crore. The Department accepted the fact during the exit conference (May 2023) and assured that bills would be raised against all consumers.

2.2.9.19 Delayed release of new service connections

As per clause 6.26 (a) of the (Electric Supply Code) Regulation, 2015, the Distribution Licensee shall, on an application by the owner or occupier of any premises, give supply of electricity to such premises, within a maximum period of two months after receipt of the completed application and payment of charges for requiring such supply, if the supply to an applicant is to be given from an existing network of the Distribution Licensee.

Further, as per the provisions of the (Electricity Supply Code) Regulations, 2015, the overall timeline for releasing new electricity connection, shall be a maximum of 60 days from the date of receipt of application and payment of charges. Further, as per JSERC Standards of Performance (SoP), the Company is liable to pay compensation to consumers for not providing connections within the stipulated time to LT consumers at the rate of ₹ 50 per day, for each day of default, if the consumer demands the compensation.

Scrutiny of records in the 12 test-checked ESDs revealed that:

- During FYs 2018-19 to 2021-22, a total of 86,078 applications, for new LT connections, had been received in these 12 ESDs⁷⁹ in the six test-checked ESCs. Out of these, 72,346 connections had been released and 13,732 applications were pending, as of March 2022. Further scrutiny of data of released connections revealed that there had been delays, ranging from one to 1,265 days (beyond 60 days), in release of 9,759 connections (13 per cent). Delays in release of new connections attracted compensation of ₹ 5.72 crore. However, the same had not been claimed by any consumer (as of December 2022).
- Further, in case of 22 applications⁸⁰ of new HT consumers, there had been delays, ranging from four to 35 months (beyond two months), in providing service connections, due to delays in preparing feasibility reports, sanctions of load, non-availability of metering equipment and delays in energisation. Due to delays in releasing new connections, the Company could not earn demand charges of ₹ 2.33 crore⁸¹.

The Department stated (May 2023) that delays in releasing HT connections was mainly due to delays to develop the required infrastructure or delays on the part of consumers to submit documents and deposit security money. No reply was furnished regarding delays in releasing connections to LT consumers, except by ESDs, Giridih North and South where the delays were attributed to non-submission of meters by LT consumers.

The reply is not factual as delays in releasing connection to HT consumers were found to be mainly due to delays in preparing feasibility reports, sanctions of load, non-availability of metering equipment and delays in energisation.

Recommendation No. 3: The Company may ensure: (i) mapping and updating of all the provisions of the Electricity Supply Regulation and Tariff Orders, in the billing Software (ii) correct and timely billing of all effective consumers i.e. all the existing consumers presently availing power from the Company and (iii) that responsibility is fixed against the concerned officials for not updating the billing software.

2.2.9.20 Energy billing on meter readings

As per the JSERC tariff: 2011-12, effective from August 2011, no new connections were to be provided without meters. The tariff for unmetered connections was to be applicable only to the existing unmetered connections, until they were metered. By 31 December 2020, all connections were to be metered and billing was to be done only as per the meter readings.

Details of the bills, issued to both HT and LT consumers, on the basis of meter readings, on an average basis, for defective meters, and for unmetered connections, during FYs 2018-19 to 2021-22, are given in **Table 2.4**.

⁷⁹ ESC Dhanbad: Govindpur and Nirsa; ESC Deoghar: Madhupur and Godda; ESC Giridih: Giridih South and Giridih North; ESC Gumla; Gumla and Simdega; ESC Dumka: Dumka and Jamtara; and ESC Ramgarh: Kujju and Ramgarh.

⁸⁰ Deoghar: 3, Dhanbad: 3, Dumka: 6, Gumla: 4 and Ramgarh: 6.

⁸¹ Deoghar: ₹ 0.06 crore, Dhanbad: ₹ 0.22 crore, Dumka: ₹ 0.30 crore, Gumla: ₹ 0.42 crore and Ramgarh: ₹ 1.33 crore.

Table 2.4: Bills issued to all LT and HT consumers under different categories and units associated with bills

Particulars	2018-19		2019-20		2020-21		2021-22	
	No. of bills (per cent)	Consumption (in MUs) (per cent)	No. of bills (per cent)	Consumption (in MUs) (per cent)	No. of bills (per cent)	Consumption (in MUs) (per cent)	No. of bills (per cent)	Consumption (in MUs) (per cent)
Bills issued on the basis of meter readings	1,04,31,137 (30)	4,586 (50)	1,58,94,173 (43)	4,904 (53)	1,82,62,885 (56)	4,820 (61)	2,32,65,676 (56)	4,819 (53)
Bills issued on average basis	1,10,67,019 (32)	1,359 (15)	1,19,30,703 (33)	2,188 (23)	1,01,78,402 (31)	1,850 (23)	1,58,28,511 (38)	3,217 (36)
Bills issued to unmetered consumers	1,29,85,405 (38)	3,241 (35)	88,47,507 (24)	2,221 (24)	41,89,113 (13)	1,243 (16)	25,71,590 (06)	983 (11)
Total	3,44,83,561	11,086	3,66,72,383	11,213	3,26,30,400	9,813	4,16,65,777	9,019

(Source: Revenue Statement 1, on the basis of which, the Company prepares its Accounts)

It can be seen from **Table 2.4** that there were improvements in metered billing, as it increased from 50 per cent, in FY 2018-19, to 61 per cent, in FY 2020-21, but reduced to 53 per cent in FY 2021-22, in terms of the units billed. Billing on average basis, for defective meters, increased from 15 per cent, in FY 2018-19, to 36 per cent, in FY 2021-22, in terms of the units billed.

Audit noticed that, with the decrease in billing of unmetered consumers, against whom units consumed are booked in the Revenue Statement 1 on an *ad-hoc* basis, the excess AT&C loss (beyond the target of 15 per cent) of the Company had increased, from 14 per cent in FY 2018-19, to 18 per cent in FY 2021-22 (**Table 2.1**).

Further, it was seen that, during FYs 2018-19 to 2021-22, 2.86 crore bills had been issued at fixed rates, to unmetered LT consumers. Scrutiny of Revenue Statement 1 and the subsidy provided to unmetered LT consumers, under the DS1 (A), DS1 (B), NDS-1 and Irrigation categories, revealed that 6,698.19 MUs (**Appendix-XVIII**) had been shown as having been consumed, with assessed revenue⁸² of ₹ 641.14 crore, as assessed by the Company at fixed rates⁸³, during FYs 2018-19 to 2020-21⁸⁴.

Audit worked out the energy charges, as per the approved metered tariffs, for the assessed revenue of ₹ 641.16 crore and found that the same amount could have been realised through the sale of only 1,121.82 MUs. For the remaining 5,576.35 MUs, the energy charges, as per the approved metered tariffs, worked out to ₹ 2,853.47 crore. Considering these 5,576.35 MUs as unsold energy, the AT&C losses, during FYs 2018-19 to 2020-21, should have been on the higher side (**Appendix-XVIII & Appendix- XIX**) than those reported in the Financial Statements of the Company, as shown in **Table 2.5**.

⁸² 'Assessed revenue' is the revenue which is charged from consumers, as per the tariff orders.

⁸³ ₹ 250 per KW per month per connection, for consumers under DS1 (A), DS1 (B) and NDS-1 tariff and ₹ 400 per HP per month per connection, for consumers under IAS tariff.

⁸⁴ Data pertaining to the revenue assessed against unmetered consumers and the subsidy provided, for FY 2021-22, was not furnished by the Company.

Table No. 2.5: Reported and worked out AT&C losses, during FYs 2018-19 to 2021-22

Financial year	Reported in Financial Statements (in per cent)	Worked out by Audit (in per cent)	Difference (in per cent)
2018-19	28.69	49.21	20.52
2019-20	33.48	46.57	13.09
2020-21	41.21	49.18	7.97
2021-22	Data not furnished		

(Source: Compiled from data furnished by the Company)

It can be seen from **Table 2.5** that there were chances of under reporting of AT&C losses, of around eight to 21 per cent, during FYs 2018-19 to 2020-21, due to booking of excess consumption against unmetered consumers.

The Department accepted the absence of metering of all connections and stated (May 2023) that the Company was continuously in the process of metering all its unmetered /defective meter consumers.

However, the reply was silent on non-realisation of revenue with regard to the unsold units of 5,576.35 MUs, as pointed out by Audit, which had led to under reporting of AT&C loss.

Recommendation No 4: The Company may ensure: (i) cent per cent metering of all consumers (ii) billing on the basis of actual consumption and (iii) that responsibility is fixed against concerned officials for booking excess energy consumption against unmetered consumers, leading to suppression of AT&C losses.

2.2.10 Subsidy Management

Details of year-wise subsidy claimed, provided by GoJ and utilised by the Company, during FYs 2018-19 to 2021-22, is given in **Table 2.6**.

Table 2.6: Year-wise subsidy received and passed on to consumers

Financial year	Subsidy claimed by the Company	Subsidy provided by GoJ	Subsidy utilised (passed on to consumers)	(₹ in crore)
				Balance/ Excess
2018-19	594.95	594.95	574.21	20.74
2019-20	1,350.00	1,350.00	1,329.03	20.97
2020-21	1,536.00	1,000.00	1,356.16	(-) 356.16
2021-22	1,536.00	2,072.00 ⁸⁵	1,755.20	316.80
Total	5,016.95	5,016.95	5,014.60	2.35

(Source: compiled from records of JBVNL)

It can be seen from **Table 2.6** that the Company had received excess subsidy, amounting to ₹ 2.35 crore, from GoJ, as compared to the subsidy actually passed on to the consumers, during FYs 2018-19 to 2021-22.

2.2.10.1 Excess claim of subsidy

As per the Energy Department, GoJ Resolution (March 2019), subsidy was to be provided to the Company proportionately, only against the amount realised from consumers against energy bills.

⁸⁵ Including balance claim of ₹ 536.00 crore, of the previous financial year 2020-21.

Audit scrutiny revealed that the Company had claimed subsidy of ₹ 792.04 crore, during FY 2019-20, against the total billed amount of ₹ 1,060.10 crore, pertaining to tariff applicable to five categories⁸⁶ of consumers. The actual realisation from these consumers, however, was, only ₹ 43.41 crore, against the realisable amount of ₹ 268.06 crore⁸⁷. Proportionate to the actual realisation, the Company was eligible for claiming corresponding subsidy of only ₹ 100.55 crore (*Appendix-XX*). However, the Company had claimed subsidy of ₹ 792.04 crore, which had resulted in excess claim of ₹ 691.49 crore⁸⁸, against unpaid bills, in contravention of the above mentioned Resolution of GoJ.

The Department accepted the audit findings during the exit conference (May 2023) and stated that *post facto* approval of subsidy, for FY 2019-20, would be sought from the Government of Jharkhand.

2.2.10.2 Excess claim of subsidy, in violation of provision of JSERC supply code

As per the JSERC (Electricity Supply Code) Regulations, 2015, if a meter is defective or burnt or stuck and has stopped recording, the consumer is to be billed on the basis of the average consumption of the last three months.

Further, as per tariff orders, DS-I(a) and DS-I(b) consumers (rural) were to be billed at the prescribed rates approved by JSERC for metered⁸⁹ connections, and ₹ 250 per connection per Kilo Watt (KW) load per month, for unmetered connections. On approved tariff, GoJ provided subsidy of ₹ 3 per unit, for metered connections, in FY 2018-19 and ₹ 4.25/₹ 3.90 per unit, to DS-I(a)/DS-I(b) connections, from FY 2019-20 onwards. For unmetered connections, GoJ provided subsidy of ₹ 125 and ₹ 25 per connection per Kilo Watt (KW) load per month, to DS-I(a) and DS-I(b) connections respectively.

Audit noticed that:

- In the 12 test-checked ESDs, 4,42,364 unmetered rural domestic connections had been converted into 'connections with defective meters' during FYs 2018-19 to 2021-22, without meters having been installed. These consumers were billed for flat 109.5 units per KW per connection per month, adopting LHDF formula, at the applicable metered tariff of ₹ 4.40 to ₹ 5.75 per unit, instead of fixed billing being applied, at the rate of ₹ 250 per connection per month. Consequently, the Company had charged an excess amount of ₹ 13.81 crore from DS-1(a) consumers, less amount of ₹ 8.62 crore from DS-1(b) consumers and claimed excess subsidy of ₹ 271.76 crore⁹⁰ from GoJ (*Appendix-XXI*).

The Department stated (May 2023) that all connections under DS1(a) and most of the connections under DS1(b), had been given with energy meters under various schemes of the Central and State Government. However,

⁸⁶ DS-I(a): Kutir Jyoti connection for connected load up to 100 Watt for rural areas, DS-I(b): rural consumers for connected load up to 2 KW, IAS-I: private tube wells and lift irrigation schemes, IAS-II: State Tube-wells and lift Irrigation schemes and SS-I: Metered Street Light Service.

⁸⁷ ₹ 1,060.10 crore - ₹ 792.04 crore = ₹ 268.06 crore.

⁸⁸ ₹ 792.04 crore - ₹ 100.55 crore = ₹ 691.49 crore.

⁸⁹ DS-I(a)- ₹ 4.40 per unit for FY 2018-19 and ₹ 5.75 per unit for FY 2019-20 onwards; DS-I(b)- ₹ 4.75 per unit for FY 2018-19 and ₹ 5.75 per unit for FY 2019-20 onwards.

⁹⁰ ₹ 179.23 crore against DS-I(a) and ₹ 92.53 crore against DS-I(b).

these consumers were billed under unmetered category due to lack of technology and manpower support. After introduction of centralized billing system in the year 2017, an assessment was made and it was observed that meter numbers were available against a majority of these consumers. Accordingly, the billing agencies were directed to issue bills on the basis of meter readings. However, the billing agencies, during meter readings, found that these meters were defective and they billed these consumers under the defective meter status accordingly.

The reply of the Department is not specific to the audit observation regarding irregular conversion of unmetered connections into defective meter connections, during FYs 2018-19 to 2021-22, when the centralized billing system was already in operation and meter details were stated to have been updated in the system in 2017. Moreover, the audit observation is focused only on those cases which were shown as unmetered connections, in the centralized billing system, during FYs 2018-19 to 2021-22 and converted into defective meter connections, without input of any meter details in the billing system.

- In the 12 test-checked ESDs, it was seen that the Company had raised bills of 1,71,196 rural domestic consumers, with defective meters, at the flat rate of 109.5 units per KW per connection per month, adopting the LHDF formula⁹¹. However, the past three months average consumption, of these consumers, was less than 109.5 units and ranged between one and 109 units. This had led to excess billing of energy charges, amounting to ₹ 26.42 crore (which included a burden of ₹ 7.92 crore on consumers and ₹ 18.50 crore on Government, in the form of subsidy).

The Department stated (May 2023) that, in cases of billing against defective meters, it was found that the data of consumption of previous periods was not reliable for computing the average consumption of the past three months, as the units punched by billing agencies were found to be suppressed in many cases. Hence, billing of such defective meter consumers had been done for 110 units, based on the LHDF formula.

The reply is not convincing, as the Department did not provide any documents or action taken reports, against the responsible billing agencies/departmental authorities, based on which it had discovered that suppressed meter readings had been punched in the billing system. Despite being aware of instances of suppressed billing, the Company did not revise the already issued bills, which ultimately resulted in loss to the Company.

- In cases, where the past consumption patterns of three months, were not available, the Company had done the energy billing based on the LHDF formula, considering electric supply for full 24 hours. As energy accounting was not being done for Distribution Transformers, Audit could not assess the actual hours of supply for LT lines. Scrutiny of reports, related to power supplied at 11 KV, in rural areas, however, revealed that the actual average hours of supply ranged between 13 and 21 hours per day, during FYs 2018-19 to 2021-22. Further, in cases of theft by LT consumers, the

⁹¹ Sanctioned Load (L) x Hours of Supply (H) x Load Factor (F), as prescribed by JSERC x Days of supply (D).

actual hours of supply were considered as eight and 18 hours (**Paragraph 2.2.12.2**).

Considering the average hours of supply at 11 KV, which would be the maximum hours of supply for LT consumers, the Company had charged excess of ₹ 58.37 crore, from rural domestic consumers of four of the test-checked ESCs⁹². The amount of ₹ 58.37 crore included a burden of ₹ 17.87 crore on consumers and ₹ 40.50 crore on Government, in the form of subsidy.

The Department stated (May 2023) that a majority of the LT consumer (domestic) meters did not have a provision to record the hours of supply and, due to lack of feeder-wise consumer tagging, it was not possible to determine the number of hours of supply to each consumer.

The reply is not convincing, as the maximum hours of supply, considered by Audit for calculation, could have been taken from the 11 KV feeder.

Thus, the Company had claimed excess subsidy of ₹ 330.76 crore, by showing excess consumption of electricity by defective metered consumers in violation of JSERC (Electricity Supply Code) Regulations, 2015 and applicable Tariff orders. Besides, booking of excess consumption was likely to have led to under reporting of AT&C losses, as discussed in **Paragraph 2.2.9.20**.

Recommendation No. 5: The Company may ensure: (i) correct billing and claims of subsidy, as per GoJ's Resolution of March 2019 and (ii) that responsibility is fixed against concerned officials for incorrect billing and claiming excess subsidy.

2.2.11 Collection of revenue

As the Company earns revenue from sale of power, prompt collection of revenue assumes great importance. The Company collects revenue by sale of electricity, as per the tariff approved by JSERC. GoJ provides subsidy directly to the Company, for various categories of consumers billed, and the difference of tariff and subsidy, is collected by the Company, from the respective consumers.

2.2.11.1 Engagement of Agencies for collection of revenue

The Company invited (May 2021) Notice inviting Quotation (NIQ) through single bid, in sealed envelope/password protected e-mail, for revenue collection activities, *i.e.* collection of door-to-door electricity dues, through the E-wallet system, from consumers residing in seven ESAs.

As per technical eligibility criteria (Clause 1) of the NIQ, the bidder was to have at least three years of experience of working with a Central/State Government organisation providing cash collection services and must have successfully completed a minimum of two assignments/projects, in door-to-door cash collection activities, handling more than five lakh consumers, in the last five years. However, the *Urja Mitras* already appointed under different ESAs, were exempted from these criteria, as they were supposed to have already submitted such documents in their NITs (August 2020), which had specified that the Agency also had to carry out revenue collection work using Point of Sale (POS)

⁹² ESC, Deoghar; ESC, Dumka; ESC, Giridih; and ESC, Ramgarh.

machines, after successfully enabling a prepaid E-wallet system, for which separate guidelines was to be issued.

Audit noticed that six new bidders had submitted (May 2021) financial quotations with the technical eligibility documents, whereas the five existing *Urja Mitras* had submitted only financial quotations. Audit scrutiny of the quotations and related documents, revealed that:

- The existing five *Urja Mitras* had already been extended undue exemption from the technical eligibility criteria, on account of their already being in possession of similar qualifications, even though no such qualification criteria, regarding collection activities, had been assessed in the earlier NITs, as discussed in **Paragraph 2.2.9.1**.
- The e-tendering process was not adopted for submission of quotations. Instead, quotations were accepted through e-mails and in hard copies. Audit noticed that the Company offered (4 June 2021) opportunity to all existing *Urja Mitras* to match the L1 quote that had been offered by a new bidder. The offer was placed prior to preparing (5 July 2021) the comparative statement and evaluation (9 July 2021) of quotations by the Tender Evaluation Committee (TEC). Thus, a transparent tendering process had not been adopted and all the quotations had been opened by the Company, prior to the sealed or password protected quotations being placed before the TEC.
- As per the comparative statement and minutes of the TEC meeting, none of the new bidders were technically eligible, as per the technical requirement⁹³ of the Notice Inviting Quotation (NIQ). However, being a single bid quotation, based on financial offer, TEC recommended award of work to the L1 bidder (M/s RNFI Service Private Limited), in five⁹⁴ out of the seven ESAs, even though this bidder was not found technically eligible by TEC as he had not submitted documents regarding successful completion of at least two assignments/projects, in door-to-door cash collection activities, handling more than five lakh consumers, in the last five years. However, Letter of Intent (LOI) had been issued (July 2021) to the L1 bidder only for ESA, Medininagar, as of October 2022.
- In the remaining two ESAs, the existing *Urja Mitras*⁹⁵ were awarded the work, as they had accepted that they would work on the L1 rates, as directed by the ED, Commercial and Revenue (C&R).
- As per the NIQ, the indicative tenure, for engagement of collection service providers, was a minimum of three years. However, TEC recommended (July 2021) the tenure of only FY 2021-22, which could be further extended, up to two years, after satisfactory performance, as directed by ED (C&R).

Thus, the existing *Urja Mitras* had been exempted from meeting the technical requirements; all quotations had been opened by the Company, prior to placement of the sealed or password protected quotations before the TEC; five existing *Urja Mitras* had been declared technically qualified, even though they did not have the technical qualification of collection activities; and the work of

⁹³ Either having minimum three years of experience or engaged in door-to-door collection activities or having completed two assignments handling more than five lakh consumers.

⁹⁴ Dhanbad, Giridih, Hazaribag, Medininagar and Ranchi.

⁹⁵ Dumka: M/s Vaibhu Infra Tech India Pvt. Ltd and Jamshedpur: M/s Quess Corp Ltd.

two ESAs had been awarded to the existing *Urja Mitras* at the L1 rate. Further, the tenures of the work orders had been shortened, ignoring the NIQ terms and conditions. Thus, a transparent process had not been adopted, in evaluation of the quotations and in awarding the works.

The Department stated (May 2023) that all the five existing *Urja Mitras* had done door-to-door billing and collection. Therefore, these agencies had been given exemption from technical evaluation. Since the revenue of the company had dropped drastically, the Company decided to offer the existing agencies to match the L1 rate before TEC, so that collection activities could be started immediately. The Company stated that M/s RNFI would be allotted work on a pilot basis, for three months only, and, after completion of the pilot project, the work of the remaining part of the other ESAs would be considered.

The reply is not factual, as the existing *Urja Mitras* had been engaged by the Company only for door-to-door billing work. However, as per NIQ, experience of cash collection services and successful completion of such projects, was the criteria for technical qualification, which were not tested, due to the exemption given to them from technical evaluation. The reply was silent regarding non-adoption of e-tendering, opening of quotations prior to their being placed before the TEC, award of work to technically ineligible bidders and reduction in tenure in awarding of works.

2.2.11.2 Engagement of agencies for supply, installation and maintenance of ATP Machines

The Company invited (30 August 2021) an NIT, for appointment of an Agency, for supply, installation, maintenance and operation of bill collection Any Time Payment (ATP)/ cash in and cash out KIOSKs machines, at various locations, under a Rate Contract Arrangement. As per the NIT, one Terabyte (TB) Hard Disk Drive (HDD) each, for primary and for back-up, was to be supplied and installed in the ATP Machines.

Audit noticed that the successful bidder (M/s Idea Infinity IT Solutions Private Limited) had offered to install hard disks of only 240 Gigabytes (GB) Solid State Drive (SSD) for primary storage and 120 GB SSD for back-up. However, the work order was issued (February 2022) for installation of hard disks of one TB HDD, for both-primary, as well as for back-up. As per the installation certificates of 15 ATP machines⁹⁶, signed by the Managers (Assistant Electrical Engineers) of five ESSDs, the hard disks of one TB HDD each, for primary and for back-up, had been installed. However, the reports generated by the ATP machines indicated that hard disks of only 238 GB SSD had been installed.

Thus, undue benefit was extended to the bidder, by way of issuing wrong installation certificates.

While accepting the audit observation, the Department stated (May 2023) that the field offices/agency had been directed to enhance the storage capacity, in line with the technical specifications provided in the work order, and to submit the revised installation certificates.

⁹⁶ Bhurkunda: 3, Gola: 2, Gumla: 4, Kujju: 2 and Ramgarh: 4.

2.2.11.3 Loss of revenue, due to claims becoming time-barred

As per clause 10.15.1 of the Electric Supply Code, 2015, and Section 56 (2) of the Electricity Act, 2003, no sum, due from any consumer, on account of default in payment, shall be recoverable after the period of two years from the date when such sum first became due, unless such sum has been shown continuously as recoverable, as arrear of charges. In case of consumers, whose electricity supply has been disconnected, due to non-payment of energy dues, certificate cases⁹⁷ are required to be filed promptly, to realise the dues.

Audit noticed that the Company had disconnected 1,47,724 electric connections⁹⁸ of LT consumers, on the ground of outstanding dues. The outstanding dues, against these consumers, were ₹ 233.62 crore⁹⁹, for the period from March 2018 to March 2020. However, the Company had neither filed certificate cases, to recover the dues, nor had it raised any demand for arrear of charges for more than two years after disconnection (as of April 2022). Therefore, these dues had become irrecoverable.

Further, ESC, Deoghar, disconnected (September 2018 and July 2019) the connections of two HT consumers¹⁰⁰, having dues of ₹ 40.38 lakh. However, the Company had neither filed certificate cases to recover these dues, nor had it raised any demand for the arrear of energy charges (as of April 2022), due to which the dues had become irrecoverable.

Thus, due to the failure of the Company, in initiating required action for recovery of dues, revenue, amounting to ₹ 234.01 crore, had become irrecoverable.

The Department stated (May 2023), during the exit conference, that a new post of DGM (Revenue) had been created in all ESAs and assigned the task of taking legal action in course of certificate cases.

However, the reply was silent on why the Company had failed to initiate certificate proceedings in time, as a result of which, demand of ₹ 234.01 crore had become irrecoverable.

2.2.11.4 Collection of Additional Security Deposit

As per the JSERC (Electricity Supply Code) Regulations, 2015, security deposits (SDs) were to be made by applicants for new connections, to cover the estimated power consumption for the billing cycle (30 days) period plus forty-five (45) days. The concerned Distribution Licensees were to re-calculate the amount of security, based on the actual billing of these consumers, once in each financial year, and, if the amount of SD was less than 90 *per cent* of such security, calculated for the financial year, the licensee was entitled to adjust the

⁹⁷ A requisition for recovery of public demand is placed before the Certificate-Officer by the collecting authority. When the Certificate-Officer is satisfied that the public demand is recoverable and that recovery by suit is not barred by any law, he may sign a certificate, in the prescribed form, stating that the demand is due.

⁹⁸ Dumka: 17,329; Giridih North: 11,350; Giridih South: 23,436; Godda: 25,043; Govindpur: 4,520; Gumla: 11,001; Jamtara: 8,259; Kujju: 8,785; Madhupur: 17,813; Nirsa: 7,710; Ramgarh: 9,424; and Simdega: 3,054.

⁹⁹ Dumka: ₹ 21.26 crore; Giridih North: ₹ 12.58 crore; Giridih South: ₹ 33.55 crore; Gumla: ₹ 15.32 crore; Godda: ₹ 40.02 crore; Govindpur: ₹ 6.63 crore; Jamtara: ₹ 11.98 crore; Kujju: ₹ 16.25 crore; Madhupur: ₹ 24.10 crore; Nirsa: ₹ 11.44 crore; Ramgarh: ₹ 35.40 crore; and Simdega: ₹ 5.09 crore.

¹⁰⁰ Consumer No. HT 10039 (₹18.59 lakh) and Consumer No. BR 9799 (₹ 21.79 lakh).

SD, either through a maximum of two electricity bills sent to the concerned consumer, or by asking the consumer to make a direct payment to the Distribution Licensee.

The Distribution Licensee was entitled to serve notice to the consumer, to deposit the amount of shortfall in security, from the calculated security amount, within thirty (30) days. If the consumer failed to deposit the intimated amount, by the due date, the procedure for disconnection could be initiated by the Distribution Licensee.

Audit scrutiny of records of energy consumption of HT consumers, during 2020-21, in five test-checked ESCs revealed that:

- There had been shortfalls in security deposits, amounting to ₹ 3.50 crore¹⁰¹, against 73 consumers¹⁰². The Company had not raised any demands through energy bills, but had issued notices to these consumers, for deposit of the additional security. However, these consumers had not deposited the additional security (as of September 2022).
- Further, a High-Tension Service (HTS) consumer (GDHT1 (T)), having Contract Demand of 7,500 KVA, was asked (March 2022), by the ESC, Deoghar, to execute an agreement on enhanced load of 47,000 KVA, as per the relevant JSERC order (Case¹⁰³ Number 21/2020), from the month of February 2022. However, the consumer had neither submitted the requisite security deposit, nor had it executed any agreement (May 2022), till the date of audit. This had resulted in short deposit of security, amounting to ₹ 63.87 crore.

The Department stated (May 2023) that ESCs, Dumka and Gumla, had issued notices to consumers for submission of additional Security, ESC, Giridih, was in the process of reconciling the required additional SD and would issue notices in the coming months. No reply was furnished in case of ESCs, Deoghar and Dhanbad.

The facts, however, remains that additional security was yet to be recovered.

2.2.11.5 Non-accountal of cheques deposited

ESSDs, through monthly bank reconciliation statements, prepare lists of those cheques which have been deposited into banks, but the clearance of which is pending.

Audit scrutiny revealed that:

- Cheques of consumers, amounting to ₹ 32.07 lakh¹⁰⁴, deposited by seven of the test-checked ESSDs, between July 2009 and May 2021, had not been cleared by Banks (as of June 2022). Failure on the part of ESSDs, to follow-up the same, had led to non-realisation of energy charges, amounting to ₹ 32.07 lakh.

¹⁰¹ Deoghar: ₹ 1.38 crore, Dhanbad: ₹ 1.29 crore, Dumka : ₹ 0.11 crore, Giridih: ₹ 0.63 crore and Gumla: ₹ 0.09 crore.

¹⁰² Deoghar: 15, Dhanbad: 42, Dumka: 04, Giridih: 11 and Gumla: 01.

¹⁰³ Based on the petition filed by the consumer, JSERC had allowed a load of 47,000 KVA from February 2022.

¹⁰⁴ Basukinath: ₹ 7.86 lakh, Dumka (Rural): ₹ 0.45 lakh, Dumka (Urban): ₹ 2.99 lakh, Dumri: ₹ 18.58 lakh, Ghagra: ₹ 0.65 lakh, Giridih (Rural): ₹ 1.15 lakh and Jamua: ₹ 0.39 lakh.

- Scrutiny of the bank reconciliation statement of ESC, Dumka, revealed that two cheques, worth ₹ 3.50 lakh, of an HT Consumer (No.-MHJ02HT), had been misplaced by the bank¹⁰⁵, whereas four cheques, worth ₹ 6.50 lakh, of the same consumer, had been dishonoured, during September 2018 to December 2018. However, the ESC had not initiated action to realise these dues, despite intimation by the bank (the connection of the consumer had, however, been disconnected in April 2019).

Recommendation No. 6: The Company may ensure strict implementation of provisions related to disconnection and file certificate cases for realisation of outstanding dues. Responsibility may also be fixed in regard to dues which have become irrecoverable.

2.2.12 Pilferage/ loss of electricity

Section 163 of the Electricity Act, 2003 empowers a licensee to enter into the premises of a consumer and to inspect and test the apparatus.

2.2.12.1 Inspection for theft of Power

The details of premises of consumers, inspected by the raid teams of the Company, assessment of loss and realisation there-against, during FYs 2018-19 to 2021-22, is shown in **Table 2.7**.

Table 2.7: Inspections conducted to detect theft of power

Sl.	Particulars	2018-19	2019-20	2020-21	2021-22
A	Total registered consumers (in Nos.)	43,79,304	50,07,241	52,56,510	60,75,910
B	Total effective consumers (in Nos.)	37,28,570	43,71,502	45,35,179	5,35,30,825
C	Gross energy purchased (lakh unit)	1,28,603.64	1,27,076.06	1,32,902.00	1,37,294.50
D	Distribution Loss (lakh unit) (15 per cent)	19,290.55	19,061.41	19,935.30	20,594.18
E	Units available for sale (in lakh units) (C-D)	1,09,313.09	1,08,014.65	1,12,966.70	1,16,700.32
F	Total units sold (in lakh units)	92,775.51	93,148.93	79,134.05	90,181.86
G	Loss of energy (in lakh units) (E-F)	16,537.58	14,865.72	33,832.65	26,518.46
H	Value of energy lost beyond the approved Distribution Loss (₹ in crore)	722.69	725.45	1,515.70	1,241.06
I	Total number of theft cases detected (in Nos.)	6,741	8,946	14,676	23,316
J	Assessment of loss by raid team (₹ in crore)	12.30	12.89	20.69	33.71
K	Amount realised (₹ in crore)	9.47	9.84	16.88	30.14
L	Percentage of amount realised to assessment proposed (K/J)*100	77.00	76.34	81.59	89.41

(Source: Compiled from Revenue Statement No. 1 and information furnished by the Company)

¹⁰⁵ State Bank of India, Mihijam branch (Code- 08085), Jamtara.

It can be seen from **Table 2.7** that:

- The unaccounted losses had increased sharply from ₹ 722.69 crore, in FY 2018-19, to ₹ 1,241.06 crore, in FY 2021-22.
- The Company had detected 23,316 cases of theft, in FY 2021-22, in comparison to 6,741 cases, in FY 2018-19.

While accepting the observation, the Department stated (May 2023) that loss of energy was mainly due to the AT&C losses and theft/pilferage was just a part. The other major reason for loss of energy was non-billing of consumers. In order to decrease the AT&C losses and to improve the collection, the Company had taken several measures, *viz.* installation of prepaid meters, organising revenue camps and urja melas, *etc.* It was also stated that the Company had increased raid activities to reduce theft.

2.2.12.2 Short levy of fine against unauthorised use of electricity

As per Section 135 of the Electricity Act 2003 (amended in 2007), read with Clause 11.9 of the JSERC Supply Code 2015, where it is established that there is a case of theft of energy (use of energy dishonestly), on first conviction, the Authorised Officer shall impose fine, which shall not be less than three times of the financial gain on account of such theft of electricity. Section 126 of the Act, is applicable to cases where there is no theft of electricity, but electricity is being consumed in violation of the terms and conditions of supply, leading to malpractices which may be expressed as the unauthorised use of electricity. It stipulates assessment at the rate of twice (two times) the relevant tariff rates applicable.

An Authorised Officer is appointed by the Company, as the head of the raid team. The team inspects premises *suo moto*, or on receipt of reliable information regarding theft of electricity. As per the JSERC Supply Code, 2015, where it is established that there is a case of theft of energy, the Authorised Officer assesses the energy consumption, as per the prescribed formula¹⁰⁶, for the entire period during which such theft had taken place, and, if such period cannot be ascertained, the period has to be limited to the 12 months immediately preceding the date of inspection.

Audit noticed that, in case of LT connections, the Authorised Officers had assessed a lump-sum amount, on account of fine, in their assessment reports, without doing detailed calculations, as per the prescribed formula, considering the load, day, hours and load factor. During FYs 2018-19 to 2021-22, the Authorised Officers had assessed fines amounting to ₹ 174.12 lakh, against 1,449 consumers¹⁰⁷. However, as per Audit's calculation, the realisable fine from these consumers should have been at least ₹ 747.81 lakh, considering the load (as per the assessment reports, where available, or from the billing database) and the hours of supply (as being 15 hours, for a period of 12 months). Further, the Company considered 24 hours supply, for calculating the energy

¹⁰⁶ L= Load, H = No. of hours, D=No. of days and F= load factor (0.40 to 1).

¹⁰⁷ Giridih North: 3; Giridih South: 563; Govindpur: 20; Gumla: 357; Kujju: 59; Nirsa: 50; Ramgarh: 65; and Simdega: 332.

charges of consumers with defective meters (**Paragraph 2.2.10.2**). Thus, there was short levy of fine, amounting to ₹ 573.69 lakh¹⁰⁸.

Case Study: 5

A person having no legal electrical connection, was found (12 July 2022), by the Assistant Electrical Engineer, pilfering electricity, with 8 KW of domestic load, and 2 KW of commercial load, under ESSD, Gola. The Authorised Officer imposed a lump sum fine of only ₹ 80,000, instead of ₹ 3.79 lakh.

Case Study: 6

Two LT consumers (CHL-22246 and CHL-10794), of ESSD, Ramgarh, were convicted for theft of energy. However, the Authorised Officers imposed fine of only two times of the units pilfered, under Section 126, instead of three times, under Section 135. This led to short imposition of fine by ₹ 19.35 lakh. Similarly, two HT consumers (KJ 8072 and BH 8843), under ESC, Ramgarh, were convicted for theft of energy. However, fines of only two times were imposed, instead of three times, which caused short levy of fine, amounting to ₹ 99.71 lakh.

The Department stated (May 2023), during the exit conference, that working sheets, showing the formula, would be attached with the raid reports, in the field offices, in future. However, the reply was silent on short levy of fines.

2.2.12.3 Non-deposit of compounding charges

As per Section 152 of the Electricity Act, 2003, amended in 2007, the appropriate Government, or any officer authorised by it in this behalf, may accept, from any consumer or person who has committed, or who is reasonably suspected of having committed, an offence of theft of electricity, punishable under this Act, a sum of money, by way of compounding of the offence.

Audit noticed that nine test-checked ESDs had collected compounding charges of ₹ 1.57 crore¹⁰⁹, during FYs 2018-19 to 2021-22. However the amount had not been transferred into the Government account (as of March 2022).

The Department assured (May 2023) during exit conference that compounding charges would be deposited in the government account.

Recommendation No. 7: The Company may ensure proper assessment and levy of fine against theft of power, on the basis of the provisions of the Electricity Act and the Electricity Supply Code.

¹⁰⁸ Giridih North: ₹ 10.78 lakh; Giridih South: ₹ 205.47 lakh; Govindpur: ₹ 9.58 lakh; Gumla: ₹ 129.85 lakh; Kujju: ₹ 35.34 lakh; Nirsa: ₹ 19.15 lakh; Ramgarh: ₹ 20.82 lakh; and Simdega: ₹ 142.70 lakh.

¹⁰⁹ Dumka: ₹ 9.81 lakh, Giridih North: ₹5.27 lakh, Giridih South: ₹17.98, Gumla: ₹ 47.18 lakh, Jamtara: ₹ 19.28 lakh, Kujju: ₹9.50 lakh, Madhupur: ₹ 8.08 lakh, Ramgarh: ₹ 27.12 lakh and Simdega: ₹ 13.13 lakh.

COMMERCIAL TAXES DEPARTMENT

2.3 Department's oversight on GST payments and return filing

2.3.1 Introduction

Introduction of Goods and Service Tax (GST) has replaced multiple taxes levied and collected by the Centre and States. GST, which came into effect from 01 July 2017, is a destination-based consumption tax on the supply of goods or services or both levied on every value addition. The Centre and States simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (SGST) /Union Territory GST (UTGST) are levied on intra-state supplies, and Integrated GST (IGST) is levied on inter-state supplies.

Section 59 of the Jharkhand Goods and Service Tax (JGST) Act, 2017 stipulates GST as a self-assessment-based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns is vested on the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business has had no tax liability during a particular tax period, it must file a nil return mandatorily. Further, Section 61 of the Act read with Rule 99 of JGST Rules, 2017 stipulates that the proper officer may scrutinize the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

This Subject Specific Compliance Audit (SSCA) was taken up considering the significance of the control mechanism envisaged for tax compliance and the oversight mechanism of the Commercial Taxes Department (CTD), Government of Jharkhand in this new tax regime.

2.3.2 Audit objectives

This audit was oriented towards providing assurance on the adequacy and effectiveness of systems and procedures adopted by the Department with respect to tax compliance under GST regime. Audit of 'Department's oversight on GST payments and return filing' was taken up with the following audit objectives to seek an assurance on:

- i. Whether the rules and procedures were designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and
- ii. Whether the scrutiny procedures, internal audit and other compliance functions of the Circles were adequate and effective.

2.3.3 Audit methodology and scope

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags pertaining to the period July 2017 to March 2018, *i.e.*, the first tax period after introduction of GST. Through data analysis a set of 12 deviations were identified across the domains of input tax credit (ITC), discharge of tax liability, registration and return filing. Such deviations were followed up through a Centralized Audit¹¹⁰, whereby these deviations

¹¹⁰ Centralised Audit did not involve seeking taxpayer's granular records such as FS related ledger accounts, invoices, agreements etc.

were communicated to the relevant State departmental field formations and action taken by the Commercial Taxes Circles (CTCs) on the identified deviations was ascertained without involving field visits. The Centralised Audit was supplemented by a detailed audit involving field visits for verification of records available with the jurisdictional field formations. Returns and related attachments and information were accessed through the Central Board of Indirect taxes (CBIC)-ACES-GST application - the back-end system of the Department/State Taxes Department application as much as feasible to examine data/documents relating to taxpayers (*viz.* registration, tax payment, returns and other departmental functions). The detailed audit also involved accessing relevant granular records from the taxpayers such as invoices through the respective field formations. This apart, compliance functions of the departmental formation such as scrutiny of returns, were also reviewed in selected CTCs.

The review of scrutiny of returns by the Department and verification of taxpayer's records covered the period from July 2017 to March 2018, while the audit of the functions of selected CTCs covered the period from July 2017 to March 2021. The SSCA covered only the State administered taxpayers. The field audit was conducted from January 2022 to October 2022.

Entry Conference of this SSCA was held on 04 October 2021 with the Secretary, CTD, Government of Jharkhand in which the audit objectives, sample selection, audit scope and methodology were discussed. The Exit Conference was held on 15 February 2023 with the Commissioner, CTD, Government of Jharkhand in which the audit findings were discussed. The views expressed by the Commissioner, CTD, Government of Jharkhand during the exit conference and the written replies to the draft report have been suitably incorporated in the relevant paragraphs.

2.3.4 Audit sample

A data-driven approach was adopted for planning, as also to determine the nature and extent of substantive audit. The sample for this SSCA comprised a set of deviations identified through data analysis for centralised audit that did not involve field visits; a sample of taxpayers for detailed audit that involved field visits and scrutiny of taxpayer's records at departmental premises; and a sample of Commercial Taxes Circles (CTCs) for evaluating the compliance functions of the CTCs.

There were three distinct parts of this SSCA as under:

Part I-Audit of CTCs

Ten CTCs¹¹¹ with jurisdiction over more than one selected sample of cases for detailed audit were considered as the sample of CTCs for evaluation of their oversight functions.

Part II-Centralised Audit

The sample for centralised audit was selected by identification of high-value or high-risk deviations from rules and inconsistencies between returns through

¹¹¹ Dhanbad, Dumka, Hazaribag, Jamshedpur, Jamshedpur Urban, Palamu, Ramgarh, Ranchi South, Ranchi Special and Ranchi West.

data analysis for evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department. Accordingly, 472 deviations were communicated to the State tax authorities and action taken by the authorities on these deviations were ascertained.

Part III-Detailed Audit

It was conducted by accessing taxpayers' records through CTCs for evaluation of the extent of tax compliance by taxpayers. The sample of taxpayers for detailed audit was selected on the basis of risk parameters such as excess ITC, tax liability mismatch, disproportionate exempted turnover to total turnover and irregular ITC reversal. The 55 taxpayers selected for detailed audit comprised of large, medium and small strata¹¹² taxpayers.

2.3.5 Audit criteria

The source of audit criteria comprised the provisions contained in the JGST Act, IGST Act, and Rules made thereunder. The significant provisions are given in **Table 2.8:**

Table 2.8: Source of criteria

SI No	Subject	Act and Rules
1	Levy and collection	Section 9 of JGST Act, 2017.
2	Reverse Charge Mechanism (RCM)	Section 9(3) of JGST Act, 2017.
3	Availing and utilizing ITC	Sections 16 to 21 of JGST Act, 2017; Rules 36 to 45 of JGST Rules, 2017.
4	Registrations	Section 22 to 25 of JGST Act, 2017; Rules 8 to 26 of JGST Rules, 2017.
5	Supplies	Section 7 and 8 JGST Act, 2017. Schedule I, II and III of the JGST Act, 2017.
6	Place of supply	Section 10 to 13 of IGST Act, 2017.
7	Time of Supply	Section 12 to 14 of JGST Act, 2017.
8	Valuation of supplies	Section 15 of JGST Act, 2017. Rules 27 to 34 of JGST Rules, 2017.
9	Payment of tax	Sections 49 to 53 of JGST Act, 2017. Rules 85 to 88A of JGST Rules, 2017.
10	Filing of GST returns	Sections 37 to 47 of JGST Act, 2017. Rules 59 to 68 and 80 to 81 of JGST Rules, 2017.
11	Zero-rated supplies	Section 16 of IGST Act, 2017.
12	Assessment and audit functions	Sections 61, 62, 65 and 66 of JGST Act 2017. Rules 99 to 102 of JGST Rules, 2017.

In addition, the notifications and circulars issued by CBIC/CTD relating to filing of returns, notifying the effective dates of filing of various returns, extending due dates for filing returns, rates of tax on goods and services, payment of tax, availing and utilizing ITC, scrutiny of returns and oversight of tax compliance and Standard Operating Procedures (SOP) containing instructions to departmental officers on various aspects related to filing returns,

¹¹² Large taxpayers-37, Medium taxpayers-13 and Small taxpayers-5.

scrutiny of returns, cancellation of registrations etc. also formed part of the audit criteria.

Audit findings

The audit findings have been categorized into the following three categories:

- a. Oversight on returns filing.
- b. Oversight on tax payments.
- c. Other oversight functions.

2.3.6 Oversight on returns filing

A return is a statement of specified particulars relating to the business activity undertaken by taxpayers during a prescribed period. Every taxpayer is legally obligated to furnish a complete and correct return duly declaring the tax liability for a given period and taxes paid within the stipulated time. In a self-assessment regime, the significance of monitoring return filing by taxpayers acquires greater significance as the returns are the first mode of information about taxpayers and their respective business activities.

Deficient scrutiny mechanism for return filing: Out of a sample of 10 CTCs, Audit had verified the overseeing mechanism on return filing in all the 10 CTCs and observed that the Department did not formulate a Manual/SOP for scrutiny of returns by the proper officers under Section 61 of the JGST Act thus non-prioritised the returns to be scrutinised based on the risk parameters. This resulted in inadequate identification of taxpayers, subsequent transmission of red-flag cases and non-utilization of data/information available at backend portal.

The mechanism for recovery of demand from non-filers and levy of interest on late filers was deficient in all selected CTCs. In all 10 selected CTCs where the relevant records related to issue of ASMT-13, DRC-07 and recovery details were available, Audit noticed that action was not taken on all cases of defaulters. Further, in all selected CTCs, the process of issuing GSTR- 3A (notice for defaulters who have not filed GST returns) and recovery of interest on late filers was not adhered to. Consequently, interest of ₹ 236.88 crore was not recovered. Also, issuing ASMT-13 (best judgement assessment order in cases where the taxpayers have not complied with GSTR- 3A notices) and DRC-07 (summary of demand order as a follow up of ASMT-13) was also not adhered to resulting in non-recovery of ₹ 30.87 crore from defaulters.

2.3.6.1 Lack of action on late-filers and non-filers

Section 46 of the JGST Act, 2017 read with Rule 68 of JGST Rules, 2017 stipulates issue of a notice in Form GSTR-3A requiring filing of return within 15 days if the taxpayer had failed to file the return within the due date. In case the taxpayer fails to file the returns even after such notice, the proper officers may proceed to assess the tax liability of the said person to the best of their judgment, taking into account all the relevant material which is available or gathered and issue an assessment order in Form ASMT-13. Further, Section 47 of the JGST Act prescribes levy of late fee of ₹ one hundred per day of default in filing of return, subject to a maximum of ₹ five thousand.

Filing of returns is related to payment of tax, as the due date for both the actions are the same, which implies risk of non-payment of tax/penalty in the case of non-filers.

During functions of circle audit, it was noticed, across selected 10 CTCs, that 21,979 cases of non-filers were identified by the proper officers and registration of 18,515 taxpayers were cancelled by them due to non-furnishing of returns. However, as per data/information available in the backend portal of the Department, there were a total of 1,74,943 cases of non-filers in these 10 CTCs during the period, out of which, 90,747 cases were non-filers for consecutive period of six months. However, the jurisdictional officers had not initiated any action regarding assessment and cancellation of registration in these cases. It was observed that the proper officers of these CTCs had not verified the information of non-filers available in the backend portal of the GSTN. The Department, therefore, could not identify non-filers and initiate proceedings against non-filers, for six consecutive months. It was further observed that an alert, in the form of a notice in Form GSTR-3A, required to be issued to the defaulting taxpayers, through e-mail or other mode, had not been implemented, resulting in non-identification of non-filers of returns.

The matter was reported to the Government/Department (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that audit observation is being cross verified and time is required to provide actual report. Further action taken was awaited (March 2024).

Recommendation No. 1: The proper officers may utilize the information contained in the backend portal of the GSTN and initiate action, wherever necessary, failing which responsibility may be fixed by the Department on the officials concerned.

• **Action initiated but not completed, in regard to non-filers**

In the selected CTCs, 5,811 GSTR-3As had either not been issued or were not available, resulting in non-completion of best judgement assessment in Form ASMT-13, in these cases.

The due process of issue of GSTR-3A followed by ASMT-13 was not observed in all cases. Audit observed that across 10 CTCs during 2017-18 to 2020-21, 21,979 non-filers were identified by the proper officers however, GSTR-3As notices were issued in case of 16,168 non-filers only. Further, assessment orders under ASMT-13 were issued in 833 cases only, despite taxpayers not filing their returns within the stipulated time. In 10 CTCs, where records were available, Audit observed that, in 82,393 cases, the taxpayers filed their returns in pursuance of GSTR-3A, but the proper officers had not initiated action for recovery of interest for the delayed payment of tax amounting to ₹ 236.88 crore, which had not been recovered.

The matter was reported to the Government/Department (November 2022); the Commissioner, CTD, during the exit conference, stated (February 2023) that audit observation is being cross-verified and time is required to provide actual report. Further action taken was awaited (as of March 2024).

Recommendation No. 2: The Department may fix responsibility on proper officers who had not initiated action for recovery of interest from late-filers of GST Returns.

- **Inadequate efforts to recover dues**

Section 78 of the JGST Act stipulates that any amount payable by a taxable person in pursuance of an order passed under this Act, shall be paid by such person within a period of three months from the date of service of such order failing which recovery proceedings shall be initiated. The time period can be less than three months in some special circumstances, if it is expedient in the interest of Government.

Audit observed in 833 cases across nine out of selected 10 CTCs that the proper officers of these CTCs did not take action after issuing ASMT-13 and DRC-07 to pursue recovery of the dues amounting to ₹ 30.87 crore¹¹³.

The matter was reported to the Government/Department (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that audit observation is being cross verified and time is required to provide actual report. Further action taken was awaited (March 2024).

2.3.6.2 Slow pace of scrutiny of returns

As per Section 61 of the JGST Act, various returns filed by taxpayers have to be scrutinized by the proper officer to verify the correctness of the returns, and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns. The proper officer designated for this purpose is the Deputy Commissioner of State Tax (DCST)/Assistant Commissioner of State Tax (ACST). Further, Rule 99 of the JGST Rules, 2017, mandates that, in the case of discrepancies, if any, notice shall be communicated to the taxpayer, to seek his explanation.

Audit scrutinized the information available in the Management Information System (MIS) report of the Department and noticed that during the period from 2017-18 to 2020-21 a total of 26,89,654 GSTR-3Bs were filed in 10 selected CTCs. However, the proper officers of these CTCs had carried out the scrutiny in respect of 65,817 returns only. Thus, it could be seen that less than three *per cent* of total GSTR-3Bs filed were scrutinized by the Department in absence of a risk-based approach for selection. It was further noticed that, in six¹¹⁴ out of 10 selected CTCs no returns were scrutinized for the period 2017-18 and at Ramgarh CTC, no return was scrutinized for the period 2017-18 and 2018-19.

Audit further scrutinized the data/information available in the backend portal of the Department, relating to mismatch of ITC between GSTR-3B and GSTR-2A and mismatch of tax payable between GSTR-1 and GSTR-3B for the period 2017-18 to 2020-21 in respect of all 10 CTCs and noticed that in respect of 1,44,375 returns, ITC mismatch of ₹ 4,462.45 crore in GSTR-3B than eligible ITC available as per GSTR-2A was there. Also, in respect of 1,42,239 returns, the tax payable mismatch between GSTR-1 and GSTR-3B was ₹ 1,860.69 crore. These returns were not scrutinized by the proper officers.

Audit observed that the Department had not formulated a Manual/SOP for scrutiny of returns by the proper officers under Section 61 of the Act and identification of returns was being done only on the basis of the red flags

¹¹³ Total recoverable dues were ₹ 41.63 crore, out of which dues of ₹ 10.76 crore was recovered by the Department.

¹¹⁴ Hazaribag, Jamshedpur, Jamshedpur Urban, Ramgarh, Ranchi Special and Ranchi West.

provided by the GSTN. This had resulted in lack of risk based selection and non-utilisation of data/information available at the backend portal.

The matter was reported to the Government/Department (November 2022); the Commissioner, CTD, during exit conference, stated (February 2023) that the audit observation is being cross verified and time is required to provide actual report. Further action taken was awaited (as of March 2024).

- **Action initiated on scrutinized returns but not completed**

Audit examined the follow-up action taken after scrutiny of returns at 10 selected CTCs. It was noticed in all 10 selected CTCs that during the period from 2017-18 to 2020-21 a total number of 65,817 returns were scrutinized by the Department, out of which in 6,048 cases discrepancies were noticed by the proper officers and notices were issued to these taxpayers seeking explanation for aforesaid discrepancies. In response to the notices, discrepancies were accepted by taxpayers in 440 cases at four CTCs¹¹⁵. However, Show Cause Notices (SCNs), though required to be issued in the remaining 5,608 cases, were issued in respect of 3,252 cases only. Further, in these 3,252 cases additional demand of ₹ 986.50 crore was created out of which ₹ 952.98 crore had not been recovered.

Audit observed that there was absence of mechanism to monitor the follow-up action taken by the proper officers on scrutinised returns, resulting in inadequate issuance of SCNs in 2,356 cases and non-recovery of demand of ₹ 952.98 crore.

The matter was reported to the Government/Department (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that recovery of ₹ 67.52 lakh is made after audit observation and recovery proceedings has been initiated to recover dues amount of ₹ 4.42 crore under Section 79 of the JGST Act, 2017. Department's reply was awaited in remaining cases amounting to ₹ 947.88 crore (March 2024).

Recommendation No. 3: The Department may: (i) formulate a Manual/SOP for scrutiny of returns under Section 61 of the Act (ii) adopt a risk-based sampling methodology for detailed process for selection of returns for scrutiny, as adopted by the CGST Department (CBIC) and (iii) prescribe timelines for scrutiny of returns.

2.3.6.3 Delay in Audit by tax authorities/internal audit not initiated

As per the Section 65 of the JGST Act, 2017 the Commissioner or any officer authorized by him, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed. Section 2(13) of the JGST Act, 2017, defines "Audit" as the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the Rules made thereunder or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and ITC availed, and to assess his compliance with the provisions of this Act or the Rules made thereunder.

Internal audit wing was constituted in the CTD vide Notification No. S.O-144 (December 2017) to exercise and perform the powers and duties respectively conferred and imposed under Section 65 of the JGST Act. The wing is divided

¹¹⁵ Dhanbad, Dumka, Ramgarh and Ranchi Special.

into three internal audit divisions¹¹⁶, each under the charge of a Joint Commissioner of State Tax (Audit). In this context, an internal audit manual has been formulated (March 2021) by the Department to ensure that the internal audit of taxpayers is carried out in a uniform, efficient and comprehensive manner under Section 65 and 66 of the JGST Act.

CTD, issued detailed procedure of audit in the JGST Internal Audit Manual, which incorporated the new norms for selection of taxpayers for conducting internal audit based on risk parameters such as turnover, tax ITC, refund, sensitive commodities/sector, non-compliances etc. It envisages that the selection of the taxpayers to be internally audited will be done by Commissioner of State Tax.

The details of internal audit undertaken by the Department during the period 2017-18 to 2020-21 for GST is given in **Table 2.9** as below:

Table 2.9: Details of internal audit undertaken by the Department

(₹ in crore)

Financial Year	Audit conducted for the year	Total number of taxpayers	No. of taxpayer selected for audit (in per cent)	Actual number of audits completed (as of November 2022)	No. of cases in which deficiencies were found	Total amount involved in deficiencies	Total Recovery
2017-18	Yes	1,26,248	34 (0.001)	Nil	Audit not completed		
2018-19	Audit for the period 2018-19 to 2020-21 had not been initiated						
2019-20							
2020-21							

Source: Information provided by CTD.

Thus, from the above it is evident that the Department selected (between March 2021 and July 2022) only 34 taxpayers for the period 2017-18, registered in 16 CTCs¹¹⁷ under all three audit divisions, for internal audit under Section 65 of the Act. It was observed that despite constitution of internal audit wing (December 2017) and formulation of internal audit manual (March 2021) internal audit of selected taxpayers for the period 2017-18 was not completed. Internal audit process for the period 2018-19 to 2020-21 had not even been initiated. Further, the risk parameters based on which the taxpayers were selected for audit, the details of audit conducted, returns scrutinised and the results thereof, though called for (October 2022), was still awaited (March 2024). As such, audit could not examine the parameters for selection of taxpayers and efficacy of the internal audit mechanism.

The matter was reported to the Government/Department (October 2022); reply of the Department was awaited (March 2024).

Recommendation No. 4: The Department may take necessary steps for completion of internal audit for the period 2017-18 as well as selection and conduct of internal audit for the period 2018-19 to 2020-21.

¹¹⁶ Dhanbad and Santhal Pargana, Jamshedpur and Ranchi and Hazaribag.

¹¹⁷ Adityapur, Bokaro, Chaibasa, Chirkunda, Deoghar, Dhanbad, Dhanbad Urban, Dumka, Hazaribag, Jamshedpur, Jamshedpur Urban, Jharia, Ramgarh, Ranchi South, Ranchi Special and Ranchi West.

2.3.7 Inconsistencies in GST returns-Centralised Audit

Audit analyzed GST returns data pertaining to 2017-18 as made available by GSTN. Rule-based deviations, and logical inconsistencies between GST returns filed by taxpayers were identified on a set of parameters, which can be broadly categorized into two domains - ITC and Tax payments.

Out of the 13 prescribed GST returns,¹¹⁸ the following basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/data:

- **GSTR-1:** Monthly return furnished by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.
- **GSTR-3B:** Monthly summary return of outward supplies and ITC claimed, along with payment of tax by the taxpayer to be filed by all taxpayers except those specified under Section 39(1) of the JGST Act. This is the return that populates the credit and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.
- **GSTR-6:** Monthly return for Input Service Distributors (ISD) providing the details of their distributed ITC and inward supplies.
- **GSTR-8¹¹⁹:** Monthly return to be filed by the e-commerce operators who are required to deduct Tax collected at source (TCS) under GST.
- **GSTR-9:** Annual Return (AR) to be filed by all registered persons other than an ISD, Tax Deducted at Source (TDS)/TCS, Casual Taxable Person, and Non-Resident taxpayer. This document contains the details of all supplies made and received under various tax heads (CGST, JGST and IGST) during the entire year along with turnover and audit details for the same.
- **GSTR-9C:** Annual audit form for all taxpayers having a turnover above ₹ five crore in a particular financial year. It is basically a reconciliation statement between the ARs filed in GSTR-9 and the taxpayer's audited annual Financial Statements (FS).
- **GSTR-2A:** A system-generated statement of inward supplies for a recipient. It contains the details of all B2B transactions of suppliers declared in their Form GSTR-1/GSTR-5, ISD details from GSTR-6, details from GSTR-7 and GSTR-8 respectively by the counterparty and import of goods from overseas on bill of entry, as received from ICEGATE¹²⁰ Portal of Indian Customs.

¹¹⁸ GSTR-1, GSTR-3B, GSTR-4 (taxpayers under the Composition scheme), GSTR-5 (non-resident taxable person), GSTR-5A (Non-resident OIDAR service providers), GSTR-6 (Input service distributor), GSTR-7 (taxpayers deducting TDS), GSTR-8 (E-commerce operator), GSTR-9 (AR), GSTR-10 (Final return), GSTR-11 (person having UIN and claiming a refund), CMP-08, and ITC-04 (Statement to be filed by a principal/job-worker about details of goods sent to/received from a job-worker).

¹¹⁹ Introduced in October 2018.

¹²⁰ Indian Customs Electronic Data Interchange Gateway (ICEGATE).

The data analysis pertaining to state of Jharkhand for the period 2017-18 on identified parameters and extent of deviations/inconsistencies observed (sample for Centralised Audit) are summarised in **Table 2.10**:

Table 2.10: Summary of data analysis**(₹ in crore)**

Sl. No.	Parameter	Algorithm used	Number of deviations	Amount of Deviation/ Mismatch
Domain-ITC				
D1	ITC mismatch between GSTR-2A and GSTR-3B	ITC available as per GSTR-2A with all its amendments was compared with the ITC availed in GSTR-3B in Table 4A(5) (accrued on domestic supplies) considering the reversals in Table 4B(2) but including the ITC availed in the subsequent year 2018-19 from Table 8C of GSTR-9.	50	68.63
D2	ITC availed under RCM vs payment of tax in GSTR-3B/GSTR-9	RCM payments in GSTR-3B Table 3.1(d) was compared with ITC availed in GSTR-9 Table 6C, 6D and 6F. In cases where GSTR-9 was not available, the check was restricted within GSTR-3B tax discharged in Table 3.1(d) <i>vis-à-vis</i> ITC availed Table 4A(2) and 4A(3).	50	16.15
D3	Short payment of tax under RCM vs ITC availed in GSTR-3B/ GSTR-9	RCM payments in GSTR-9 Table 4G (tax payable) was compared with ITC availed in GSTR-9 Table 6C, 6D and 6F (ITC availed). In cases where GSTR-9 was not available, RCM payment in GSTR-3B Table 3.1(d) was compared with GSTR-3B 4(A)(2) and 4A(3). Greater of difference in GSTR-9 and GSTR-3B considered where both were available.	17	1.21
D4	Mismatch between ITC availed in AR and FS [Table 12F of GSTR- 9C]	Positive figure in GSTR-9C Table 12F and examination of reasons provided in Table 13 for mismatch.	50	77.10
D5	Mismatch in ITC declared in ARs with expenses in FS [Table 14T of GSTR- 9C]	Positive figure in GSTR-9C Table 14T and examination of reasons provided in Table 15 for mismatch.	50	345.48
Domain: Tax Payments				
D6	Mismatch in total turnover between AR and FS [Table 5R of GSTR- 9C]	Negative figure in GSTR-9C Table 5R and examination of reasons provided in Table 6 for mismatch.	25	5,328.73
D7	Mismatch in taxable turnover between AR and FS [Table 7G of GSTR- 9C]	Negative figure in GSTR-9C Table 7G and examination of reasons provided in Table 8 for mismatch.	50	2,391.54
D8	Mismatch in tax paid between books of accounts and tax payable in AR [Table 9R of GSTR- 9C]	Negative figure in GSTR-9C Table 9R and examination of reasons provided in Table 10 for mismatch.	50	16.64
D9	Undischarged tax liability	The greater of tax liability between GSTR-1 (Tables 4 to 11) and GSTR-9 (Tables 4N, 10 and 11) was compared with tax paid details in GSTR-3B Tables 3.1(a) and 3.1(b). In cases where GSTR- 9 was not available GSTR-3B tax paid was compared with GSTR-1 liability. The amendments and advance adjustments declared in GSTR-1 and 9 were duly considered.	50	94.73
D10	Composition taxpayer dealing with e-commerce business	GSTINs declared in GSTR-8 who are also filing GSTR-4 under composition scheme.	05	0.00
D11	GSTR-3B was not filed but GSTR-1 is available	Taxpayers who have not filed GSTR-3B but have filed GSTR-1 or where GSTR-2A available, indicating taxpayers carrying on the business without discharging tax.	25	1.49
D12	Non/Short payment of interest on delayed payment of tax	Interest calculated at the rate of 18 <i>per cent</i> on cash portion of tax payment on delayed filing of GSTR-3B <i>vis-à-vis</i> interest declared in GSTR-3B	50	18.29
Total			472	8,359.99

2.3.7.1 Non-submission of reply by the Department

The audit queries were issued to the respective CTCs between March 2022 and April 2022 in respect of deviations/inconsistencies identified in 472 cases of 2017-18 (Table 2.10 above) without further scrutiny of taxpayer's records. The audit check in these cases was limited to verifying the Department's action on the identified deviations/mismatches.

As of June 2023, initial responses were yet to be received for deviations/inconsistencies in 27 cases communicated to the Department (March 2022 to April 2022), which represent a mismatch of turnover of ₹ 30.89 crore in five cases and mismatch of tax liability/ITC of ₹ 13.27 crore in 22 cases as detailed in Table 2.11:

Table 2.11: Replies not received on identified deviations/inconsistencies

(₹ in crore)

Audit Dimension	Sample		Department Reply not received		Percentage	
	Number	Amount of mismatch	Number	Amount of mismatch	Number	Amount
ITC mismatch between GSTR-2A and GSTR-3B (D1)	50	68.63	3	2.08	6.00%	3.03%
ITC availed under RCM vs payment of tax in GSTR-3B/GSTR-9 (D2)	50	16.15	1	0.28	2.00%	1.79%
Short payment of tax under RCM vs ITC availed in GSTR-3B/ GSTR-9 (D3)	17	1.21	2	0.14	11.76%	12.39%
Mismatch between ITC availed in AR and FS [Table 12F of GSTR- 9C] (D4)	50	77.10	0	0	0.00%	0.00%
Mismatch in ITC declared in ARs with expenses in FS [Table 14T of GSTR- 9C] (D5)	50	345.48	1	3.04	2.00%	0.87%
Mismatch in total turnover between AR and FS [Table 5R of GSTR- 9C] (D6)	25	5,328.73	2	12.06	8.00%	0.00%
Mismatch in taxable turnover between AR and FS [Table 7G of GSTR- 9C] (D7)	50	2,391.54	3	18.83	6.00%	0.00%
Mismatch in tax paid between books of accounts and tax payable in AR [Table 9R of GSTR- 9C] (D8)	50	16.64	1	0.16	2.00%	1.00%
Undischarged tax liability (D9)	50	94.73	5	5.82	10.00%	6.14%
Composition taxpayer dealing with e-commerce business (D10)	05	0.00	0	0	0.00%	0.00%
GSTR-3B was not filed but GSTR-1 is available (D11)	25	1.49	1	0	2.00%	0.00%
Non/Short payment of interest on delayed payment of tax (D12)	50	18.29	8	1.75	32.00%	9.56%
Total	472	8,359.99	27	44.16	5.72%	2.08%

Considering the rate of conversion of inconsistencies into compliance deviations as brought out in the next paragraph, the Department is required to expedite verification of these 27 cases as a priority.

Recommendation No. 5: The Department may urgently pursue the 27 inconsistencies and deviations pointed out by Audit, for which responses have not been provided and intimate the results to Audit.

2.3.7.2 Results of centralized audit

Based on responses received from the Department to the Audit Queries, the extent to which each of the 12 parameters translated into compliance deviations is summarized in **Table 2.12:**

Table 2.12: Summary of deficiencies

(₹ in crore)

Particulars		Audit Dimensions												Total	
		ITC mismatch between GSTR-2A and GSTR-3B	ITC availed under RCM vs payment of tax in GSTR-3B/GSTR-9	Short payment of tax under RCM vs ITC availed in GSTR-3B/ GSTR-9	Mismatch in ITC availed between AR and FS (Table 12F)	Mismatch in ITC declared in AR and with expenses in FS (Table 14T)	Mismatch in total turnover declared in GSTR-9C (Table 5K)	Mismatch in taxable turnover declared in GSTR-9C (Table 7G)	Mismatch in tax paid between AR and Books of accounts (Table 9R)	Undischarged tax liabilities	Composition taxpayer availing e-commerce facility	GSTR-3B not filed but GSTR-1 available	Non/short payment of interest on delayed payment of tax		
		1	2	3	4	5	6	7	8	9	10	11	12		
Cases where reply received	No.	47	49	15	50	49	23	47	49	45	5	24	42	445	
	Amt	66.55	15.87	1.07	77.10	342.44	5316.67	2372.71	16.48	88.91	0	1.49	16.54	8315.83	
Department reply accepted by Audit	Data Entry errors	No.	0	7	3	0	0	0	1	0	0	0	0	11	
		Amt	0	0.91	0.20	0	0	0	0.85	0	0	0	0	1.96	
	Action taken before query	No.	0	0	0	0	0	0	0	0	0	0	0	2	
		Amt	0	0	0	0	0	0	0	0	0	0	0	0.20	
Other valid explanations	No.	2	1	0	0	11	0	0	1	0	1	0	0	16	
	Amt	1.82	0.16	0	0	78.04	0	0	0.22	0	0	0	0	80.24	
Compliance Deviations	Accepted by Department including cases.	Recovered	No.	0	0	1	2	0	0	7	1	0	0	7	
			Amt	0	0	0.07	0.43	0	0	1.42	0.08	0	0	1.97	3.97
	SCN issued	No.	12	6	2	6	3	4	9	11	12	1	14	14	
			Amt	6.24	1.91	0.17	2.55	13.18	443.26	88.42	2.88	28.23	0	0.58	2.84
	ASMT-10	No.	18	7	2	26	10	9	22	14	18	2	7	2	
			Amt	11.20	2.88	0.14	63.55	42.90	4505.42	1997.94	4.11	26.61	0	0.84	0.34
	Under correspondence with taxpayers	No.	1	0	0	0	0	0	2	0	0	0	0	3	
			Amt	0.35	0	0	0	0	21.75	0	0	0	0	0.33	22.43
	Department's reply not acceptable to Audit (Rebuttal)	No.	0	11	3	0	0	0	0	0	0	0	0	0	
			Amt	0	7.58	0.21	0	0	0	0	0	0	0	0	7.79
	Total	No.	31	24	8	34	13	13	33	32	31	3	21	26	
			Amt	17.79	12.37	0.59	66.53	56.08	4948.68	2108.11	8.41	54.92	0	1.42	5.48
Department's reply not furnished with appropriate documentary evidence	No.	14	17	4	16	25	10	14	15	14	1	3	14		
		Amt	46.94	2.43	0.28	10.57	208.32	367.99	264.60	5.80	33.38	0	0.06	10.94	951.31
Department stated that they are examining the audit query	No.	0	0	0	0	0	0	0	0	0	0	0	0		
		Amt	0	0	0	0	0	0	0	0	0	0	0	0	

☞ The amount in above Table under 'Recovered' and 'SCN issued' category is as per recoveries made and amount of SCN issued by the Department irrespective of the amount pointed out by Audit.

2.3.7.3 Summary of Central Audit

Out of deviations/inconsistencies in 445 cases, for which Department's responses were received, in 112 cases (25.16 per cent) involving ₹ 594.23 crore (including mismatch of turnover). Department accepted the deviations/inconsistencies in which ₹ 3.97 crore was recovered in 18 cases and issued SCN amounting to ₹ 590.26 crore (including mismatch of turnover) in 94 cases. Further, Department issued ASMT-10 in 137 cases involving ₹ 6,655.93 crore to seek taxpayers reply which represent a mismatch of turnover of ₹ 6,503.36 crore in 31 cases and mismatch of tax liability/ITC of ₹ 152.57 crore in 106 cases. In these cases, higher rates of deviations were noticed in risk areas such as ITC mismatch, excess ITC availed under reverse charge, incorrect turnover declarations and short payment of tax.

In six cases involving ₹ 22.43 crore (1.34 per cent), the Department stated that these cases were under correspondence with the taxpayer.

In 147 cases amounting to ₹ 951.31 crore (including mismatch of turnover), the Department did not accept the deviations pointed out by Audit, its contention was not borne out by evidence, and was thus, not amenable to verification by Audit and in 14 cases amounting to ₹ 7.79 crore, Department replies were not acceptable to Audit and further clarification was sought.

In 29 cases (6.51 per cent), where the Department's reply was acceptable to Audit, data entry errors by taxpayers comprised in 11 cases (37.93 per cent), Department had proactively taken action in two cases, and in 16 cases, Department had valid explanations.

High value case for each audit dimension of Centralised Audit (for compliance deviations/inconsistencies pertaining to cases of recovery, ASMT-10, SCN issued and under correspondence with taxpayer) are detailed below in

Table 2.13:**Table 2.13: Highest value case for each audit dimension**

(₹ in crore)

Sl. No.	Dimension	GSTIN	Name of the taxpayer	Circle	Mismatch	Action taken
1	ITC mismatch between GSTR-2A and GSTR-3B (D1)	20XXXXXXXXXXXXZW	Pragati Chemicals India Pvt. Ltd.	Ranchi South	1.16	ASMT-10
2	ITC availed under RCM vs payment of tax in GSTR-3B/GSTR-9 (D2)	20XXXXXXXXXXXXZR	Thrivani Earthmovers Pvt. Ltd.	Ranchi South	1.01	ASMT-10
3	Short payment of tax under RCM vs ITC availed in GSTR-3B/GSTR-9 (D3)	20XXXXXXXXXXXXZ3	Sehra Steel Industries	Ranchi South	0.07	ASMT-10

Table 2.13: Highest value case for each audit dimension

(₹ in crore)

Sl. No.	Dimension	GSTIN	Name of the taxpayer	Circle	Mismatch	Action taken
4	Mismatch between ITC availed in AR and FS [Table 12F of GSTR-9C] (D4)	20XXXXXXXXXXXXZH	Usha Martin Ltd. (USAD)	Adityapur	46.21	ASMT-10
5	Mismatch in ITC declared in ARs with expenses in FS [Table 14T of GSTR-9C] (D5)	20XXXXXXXXXXXXZS	Tata Pigments Ltd.	Singhbhum	9.39	ASMT-10
6	Mismatch in total turnover between AR and FS [Table 5R of GSTR-9C] (D6)	20XXXXXXXXXXXXZT	Prasar Bharti Broadcasting Corporation of India	Ranchi South	4218.67	ASMT-10
7	Mismatch in taxable turnover between AR and FS [Table 7G of GSTR-9C] (D7)	20XXXXXXXXXXXXZ5	Vishkarma Industries	Singhbhum	440.31	ASMT-10
8	Mismatch in tax paid between books of accounts and tax payable in AR [Table 9R of GSTR-9C] (D8)	20XXXXXXXXXXXXZ5	BGR Mining & Infra Ltd.	Dhanbad	1.06	ASMT-10
9	Undischarged tax liability (D9)	20XXXXXXXXXXXXZG	New Hindustan Centre	Dhanbad Urban	8.44	SCN
10	Composition taxpayer dealing with e-commerce business (D10)	20XXXXXXXXXXXXZK	Time & Motion Hospitalities Pvt. Ltd.	Bokaro	0	SCN
11	GSTR-3B was not filed but GSTR-1 is available (D11)	20XXXXXXXXXXXXZI	Manthan Durang Ventures Pvt. Ltd.	Ranchi South	0.77	ASMT-10
12	Non/Short payment of interest on delayed payment of tax (D12)	20XXXXXXXXXXXXZY	Orion Securities Ltd.	Ranchi West	0.37	SCN

Illustrative cases are explained below:

(i) ITC mismatch between GSTR-2A and GSTR-3B

GSTR-2A is a purchase related dynamic tax return that is automatically generated for each business by the GST Portal, whereas GSTR-3B is a monthly return in which summary of outward supplies along with ITC declared and payment of tax are self-declared by the taxpayer.

To analyze the veracity of ITC utilization, relevant data were extracted from GSTR-3B and GSTR-2A for the year 2017-18, and the ITC paid as per suppliers' details was matched with the ITC credit availed by the taxpayer. The methodology adopted was to compare the ITC available as per GSTR-2A with all its amendments and the ITC availed in GSTR-3B in Table 4A(5)¹²¹ excluding the reversals Table 4B (2)¹²² but including the ITC availed in the subsequent year 2018-19 from Table 8C of GSTR- 9.

Audit observed that in case of taxpayer, M/s Pragati Chemical India Pvt. Ltd. (20XXXXXXXXXXZW) under Ranchi South CTC, the ITC available as per GSTR-2A was ₹ 1.38 crore and the ITC availed in Table 4A(5) of GSTR-3B was ₹ 2.55 crore (including the ITC availed in the subsequent year 2018-19 from Table 8C of GSTR- 9). This resulted in mismatch of ITC availed amounting to ₹ 1.16 crore.

This was communicated to the Department (March 2022). In response, the Department stated (February 2023) that ASMT-10 has been issued. Further action taken was awaited (March 2024).

(ii) ITC availed under RCM vs payment of tax in GSTR-3B/GSTR-9

Under RCM, the liability to pay tax is fixed on the recipient of supply of goods or services instead of the supplier or provider in respect of certain categories of goods or services or both under Section 9(3) or Section 9(4) of the JGST Act, 2017 and under sub-section (3) or sub-section (4) of Section 5 of the IGST Act, 2017.

To analyse the veracity of ITC availed on tax paid under RCM for the year 2017-18, the datasets pertaining to GSTR-3B and AR GSTR-9 were compared to check whether the ITC availed on RCM was restricted to the extent of tax paid. The methodology adopted was to compare the RCM payments in GSTR-3B Table 3.1(d)¹²³ with ITC availed in GSTR-9 Table 6C¹²⁴, 6D¹²⁵ and 6F¹²⁶. In cases where GSTR-9 was not available, the check was restricted within GSTR-3B where the tax discharged part in R3B Table 3.1(d) was compared with the ITC availing part of R3B 4A (2)¹²⁷ and 4A (3)¹²⁸.

Audit observed that in case of a taxpayer, M/s Thriveni Earthmovers Pvt. Ltd. (20XXXXXXXXXXZR) under Ranchi South CTC, the ITC available in Table 3.1(d) of GSTR-3B was ₹ 0.35 crore and the ITC availed in Table 4A(2)

¹²¹ All other eligible ITC.

¹²² Other ITC reversed.

¹²³ Inward supplies (liable to reverse charge).

¹²⁴ Inward supplies receive from unregistered persons liable to reverse charge.

¹²⁵ Inward supplies received from registered persons liable to reverse charge.

¹²⁶ Import of services.

¹²⁷ Import of services.

¹²⁸ Inward supplies (liable to reverse charge).

& (3) of GSTR-3B was ₹ 1.36 crore resulting in mismatch of ITC availed amounting to ₹ 1.01 crore.

This was communicated to the Department (March 2022). In response, the Department stated (February 2023) that ASMT-10 has been issued. Further action taken was awaited (March 2024).

(iii) Short payment of tax under RCM vs ITC availed in GSTR-3B/ GSTR-9

The extent of availing of ITC under RCM for the year 2017-18 without discharging equivalent tax liability or, in other words, short payment of tax under RCM was analysed by comparing the datasets pertaining to GSTR-3B and AR GSTR- 9 to check whether the tax has been discharged fully on the activities/transactions under RCM. In cases where GSTR-9 was filed, the RCM payments in Table 4G¹²⁹ was compared with ITC availed in Table 6C, 6D and 6F. In cases where GSTR-9 was not available, RCM payments in GSTR-3B Table 3.1(d)¹³⁰ was compared with GSTR-3B 4(A)(2)¹³¹ and 4A(3)¹³².

Audit observed that in case of taxpayer, M/s Sehra Steel Industries (20XXXXXXXXXXZ3) under Ranchi South CTC, the RCM payments in Table 4G of GSTR-9 amounts to ₹ 0.01 crore (GSTR-3B also shows RCM payment amounting to ₹ 0.01 crore) and the ITC availed in Table (6C+6D+6F) of GSTR-9 amounting to ₹ 0.07 crore. This resulted in excess availment of ITC on RCM without payment of tax amounting to ₹ 0.06 crore.

This was communicated to the Department (March 2022). In response, the Department stated (February 2023) that ASMT-10 has been issued. Further action taken was awaited (March 2024).

(iv) Mismatch between ITC availed in AR and FS (Table 12F of GSTR-9C)

Table 12 of GSTR-9C reconciles ITC declared in AR (GSTR-9) with ITC availed as per audited annual FS or books of accounts. Column 12F of this Table deals with unreconciled ITC.

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of JGST Rules in form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the AR with the FS.

Unreconciled ITC of ₹ 46.21 crore declared in Table 12F of GSTR-9C, being ITC availed in GST returns in excess of eligible ITC based on FS, in case of, a taxpayer, M/s Usha Martin Ltd. (20XXXXXXXXXXZH) under Adityapur CTC, was noticed.

This was communicated to the Department (March 2022). In response, the Department stated (February 2023) that ASMT-10 has been issued. Further action taken was awaited (March 2024).

¹²⁹ Inward supplies on which tax is to be paid on reverse charge basis.

¹³⁰ Inward supplies (liable to be reverse charge).

¹³¹ Import of services.

¹³² Inward supplies liable to be reverse charge other than import of Goods and Services.

(v) Mismatch between ITC declared in ARs with expenses in FS (Table 14T of GSTR- 9C)

Table 14 of GSTR- 9C reconciles ITC declared in AR (GSTR-9) with ITC availed on expenses as per audited annual FS or books of accounts. Column 14T of this Table deals with unreconciled ITC.

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of JGST Rules in Form GSTR- 9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the AR with the expenses reported in the FS.

Unreconciled ITC of ₹ 9.39 crore declared in Table 14T of GSTR- 9C, being ITC availed in GST returns in excess of eligible ITC based on expenses reported in FS, in case of a taxpayer, M/s Tata Pigments Ltd. (20XXXXXXXXXXXXXS) under Singhbhum CTC.

This was communicated to the Department (March 2022). In response, the Department stated (February 2023) that ASMT-10 has been issued. Further action taken was awaited (March 2024).

(vi) Mismatch in total turnover declared in GSTR-9C (Table 5R)

Table 5 of GSTR-9C is the reconciliation of turnover declared in audited annual FS with turnover declared in annual turnover (GSTR-9). Column 5R of this Table captures the unreconciled turnover between the AR GSTR-9, and that declared in the FS for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of JGST Rules in form GSTR- 9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in turnover reported in the AR *vis-à-vis* the FS. The unreconciled amount in cases where the turnover declared in GSTR- 9 is less than the FS indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of supplies leading to evasion or short payment of tax. It could also be a case of non-reporting of both taxable and exempted supplies.

Audit query on unreconciled turnover in Table 5R of GSTR-9C, amounting to ₹ 4,218.67 crore was issued in respect of taxpayer, M/s Prasar Bharti Broadcasting Corporation of India Ltd. (20XXXXXXXXXXXXXT) under Ranchi South CTC.

This was communicated to the Department (March 2022). In response, the Department stated (February 2023) that ASMT-10 has been issued. Further action taken was awaited (March 2024).

(vii) Mismatch in taxable turnover declared in GSTR- 9C (Table 7G of GSTR-9C)

Table 7 of GSTR- 9C is the reconciliation of taxable turnover. Column 7G of this Table captures the unreconciled taxable turnover between the AR GSTR- 9 and that declared in the FS for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of JGST Rules in Form GSTR- 9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in taxable turnover reported in the AR *vis-à-vis* the FS. The unreconciled amount in cases

where the turnover in GSTR- 9 is less than the FS indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of taxable supplies. It could also be on account of non-reporting of both taxable and exempted supplies.

Audit query on unreconciled taxable turnover in Table 7G of GSTR-9C, amounting to ₹ 440.31 crore was issued in respect of taxpayer, M/s Vishkarma Industries (20XXXXXXXXXXZ5) under Singhbhum CTC was issued.

This was communicated to the Department (March 2022). In response, the Department stated (February 2023) that ASMT-10 has been issued. Further action taken was awaited (March 2024).

(viii) Mismatch in tax paid between AR and Books of Accounts (Table 9R of GSTR-9C)

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of JGST Rules in Form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in tax paid between the AR and the books of account. Table 9 of the GSTR-9C attempts to reconcile the tax paid by segregating the turnover rate-wise and comparing it with the tax discharged as per AR GSTR-9. The unreconciled amounts could potentially indicate tax levied at incorrect rates, incorrect depiction of taxable turnover as exempt or *vice versa* or incorrect levy of CGST/JGST/IGST. There can also be situations wherein supplies/tax declared are reduced through amendments (net of debit notes/credit notes) in respect of the 2017-18 transactions carried out in the subsequent year from April to September 2018. Consequential interest payments - both short payments and payments under incorrect heads - also need to be examined in this regard.

Audit query on unreconciled payment of tax declared in Table 9R of GSTR-9C, amounting to ₹ 1.06 crore in case of the taxpayer, M/s BGR Mining & Infra Ltd. (20XXXXXXXXXXZ5) under Dhanbad CTC, was issued.

This was communicated to the Department (March 2022). In response, the Department stated (February 2023) that ASMT-10 has been issued. Further action taken was awaited (March 2024).

(ix) Undischarged tax liability

GSTR-1 depicts the monthly details of outward supplies of goods or services. These details are also mentioned in the relevant columns of AR in Form GSTR-9 filed by the taxpayer. Further, taxable value and tax paid thereof are also shown in GSTR-3B.

To analyse the undischarged tax liability, relevant data were extracted from GSTR-1 and GSTR-9 for the year 2017-18 and the tax payable in these returns was compared with the tax paid as declared in GSTR-9. Where GSTR- 9 was not available, a comparison of tax payable between GSTR-1 and GSTR-3B was resorted to. The amendments and advance adjustments declared in GSTR-1 and GSTR-9 were also considered for this purpose.

For the algorithm, Tables 4 to 11 of GSTR-1 and Tables 4N, 10 and 11 of GSTR-9 were considered. The greater of the tax liability between GSTR-1 and GSTR-9 was compared with the tax paid declared in Tables 9 and 14 of GSTR-9

to identify the short payment of tax. In the case of GSTR-3B, Tables 3.1(a)¹³³ and 3.1(b)¹³⁴ were taken into account. During audit, it was observed that in case of taxpayer, M/s New Hindustan Centre (20XXXXXXXXXXXXZG) under Dhanbad Urban CTC, the tax payable in Table 4 to 11 of GSTR-1 was ₹ 8.45 crore and the tax payable declared in Tables 3.1(a) & 3.1 (b) of GSTR-3B was ₹ 0.01 crore. This resulted in mismatch of tax liability amounting to ₹ 8.44 crore between GSTR-1 and GSTR-3B.

This was communicated to the Department (March 2022). In response, the Department stated (February 2023) that SCN for the objected amount in Form DRC-01 has been issued. Further action taken was awaited (March 2024).

(x) Short payment of interest

Section 50 of the Act stipulates that every person liable to pay tax in accordance with the provisions of this Act or the Rules made there under but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay interest at the rate notified.

The extent of short payment of interest on account of delayed remittance of tax during 2017-18 was identified using the tax paid details in GSTR-3B and the date of filing of the GSTR-3B. Only the net tax liability (cash component) has been considered to work out the interest payable.

Audit observed in case of taxpayer, M/s Orion Securities Ltd. (20XXXXXXXXXXXXZY) under Ranchi West CTC, that the returns (GSTR-3B) pertaining to the months of August 2017 to March 2018, were filed with delay. This resulted in short payment of interest amounting to ₹ 0.37 crore.

This was communicated to the Department (April 2022). In response, the Department stated (February 2023) that SCN for the objected amount has been issued. Further action taken was awaited (March 2024).

2.3.7.4 Analysis of causative factors

Considering the Department's response to deviations/inconsistencies in 445 cases, the factors that caused the data deviations/inconsistencies are discussed below:

- **Deviations from GST law and rules**

Out of the 445 deviations summarized in Table 2.12 above, the Department accepted the audit observations or initiated examination in 255¹³⁵ cases with effect of ₹ 7,272.59 crore which represent mismatch of turnover of ₹ 7,056.79 crore in 46 cases and mismatch of tax liability/ITC of ₹ 215.80 crore in 209 cases. Out of these cases, the Department has recovered ₹ 3.97 crore in 18 cases, issued SCN in 94 cases for ₹ 590.26 crore (including mismatch of turnover), issued notice conveying discrepancies to the taxpayer in Form ASMT-10 in 137 cases for ₹ 6,655.93 crore which relates to mismatch of turnover of ₹ 6,503.36

¹³³ Outward taxable supplies (other than zero rated, nil rated and exempted).

¹³⁴ Outward taxable supplies (Zero rated).

¹³⁵ Recovered: 18 (₹ 3.97 crore), SCN: 94 (₹ 590.26 crore), ASMT-10: 137 (₹ 6,655.93 crore), Under correspondence with taxpayer: 6 (₹ 22.43 crore).

crore in 31 cases and tax liability/ITC of ₹ 152.57 crore in 106 cases, and was in correspondence with the respective taxpayers of ₹ 22.43 crore in six cases.

The details of top five accepted cases are given in **Table 2.14** below:

Table 2.14: Top five cases accepted or action initiated by the Department

(₹ in crore)						
Sl. No	GSTIN	Name of the taxpayer	Name of the CTC	Dimension	Amount	Action taken
1.	20XXXXXXXXXXXXZ2	Purba Enterprises	Dhanbad Urban	Undischarged liability	8.09	SCN
2.	20XXXXXXXXXXXXZR	H.S. Enterprises	Jamshedpur	Undischarged liability	0.55	DRC-07
3.	20XXXXXXXXXXXXZ9	NNB Engineers Pvt. Ltd.	Adityapur	Mismatch of ITC between GSTR-2A & 3B	0.43	ASMT-10
4.	20XXXXXXXXXXXXZ3	Ayesha Traders	Jamshedpur	Unreconciled tax payment under 9R of GSTR-9C	0.48	DRC-07
5.	20XXXXXXXXXXXXZK	Aisha Steel House	Hazaribag	Unreconciled tax payment under 9R of GSTR-9C	0.22	Recovered

- i. Audit noticed (March 2023) in case of a taxpayer, M/s Purba Enterprises (20XXXXXXXXXXXXZ2), under Dhanbad Urban CTC, that tax payable in Table 4 to 11 of GSTR-1 was ₹ 31.02 crore, however, tax discharged in GSTR-3B was only ₹ 22.93 crore. The mismatch in tax liability of ₹ 8.09 crore, was communicated to the Department. In response, the Department stated (February 2023) that SCN for the objected amount has been issued. Further action taken was awaited (March 2024).
- ii. Audit query on undischarged liability arising out of comparison between GSTR-1 and GSTR-3B amounting to ₹ 0.55 crore was issued in respect of taxpayer, M/s H.S. Enterprises (20XXXXXXXXXXXXZR), under Jamshedpur CTC. This was communicated to the Department (March 2022). In response, the Department raised additional demand of ₹ 0.55 crore vide DRC-07 (September 2022).
- iii. A taxpayer, M/s NNB Engineers Pvt. Ltd. (20XXXXXXXXXXXXZ9) under Adityapur CTC was identified for examination of ITC mismatch between GSTR-3B and GSTR-2A amounting to ₹ 0.43 crore. This was communicated to the Department (March 2022). In response, the Department stated (February 2023) that ASMT-10 has been issued. Further action taken was awaited (March 2024).
- iv. Audit query on mismatch of tax payment between GSTR- 9 and FS of ₹ 0.48 crore was issued in case of Ayesha Traders (20XXXXXXXXXXXXZ3) under Jamshedpur CTC. This was communicated to the Department (March 2022). In response, the Department raised additional demand of ₹ 0.89 crore vide DRC-07 (September 2022).
- v. Audit query on mismatch of tax payment between GSTR- 9 and FS of ₹ 0.22 crore was issued in case of Aisha Steel House (20XXXXXXXXXXXXZK) under Hazaribag CTC. This was

communicated to the Department (March 2022). In response, the Department recovered the objected amount of ₹ 0.22 crore (July 2022).

- **Cases where Department's reply is not acceptable to Audit**

Out of the 161 cases of non-compliance involving ₹ 959.10 crore, which represents a mismatch of turnover ₹ 632.58 crore in 24 cases and mismatch of tax liability/ITC of ₹ 326.52 crore in 137 cases, Department's reply was not accepted in 14 cases amounting to ₹ 7.79 crore. Details of top five cases are featured in **Table 2.15** below:

Table 2.15: Top five cases, where Department's response was rebutted (including cases where Department reply not furnished with appropriate documentary evidence)

(₹ in crore)					
Sl. No	GSTIN	Name of the taxpayer	Dimension	Name of the CTC	Mismatch amount
1.	20XXXXXXXXXXXXZJ	Steel Authority of India Ltd., Bokaro Steel plant	Unreconciled turnover in Table 5R of GSTR-9C	Bokaro	206.37
2.	20XXXXXXXXXXXXZ9	Dayal Steels Limited	Unreconciled turnover in Table 5R of GSTR-9C	Ramgarh	89.41
3.	20XXXXXXXXXXXXZD	Axil Core Business Pvt. Ltd.	Unreconciled taxable turnover in Table 7G of GSTR-9C	Ranchi Special	13.30
4.	20XXXXXXXXXXXXZ7	Kashmir Vastralyay Collections	Undischarged tax liability	Ranchi East	9.90
5.	20XXXXXXXXXXXXZS	Metalsa India Pvt. Ltd.	Unreconciled ITC in Table 14T of GSTR-9C	Chaibasa	8.28

Illustrative cases included in above Table are discussed below:

- Unreconciled turnover of ₹ 206.37 crore declared in Table 5R of GSTR-9C was noticed in respect of M/s Steel Authority of India Ltd. (20XXXXXXXXXXXXZJ), under Bokaro CTC, which was communicated to the Department (March 2022).

The Department stated (February 2023) that audit observation was not tenable. The reply is not acceptable as reasons for unreconciled turnover of ₹ 206.37 crore was not furnished. Further, supportive evidence for reconciliation of the aforesaid turnover, if any, though called for (February 2023) was not provided (March 2024).

- Unreconciled turnover of ₹ 89.41 crore declared in Table 5R of GSTR-9C was noticed in respect of M/s Dayal Steels Limited (20XXXXXXXXXXXXZ9), under Ramgarh CTC, which was communicated to the Department (March 2022).

The Department stated (February 2023) that taxpayer replied that parent company has two other companies registered with same PAN. The turnover mentioned in GSTR-9C comprise of turnover of all three companies. Taxpayer statements was verified and found correct as such, proceedings were dropped. The reply of the Department is not acceptable

as response of the Department was not supplemented with GSTR- 9 of all the three companies to reconcile the short declared turnover in GSTR- 9.

- iii. Unreconciled taxable turnover of ₹ 13.30 crore declared in Table 7G of GSTR- 9C was noticed in respect of M/s Axil Core Business Pvt. Limited (20XXXXXXXXXXZD), under Ranchi Special CTC, which was communicated to the Department (March 2022).

The Department stated (February 2023) that the difference amount is related to taxes i.e., Value Added Tax (VAT) and Central Sales Tax (CST) paid which are not included in the taxable value. Therefore, proceedings were dropped. The reply is not acceptable as response of the Department was not supported with corroborative evidence.

- iv. In case of taxpayer, M/s Kashmir Vastralaya Collections (20XXXXXXXXXXZ7), under Ranchi East CTC mismatch of tax liability of ₹ 9.90 crore between GSTR-3B & GSTR-1 was noticed and communicated to the Department (March 2022).

The Department, in reply, stated that on verification it was noticed that due to technical glitch while filing return for the month of October 2017 output tax was not paid. However, the same was paid in due course. The reply is not acceptable as response of the Department was not supported by corroborative evidence *viz* details of payment of tax in due course, complaint if any raised with GSTN and interest levied/paid for delayed payment of tax.

- v. Unreconciled ITC of ₹ 8.28 crore declared in Table 14T of GSTR- 9C was noticed in respect of a taxpayer, M/s Metalsa India Pvt. Ltd. (20XXXXXXXXXXZS), under Chaibasa CTC, which was communicated to the Department (March 2022).

The Department stated (February 2023) that the difference amount is related to transitional credit availed by the taxpayer. Therefore, proceedings were dropped. The reply is not acceptable as corroborative evidence in support of the response was not provided.

- **Data entry errors by taxpayers**

The data entry errors in 11 cases constituted 2.47 *per cent* of the total responses received, and 38 *per cent* of 29 cases, where the Department's responses were accepted by Audit. These data entry errors did not have any revenue implication. Most of the data entry errors related to RCM, and tax paid (provided in GSTR-9C). An illustrative case is brought out below:

A deviation amounting to ₹ 0.85 crore was identified as tax liability mismatch between GSTR-1 and GSTR- 9 return of the taxpayer, M/s Khemka Enterprises (20XXXXXXXXXXZ5), under Katras CTC, and communicated to the Department. On receipt of Department's reply (February 2023), it was seen that the deviation was caused due to a typographical error. The actual tax payable amount as per GSTR- 9 was ₹ 94.69 lakh (CGST) but in GSTR- 9 column 9B, due to clerical mistake, it has been shown as ₹ 9.46 lakh (CGST) (while SGST amount payable ₹ 94.69 lakh is shown correctly). The system allowed for such data entry errors, which could have been avoided with proper validation controls.

- **Action taken before issue of Audit queries**

As summarised in Table 2.12 above, the Department had already taken action in two cases, constituting less than one *per cent* of the 445 responses received. The CTC which had proactively addressed the deviations/inconsistencies is indicated in **Table 2.16**.

Table 2.16: Action taken before query - CTC wise

Name of the CTC	Action taken before Audit Query	Responses received	Responses not received	Percentage of total cases
Ranchi East	02	17	0	12

Recommendation No. 6: The Department may propose to the GST Council for introducing validation controls/soft alerts in GST returns to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.

2.3.8 Detailed audit of GST returns

In a self-assessment regime, the onus of compliance with law is on the taxpayer. The role of the Department is to establish and maintain an efficient tax administration mechanism to provide oversight. With finite level of resources, for an effective tax administration, to ensure compliance with law and collection of revenue, an efficient governance mechanism is essential. An IT driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

From an external audit perspective, Audit also focused on a data-driven risk-based approach. Thus, apart from identifying inconsistencies/deviations in GST returns through pan-India data analysis, a detailed audit of GST returns was also conducted as a part of this review. A risk-based sample of 55 taxpayers was selected for this part of the review. The methodology adopted was to initially conduct a desk review of GST returns and FS filed by the taxpayers as part of the GSTR-9C and other records available in the back-end system to identify potential risk areas, inconsistencies/deviations and red flags. Desk review was carried out in CAG field audit offices. Based on desk review results, detailed audit was conducted in CTD field formations by requisitioning corresponding granular records of taxpayers such as financial ledgers, invoices etc. to identify causative factors of the identified risks and to evaluate compliance by taxpayers.

As brought out in the previous paragraphs detailed audit involved a desk review of GST returns and other basic records to identify risks and red flags, which were followed up by field audit to identify the extent of non-compliance by taxpayers and action taken by the CBIC field formations. Non-compliance by taxpayers at various stages ultimately impacts the veracity of returns filed, utilisation of ITC and discharge of tax payments. The audit findings are therefore categorized under (a) returns (b) utilization of ITC and (c) discharge of tax liability.

2.3.8.1 Scope limitation (partial production of records)

During the desk review of taxpayers' records available in the back-end system, Audit identified the risks related to excess ITC and tax liability mismatches for detailed examination. On the ITC dimension, the mismatches were identified by

comparing GSTR-3B with GSTR-2A and GSTR- 9, and the declarations made in Table 12 and 14 of GSTR- 9C. On the tax liability dimension, the mismatches were identified by comparing GSTR-3B with GSTR-1 and GSTR- 9 and the declarations in Table 5, Table 7, and Table 9 of GSTR- 9C. However, in all 55 cases, the Department did not produce the corresponding granular records such as the supplementary financial ledgers, invoices, agreement copies etc. required for examining the causative factors for mismatches of ITC and tax liability. Audit requisitioned these granular records of the taxpayers through the respective Ranges. The jurisdiction-wise partial production of records is summarized in **Table 2.17:**

Table 2.17: Partial production of records

(₹ in crore)

Name of the CTC	Sample	Mismatch of ITC/tax liability	
	Number of taxpayers	Number of taxpayers	Amount of deviation
Adityapur	01	01	0.97
Bokaro	01	01	1.14
Dhanbad	02	02	3.99
Dhanbad Urban	01	01	0.65
Dumka	02	02	3.17
Hazaribag	02	02	1.00
Jamshedpur	02	02	0.48
Jamshedpur Urban	03	03	16.60
Katras	01	01	0.52
Palamu	02	02	3.12
Ramgarh	02	02	2.26
Ranchi East	01	01	0.72
Ranchi South	07	07	25.19
Ranchi Special	02	02	2.63
Ranchi West	25	25	294.16
Singhbhum	01	01	0.01
Total	55	55	356.61

The granular records were partially produced in all the cases; as a result the identified risks relating to mismatch/excess/irregular availing of ITC and undischarged liability of ₹ 356.61 crore could not be examined in detail by Audit.

2.3.8.2 Returns

The detailed audit of returns filed by a sample of 55 taxpayers disclosed that interest payments were not discharged by taxpayers and non-filing of returns existed in a significant number of cases, which are brought out below:

- **Non-payment of interest by taxpayers**

Audit observed (between July 2022 to October 2022) in 29 cases, constituting 52.72 per cent of the 55 cases audited, that taxpayers had either filed their returns belatedly or had erroneously utilised excess ITC credits, which were reversed, but, the interest payments amounting to ₹ 0.74 crore on belatedly filed returns or reversal of excess input tax credit were not discharged.

The matter was reported to the Government/Department (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that an amount of ₹ 15.10 lakh has been recovered in six cases and notice in Form

ASMT-10/DRC-01A/DRC-01 has been issued in 18 cases. Replies were not furnished in remaining five cases. The Commissioner, CTD has been requested (February 2023) to make available response of the Department in remaining cases. Further action taken was awaited (March 2024).

An illustrative case is featured below:

A taxpayer, M/s AKS Ventures Pvt. Ltd (20XXXXXXXXXXXXZC) under Ranchi South CTC had filed the returns of September, October and December 2017 to March 2018, belatedly in May, June and August 2018 respectively, and paid the tax dues in these returns by debiting the Cash Ledger. However, interest amounting to ₹ 23.03 lakh was not paid.

When this was pointed out (August 2022), the Department stated (February 2023) that notice in Form DRC-01A has been issued and further action will be taken after getting reply from the taxpayer. Further action taken was awaited (March 2024).

- **Non-filing of GST returns**

Audit observed (September 2022) in one case (GSTIN-20XXXXXXXXXXXXZV) at Palamu CTC that the taxpayer had not filed monthly return in Form GSTR-3B for the months of July and August 2017 till date (October 2022), though he was registered with effect from July 2017. It was noticed that proper officer did not issue notice in Form GSTR-3A requiring the taxpayer to furnish such return within 15 days.

When pointed out (September 2022), the Department stated (February 2023) that notice in Form ASMT-10 for informing discrepancies in the return after scrutiny has been issued. Further action taken was awaited (March 2024).

- **Non-payment of late-fee and penalty for delay/non filing of GST returns**

Audit observed in 13 cases, constituting 24 *per cent* of the 55 cases audited, that taxpayers had either not filed GSTR-9 and GSTR-9C or filed GSTR-9 belatedly but late fee and penalty amounting to ₹ 11.98 lakh was not paid by them.

The matter was reported to the Government/Department (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that notice in Form ASMT-10 has been issued in 11 cases. Replies were not furnished in remaining two cases. The Commissioner, CTD has been requested (February 2023) to make available response of the Department in remaining cases. Further action taken was awaited (March 2024).

2.3.8.3 Utilisation of ITC

ITC means the GST paid by a taxable person on purchase of goods and/or services that are used in the course or furtherance of business. To avoid cascading effect of taxes, credit of taxes paid on input supplies can be used to set-off for payment of taxes on outward supplies.

Section 16 of the JGST Act prescribe the eligibility and conditions to avail ITC. Credit of CGST cannot be used for payment of JGST/ UTGST and credit of JGST/UTGST cannot be utilised for payment of CGST. Rule 36 to 45 of the JGST Rules prescribes the procedures for availing and reversal of ITC.

Audit findings and mismatches noticed related to utilization of ITC are discussed below:

- **Mismatches in ITC**

Audit analysed the dataset of GSTR-2A in respect of selected taxpayers along with datasets of GSTR-3B, GSTR-9 and GSTR-9C filed by the taxpayers and noticed mismatches of ITC among returns. Audit could not examine mismatches in detail since relevant granular records were not produced by the Department. However, in some cases the Department had replied against the mismatches pointed out by Audit. The details of mismatches in ITC noticed by Audit are given in **Table 2.18**:

Table 2.18: Mismatch in ITC claimed by taxpayers

(₹ in crore)

Sl. No	Parameter	No. of cases	No. of Circles	Amount of mismatch	Remarks
1.	ITC mismatch between GSTR-2A and GSTR-3B /GSTR-9: The ITC available as per GSTR-2A was compared with the ITC availed under GSTR-3B /GSTR-9 return.	50	16	109.46	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that notice in Form ASMT-10 has been issued in 43 cases. Three cases not found tenable. Replies were not furnished in remaining four cases. The Commissioner, CTD has been requested (February 2023) to make available records relating to cases not found tenable and response in remaining cases. Further action taken was awaited (March 2024).
2.	Unreconciled ITC as per Table 12F of GSTR- 9C: Table-12F of GSTR-9C captures the difference between the total ITC as computed from the books of account (Table-12D) and ITC as declared in the GSTR-9.	7	5	24.60	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that notice in Form ASMT-10 has been issued in four cases. Replies were not furnished in remaining three cases. The Commissioner, CTD has been requested (February 2023) to make available response in remaining cases. Further action taken was awaited (March 2024).
3.	Mismatches pertaining to ITC noticed in GSTR-9C (Table 14 T) Table 14 of GSTR- 9C reconciles ITC declared in AR (GSTR-9) with ITC availed on expenses as per audited annual FS or books of accounts. Column 14T of this Table deals with unreconciled ITC.	23	8	708.10	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that notice in Form ASMT-10 has been issued in 16 cases. Three cases not found tenable. Replies were not furnished in remaining four cases. The Commissioner, CTD has been requested (February 2023) to make available records relating to cases not found tenable and response in remaining cases. Further action taken was awaited (March 2024).
4.	Reversal of ITC Section 17(2) of the JGST Act read with Rule 42 and 43 of the JGST Rules prescribes to restrict ITC proportionally where the goods or services or both are used partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies.	17	7	52.20	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that an amount of ₹ 0.27 lakh has been recovered in one case, notice in Form ASMT-10 has been issued in 12 cases. Two cases not found tenable. Replies were not furnished in two cases. The Commissioner, CTD has been requested (February 2023) to make available records relating to cases not found tenable and response in remaining cases. Further action taken was awaited (March 2024).

Table 2.18: Mismatch in ITC claimed by taxpayers

(₹ in crore)

Sl. No	Parameter	No. of cases	No. of Circles	Amount of mismatch	Remarks
5.	Mismatch in availing of ITC under ISD credit: As per Section 20(2) of JGST Act 2017, ISD may distribute the credit available for distribution in the same month in which it is availed. Table 4A (4) of GSTR-3B which contains the details of ISD credit availed shall tally with the Table 6G of GSTR- 9	1	1	0.71	A taxpayer (20XXXXXXXXXXXXZI), registered at Ranchi West CTC, had availed ITC of ₹ 39.36 lakh under ISD. However, as per GSTR-6 of the distributor (GSTIN 20XXXXXXXXXXXXZH) registered in same CTC, credit of ₹ 0.60 lakh only was distributed. As a result, the taxpayer had availed excess ITC of ₹ 70.55 lakh including interest and penalty. On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that notice in Form ASMT-10 has been issued. Further progress was awaited (March 2024).
6.	Mismatch in ITC availed under RCM: Data of Table 4A(3) of GSTR-3B, which contains the details of inward supplies liable to reverse charge, was compared with RCM ITC availed as per Table 6C, 6D and 6F of GSTR-9.	2	1	0.21	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that notice in Form ASMT-10 has been issued in both cases. Further action taken was awaited (March 2024).
7.	Non reversal of ITC on payment of consideration within 180 days and purchase return as per FS As per proviso below Section 16(2)(d) of JGST Act 2017, if a recipient fails to make payment to the supplier of goods or services or both within one hundred and eighty days of the date of issuing invoice, the amount of ITC availed would be added back to his output tax liability along with interest thereon.	36	14	--	Audit observed that these taxpayers had not paid ₹ 16,428.28 crore to sundry creditors. Since, the related invoice wise details were not available, action taken by the Department for reversal of ITC in respect of cases of non-payment beyond six months was called for (September 2022). On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that notice in Form ASMT-10 has been issued in 24 cases. Two cases not found tenable. Reply not furnished in remaining ten cases. The Commissioner, CTD has been requested (February 2023) to make available records relating to cases not found tenable and response in remaining cases. Further action taken was awaited (March 2024).
Total		136		895.28	

2.3.8.4 Discharge of tax liability

The taxable event in case of GST is supply of goods and/or services. Section 9 of the JGST Act is the charging section authorizing levy and collection of tax called Central/JGST on all intra-state supplies of goods or services or both, except on supply of alcoholic liquor for human consumption, on value determined under Section 15 of the Act *ibid* and at such rates not exceeding 20 per cent under each Act, i.e., CGST Act and JGST Act. Section 5 of the IGST vests levy and collection of IGST on inter-state supply of goods and services with Central Government with maximum rate of 40 per cent.

Under Section 8 of the GST (Compensation to States) Act, 2017, a cess is levied on all inter-state and intra-state supply of such goods or services or both which are listed in the schedule of the said Act such as tobacco products, aerated drinks, cigarettes, vehicles etc. Section 9(4) of the JGST Act and Sections 5(3) and 5(4) of the IGST Act provide for reverse charge levy on certain goods or services, wherein the recipient instead of supplier becomes liable to pay tax.

Audit findings and mismatches noticed related to discharge of tax liabilities are discussed below.

- **Mismatch in tax liability**

Audit scrutinised GSTR-1, GSTR-3B and GSTR-9 returns filed by the taxpayers for the year 2017-18 and noticed mismatch in discharge of tax liability by comparing the tax liability furnished in the returns. Audit could not examine these mismatches in detail since relevant granular records were not produced by the Department. The details of mismatches are given in **Table 2.19:**

Table 2.19: Mismatch related to discharge of tax liability

(₹ in crore)

Sr. No	Parameter	No. of cases	No. of circles	Amount of mismatch	Remarks
1.	Tax liability mismatch between GSTR-1, GSTR-9 and GSTR-3B: The tax liability based on the greater of the amounts furnished in two returns i.e. GSTR-1 and GSTR-9 was compared with actual payment of tax in GSTR-3B.	36	12	289.34	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that notice in Form ASMT-10 has been issued in 27 cases. Three cases not found tenable. Reply not furnished in remaining six cases. The Commissioner, CTD has been requested (February 2023) to make available records relating to cases not found tenable and response in remaining cases. Further action taken was awaited (March 2024).
2.	Mismatch in turnover/ taxable turnover declared in GSTR- 9C: Table 5R and 7G of GSTR-9C captures reconciliation between gross turnover/ taxable turnover declared in AR GSTR-9 and audited Annual FS.	5	3	190.90	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that notice in Form ASMT-10 has been issued in four cases. One case not found tenable. The Commissioner, CTD has been requested (February 2023) to make available records relating to cases not found tenable. Further action taken was awaited (March 2024).
3.	Mismatch in tax paid between books of accounts and returns captured in Table 9R of GSTR-9C.	18	10	33.18	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that an amount of ₹ 0.35 lakh has been recovered in one case, notice in Form ASMT-10 has been issued in 12 cases. Reply not furnished in remaining five cases. The Commissioner, CTD has been requested (February 2023) to make available response in remaining cases. Further action taken was awaited (March 2024).
4.	Availing of exemption but documents not produced Section 11 of the JGST Act states that in public interest and on the recommendations of the Council, goods or services or both of any specified description may	34	13	113.07	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that, notice in Form ASMT-10 has been issued in 30 cases. One case not found tenable. Reply not furnished in remaining three cases. The Commissioner, CTD has been requested (February 2023) to make available records relating to cases not

Table 2.19: Mismatch related to discharge of tax liability

(₹ in crore)

Sr. No	Parameter	No. of cases	No. of circles	Amount of mismatch	Remarks
	exempt from the whole or any part of the tax leviable thereon.				found tenable and response in remaining cases. Further action taken was awaited (March 2024).
5.	Mismatch in turnover between profit and loss accounts and GST returns	40	7	--	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that, notice in Form ASMT-10 has been issued in 27 cases. Two case not found tenable. Reply not furnished in remaining 11 cases. The Commissioner, CTD has been requested (February 2023) to make available records relating to cases not found tenable and response in remaining cases. Further action taken was awaited (March 2024).
6.	Non-discharge of tax liability under the RCM: RCM tax liability as per Table 4G of GSTR-9 was compared with inward supplies on which tax was payable under RCM disclosed in profit and loss accounts.	8	4	11.71	On being pointed out (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that, notice in Form ASMT-10 has been issued in seven cases. Reply not furnished in remaining one case. The Commissioner, CTD has been requested (February 2023) to make available response in remaining case. Further action taken was awaited (March 2024).
Total		141		638.20	

Recommendation No. 7: The Department may initiate remedial action for all the compliance deviation /inconsistencies brought out in this report before they get time barred.

2.3.9 Other oversight functions

The role of CTCs (Department's field formations) is to provide oversight over taxpayers' compliance with regard to filing of returns, discharging tax liability and other compliance obligations. The CTCs have a broad set of functions to be exercised in this regard such as initiating action on late filers and non-filers, scrutiny of returns and assessment and cancellation of registrations.

The oversight functions relating to return filing, action on late/non-filers and scrutiny have been discussed in the previous sections of this report. This section highlights the audit findings on cancellation of registrations.

2.3.9.1 Cancellation of registration

Section 29 of the JGST Act read with Rule 20 of the JGST Rules allows for cancellation of registration by the taxpayer in certain situations like closure of business, turnover falling below threshold for registration, transfer of business/merger/amalgamation, change of PAN, non-commencement of business within the stipulated time period, and death of the proprietor. The taxpayer applying for cancellation of registration should apply in REG-16 on the GST common portal within a period of 30 days of the "occurrence of the event warranting the cancellation". Further, Rule 22 of the JGST Rules prescribes that, after submission of an application for cancellation of

registration, the proper officer would issue an order in REG-19, within a period of thirty days from the date of application.

Section 29(2) of the JGST Act allows for *suo moto* cancellation of the registration of taxpayer by tax officer on the grounds of contravention of the Acts or Rules by the taxpayer, composition taxpayers not filing return for three consecutive tax periods, normal taxpayers not filing return for continuous period of six months, registered persons not commencing business within six months from date of registration and registration obtained by means of fraud, willful misstatement or suppression of facts.

Section 45 of the JGST Act requires every registered person other than (a) ISD or a non-resident taxable person or (b) Composition taxable person (Section 10) or (c) persons paying tax under Section 51 - TCS or persons paying tax under Section 52 - TDS, whose registration has been cancelled, to file a final return in GSTR-10, within three months of the effective date of cancellation or the date of order of cancellation, whichever is later. The purpose of the final return is to ensure that the taxpayer discharges the outstanding liability. In case of non-filing of GSTR-10, the same procedure as adopted for non-filing of any return must be followed by the tax officer.

Audit selected a sample of 10 CTCs for evaluating the cancellation function. Audit observed various deficiencies in cancellation of registrations, which are brought out below:

Details of registration cancelled and GSTR-10 filed in selected 10 CTCs is mentioned in **Table 2.20**:

Table 2.20: Details of cancellation and filing of GSTR-10

No. of cancellation made on application of taxpayer	No. of cancellation made <i>suo moto</i>	Total cancellation made	No. of GSTR-10 filed	No. GSTR-10 not filed	Per cent of cancelled taxpayers not filed GSTR-10
10,706	21,716	32,422	1,526	30,896	95.29

Audit observed that, out of 10,706 cases of cancellation at the taxpayers' request and 21,716 cases of *suo moto* cancellation, in 5,176 cases falling under 10 CTCs, the cancellations had been delayed and orders, in Form REG-19, had been issued beyond the stipulated period, with delays ranging from 31 to 991 days. It was further observed that there was no mechanism to restrict registered persons from making any taxable supplies during the period between the application for cancellation of registration and issue of order of cancellation.

Further, out of the above cancelled cases, Audit noticed in 95.29 *per cent* (30,896) cases that taxpayers had not filed Final Return in Form GSTR-10 even after expiry of 90 days of cancellation of registration in contravention to the provisions of the Section 45 of the JGST Act. It was observed that proper officers had not issued notices in Form GSTR-3A in these cases or initiated action for assessment of outstanding liability, if any, or recovery of outstanding dues, if any, from these taxpayers. Further, Audit noticed that there was no tool in the GSTN to calculate the outstanding liability in cases of taxpayers who apply for cancellation of registration, as well as in cases where the Department initiates cancellation of registration on a *suo moto* basis.

The matter was reported to the Government/Department (November 2022); the Commissioner, CTD, during the exit conference stated, (February 2023) that the audit observation is being cross-verified and time is required to provide the actual report. Further action taken was awaited (as of March 2024).

Recommendation No. 8: State Government may propose to the GST Council to introduce a tool in the GSTN, to calculate and intimate outstanding liabilities in cases of taxpayers who apply for cancellation of registrations, as well as in cases where the Department initiates cancellation of registration on a *suo moto* basis.

2.3.9.2 Re-registration of taxpayers on same PAN without verification of outstanding liability

Audit scrutiny of records relating to cancellation of registrations on application filed by taxpayers and re-registration of these taxpayers with same PAN at 10 selected CTCs, it was noticed that 10,706 registrations were cancelled based on application filed by the taxpayers during 2017-18 to 2020-21. Out of these cancelled taxpayers, 9,180 taxpayers had not filed their final returns in GSTR-10 (as of October 2022). Further, scrutiny of the re-registration status of these 9,180 non-filers, on the same PANs, in the backend portal, it was noticed that 1,484 taxpayers had been granted registration on the same PAN. Out of these, in cases of 28 taxpayers at seven CTCs¹³⁶, there was outstanding liability of ₹ 78.76 lakh and the re-registration granted to these taxpayers on the same PANs, were active, while, in case of six taxpayers, at five CTCs¹³⁷, there was outstanding liability of ₹ 16.60 lakh and the re-registrations granted to these taxpayers, on the same PAN, had again been cancelled (October 2022).

An illustrative case is detailed below:

The registration of taxpayer, GSTIN 20XXXXXXXXXXXXZLN, registered at Hazaribag CTC, was cancelled on 31.01.2018. The taxpayer had outstanding liability of ₹ 7.74 lakh and GSTR-10 was not filed by him (October 2022). The taxpayer was granted re-registration (GSTIN-20XXXXXXXXXXXXZLM) on the same PAN (on 10 June 2020) at different CTC (Bokaro).

Thus, from the above, it can be seen that, while granting new registrations on the same PAN, the outstanding liabilities, against previously cancelled registrations on these PANs, had not been verified by the proper officers. It was further noticed that there was no system in the IT application of the Department to auto-refuse the new registration on same PAN in cases where there was outstanding liability of registration cancelled on same PAN.

The matter was reported to the Government/Department (November 2022); the Commissioner, CTD during exit conference stated (February 2023) that recovery proceedings has been initiated to recover dues of ₹ 11.24 lakh. Notices in Form GSTR-3A is being issued to 3,727 taxpayers. Reply of Department was awaited in remaining cases amounting to ₹ 84.08 lakh (March 2024).

¹³⁶ Dhanbad, Dumka, Hazaribag, Jamshedpur Urban, Palamu, Ranchi South and Ranchi West.

¹³⁷ Jamshedpur, Jamshedpur Urban, Palamu, Ramgarh and Ranchi South.

Recommendation No. 9: The Department may fix responsibility on the proper officers who failed to verify the outstanding liabilities against previously cancelled registrations, while granting new registrations against the same PANs.

2.3.9.3 Adequacy of manpower

For efficient functioning of the Department, proper manpower planning to meet its objectives and its proper deployment is necessary.

The sanctioned and working strength of CTD in respect of adjudicating authority (Dy. Commissioner/Assistant Commissioner, Commercial Taxes Officer/Assistant Commercial Taxes Officer) and other supporting staff (Clerk, MTS *etc.*) as of March 2022 is given in **Table 2.21** below:

Table 2.21: Position of Adjudicating Authority and Supporting Staff of CTD, Jharkhand

Name of the posts	Number of sanctioned posts	Actual strength	Number of vacant posts	Percentage of vacant posts
Adjudicating authority	443	277	166	37.47
Supporting staff	712	133	579	81.32

Source: Information provided by the CTD.

The Table above shows that as of March 2022, the vacant posts in respect of adjudicating authority was 37.47 *per cent*. Further, the vacant posts in respect of supporting staff were 81.32 *per cent*. Absence of adequate manpower has adversely impacted the working efficiency of the Department which is evident in the slow pace of scrutiny or returns, lack of action in cases of cancellation of registrations, etc.

Recommendation No. 10: The Department may strengthen the monitoring mechanism in CTCs and ensure that due diligence is followed in procedures for cancellation of registrations and in cases of issue of SCNs.

2.3.10 Conclusion

The SSCA on Department's oversight on GST payments and return filing was undertaken in the context of varying trend of return filing and continued data inconsistencies with an objective of assessing the adequacy of the system in monitoring return filing and tax payments, extent of compliance and other departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for 2017-18. The SSCA entailed assessing the oversight functions of State Jurisdictional formation at two levels – at the data level through global data queries and at the functional level with a deeper detailed audit both of the CTCs and of the GST returns, which involved accessing taxpayer records. The audit sample therefore comprised 10 CTCs, 472 high value inconsistencies across parameters selected through global queries and 55 taxpayers selected on risk assessment for detailed audit of GST returns for the year 2017-18.

The Department had not formulated manual/SOP for scrutiny of returns under Section 61 of the Act. Till now, the Department is only pursuing GST returns related inconsistencies/red-flags identified by GSTN. A review of the 10 CTCs disclosed that monitoring of return filing was deficient.

Further, out of the 472 high value data inconsistencies identified by Audit the Department responded to 445 cases. Of these, 255 cases¹³⁸ constituting 50.56 per cent, turned out to be clear compliance deficiencies with an implication of ₹ 7,272.59 crore which represents mismatch of turnover of ₹ 7,056.79 crore in 46 cases and mismatch of tax liability/ITC of ₹ 215.80 crore in 209 cases. A relatively higher rate of deficiencies was noticed in short/non-payment of interest, ITC mismatch, excess RCM ITC availed, incorrect turnover declarations and short payment of tax. While data entry errors caused the inconsistencies in two per cent of the cases, in less than one per cent of the cases the Department had already taken proactive action. The Department has not responded to 27 cases of inconsistencies, which has an identified risk exposure of ₹ 44.16 crore which represents a mismatch of turnover of ₹ 30.89 crore in five cases and mismatch of tax liability/ITC of ₹ 13.27 crore in 22 cases.

Detailed audit of 55 cases also suggested significant non-compliance. At the outset, in all 55 cases the granular taxpayer records were not forthcoming, which constituted a significant scope limitation. These cases represent a mismatch of ₹ 356.61 crore towards ITC availment and tax payments. Audit observed compliance deficiencies in all 55 cases involving 238 instances with a revenue implication of ₹ 1,343.44 crore¹³⁹. The main causative factors were availing of mismatch and unreconciled ITC, short/non reversal of ITC, exclusion of supplies for taxation, undischarged tax liability and non-payment of interest.

Considering the significant rate of compliance deficiencies, the Department must initiate remedial measures before they get time barred. From a systemic perspective, the Department needs to formulate manual/SOP for scrutiny of returns and reinforce the institutional mechanism in the CTCs to establish and maintain effective oversight on return filing, taxpayer compliance, tax payments, cancellation of registrations and recovery of dues from defaulters. The validation controls and MIS features in the State back-end application need to be deployed expeditiously. The Department may also consider introducing additional validation controls in GST returns to improve taxpayer compliance and to facilitate scrutiny of returns.

2.3.11 Summary of recommendations

The recommendations are as follows:

1. The proper officers may utilize the information contained in the backend portal of the GSTN and initiate action, wherever necessary, failing which responsibility may be fixed by the Department on the officials concerned.

¹³⁸ Recoveries made: 18 cases (₹ 3.97 crore), SCN issued: 94 cases (₹ 590.26 crore), ASMT-10 issued: 137 cases (₹ 6,655.93 crore), Under correspondence with taxpayer: six cases (₹ 22.43 crore).

¹³⁹ Returns ₹ 0.86 crore (paragraph 2.3.8.2), ITC ₹ 895.28 crore (paragraph 2.3.8.3, Table 2.18-SI. No. 1, 2, 3, 4, 5 & 6), Discharge of liability ₹ 447.30 crore (paragraph 2.3.8.4 Table 2.19-SI. No. 1, 3, 4 & 6).

2. The Department may fix responsibility on proper officers who had not initiated action for recovery of interest from late-filers of GST Returns.
3. The Department may: (i) formulate a Manual/SOP for scrutiny of returns under Section 61 of the Act (ii) adopt a risk-based sampling methodology for detailed process for selection of returns for scrutiny, as adopted by the CGST Department (CBIC) and (iii) prescribe timelines for scrutiny of returns.
4. The Department may take necessary steps for completion of internal audit for the period 2017-18 as well as selection and conduct of internal audit for the period 2018-19 to 2020-21.
5. The Department may urgently pursue the 27 inconsistencies and deviations pointed out by Audit, for which responses have not been provided and intimate the results to Audit.
6. The Department may propose to the GST Council for introducing validation controls/soft alerts in GST returns to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.
7. The Department may initiate remedial action for all the compliance deviation/ inconsistencies brought out in this report before they get time barred.
8. **State Government may propose to the GST Council to introduce a tool in the GSTN, to calculate and intimate outstanding liabilities in cases of taxpayers who apply for cancellation of registrations, as well as in cases where the Department initiates cancellation of registration on a *suo moto* basis.**
9. The Department may fix responsibility on the proper officers who failed to verify the outstanding liabilities against previously cancelled registrations, while granting new registrations against the same PANs.
10. The Department may strengthen the monitoring mechanism in CTCs and ensure that due diligence is followed in procedures for cancellation of registrations and in cases of issue of SCNs.

CHAPTER-III
COMPLIANCE AUDIT
PARAGRAPHS

CHAPTER III: COMPLIANCE AUDIT PARAGRAPHS

Road Construction Department

3.1 Extra cost burden

The Departmental Tender Committee cancelled a bid after disqualification of the lowest bidder, instead of awarding the work to the next lowest bidder, as per the terms and conditions of the bidding document. The work was awarded at a higher cost in the re-bid, leading to extra cost burden of ₹ 2.62 crore on the Government.

As per clause 31.1 of the Standard Bidding Document (SBD), a contract is to be awarded to the bidder who has offered the lowest evaluated bid price and whose bid has been determined to be: (i) substantially responsive¹ to the bidding documents and (ii) within the available bid capacity², adjusted to account for his bid price. Further, a contract is not to be awarded to any bidder whose available bid capacity is less than the evaluated bid price, even if his bid is the lowest evaluated bid. In such cases, the contract is to be awarded to the next lowest bidder, at his evaluated bid price.

The work “Improving of Riding Quality (IRQP) of Majhgaon-Jaitgarh-Noamundi road from 30 to 58.20 km” was technically sanctioned (January 2019) for ₹ 17.82 crore, by the Chief Engineer (CE), Central Design Organisation (CDO), Road Construction Department (RCD), Ranchi and administratively approved (February 2019) for ₹ 17.82 crore, by RCD. The Bill of Quantities (BoQ), for the work, was approved (March 2019) by the Superintending Engineer, Chaibasa, for ₹ 17.60 crore.

Audit scrutiny (August 2022) of records of the Executive Engineer (EE), Road Division (RD), RCD, Manoharpur, revealed that bids for the work had been invited (between May 2019 and September 2021) five times and had been finalized (December 2021) in the fifth call. The first three bids had been cancelled³ by the Departmental Tender Committee (DTC), due to error in the bid documents, error in the bidding software and departmental instructions.

¹ As per clause 26 of SBD, during the evaluation of technical and financial bids, the Employer will determine whether each bid is substantially responsive to the requirements of the bidding documents and bid conditions. A substantially responsive financial bid is one which conforms to all the terms, conditions, and specifications of the Bidding documents, without material deviation or reservation.

² As per clause 4.7 of SBD, the bidders who meet the minimum qualification criteria will be qualified only if their available bid capacity is more than the total bid value. The available bid capacity is assessed taking into account value of works executed and value of existing commitments.

³ The first tender (invited in May 2019) had been cancelled (June 2019), due to an error in mentioning the financial year for calculation of the bid capacity, in the bid document. The second tender (invited in June 2019) had been cancelled (September 2019), due to an error in the bidding software regarding calculation of GST and Labour Cess, over the quoted price. The third tender (invited in October 2019) had not been evaluated, as per departmental instructions (January 2020) for cancellation of all the pending tenders invited on the basis of the Schedule of Rates (SoR) 2018, due to detection of serious deficiencies in the SoR. A Committee had, subsequently been constituted, to examine these deficiencies.

The BoQ was revised (June 2021) to ₹ 18.73 crore by the CE (Communication), RCD, and the bid was re-invited (June 2021) for the fourth time. The technical bids of four out of six bidders were found (August 2021) to be substantially responsive and their financial bids were opened in August 2021. During financial evaluation (14 September 2021), DTC found that the lowest bidder (M/s. Kiran Construction and Infrastructure Private Limited, Jamshedpur), with a bid capacity of ₹ 26.14 crore and offered price of ₹ 16.84 crore, had been awarded (9 September 2021) another work⁴, with BoQ value of ₹ 17.57 crore, by the same Department, under the jurisdiction of EE, Road Division, Chaibasa. As a result, the bid capacity of the lowest bidder had been reduced, and the bidder was not found eligible for award of this work.

Audit further observed that the DTC did not consider the second lowest bidder, with the quoted price of ₹ 17.03 crore, in the fourth call, despite clause 31.1 of the SBD providing for award of the work to the next lowest bidder, if the bid capacity of the lowest bidder, was found to be lower than the evaluated bid price. The DTC ultimately cancelled and re-invited (September 2021) the bid for the fifth time. In the fifth call, the work was awarded (December 2021) to the lowest bidder (M/s. Chandel Construction, Jamshedpur), at ₹ 19.65 crore, by DTC, leading to extra cost burden of ₹ 2.62 crore on the Government. As of March 2023, the work was under progress, with expenditure of ₹ 21.35 crore (including ₹ 1.88 crore being adjustment of bitumen price) having been incurred against the work.

Thus, DTC did not exercise due diligence in the evaluation of the bids, leading to cancellation of the fourth bid, instead of the work being awarded to the next lowest bidder, after disqualification of the lowest bidder, as per the terms and condition of the bidding document. This led to extra cost burden of ₹ 2.62 crore on the Government, due to award of work at a higher cost in the re-bid.

On this being pointed out in audit, the EE stated that the bid had been decided by DTC and the agreement with the contractor had been executed as per the directions of higher authorities.

The matter was reported to the Department in April 2023, reply is awaited (March 2024).

⁴ Improvement of Riding Quality Programme (IRQP) of the Tantnagar-Bharbharia-Kumardungi-Manjhgaon road (MDR-185) from 0 to 33 km, in regard to which agreement No. 3 SBD of 2021-22, was found to have been signed on 18 October 2021.

Urban Development and Housing Department and Drinking Water and Sanitation Department

3.2 Non-realisation of Government dues

Executive Engineer, DWSD, Chaibasa, did not ensure: (i) preparation of a certificate of dues, after termination of a contract relating to a water supply project and (ii) initiation of certificate proceedings⁵, for recovery of government dues of ₹ 4.42 crore, for more than three years. Further, the population that was intended to benefit from the said water supply project, remained deprived of the benefits of the project, for more than ten years after its sanction.

As per clauses 59 and 60 of the Standard Bidding Document (SBD), if a contract is terminated because of a fundamental breach of contract by the Contractor, the Engineer shall issue a certificate for the value of the work done less: (i) the advance payments received by the contractor up to that date (ii) other recoveries, due in terms of the contract (iii) taxes due to be deducted at source and (iv) the percentage⁶ to apply to the work not completed. If the total amount due to the Employer exceeds any payment due to the Contractor, it shall be a debt payable to the Employer.

Audit scrutiny (between November 2018 and August 2021) of the records of the Executive Engineer (EE), Drinking Water and Sanitation Division (DWSD), Chaibasa, revealed that the State Level Sanctioning Committee (SLSC), had sanctioned (March 2011) an Urban Water Supply Scheme, for ₹ 32.18 crore, under the “Urban Infrastructure Development Scheme for Small and Medium Towns under Jawaharlal Nehru National Urban Renewal Mission”. The scheme was administratively approved (August 2012) by the Urban Development and Housing Department (UDHD) for ₹ 32.18 crore. The scheme was to be executed through the Drinking Water and Sanitation Department. UDHD provided (between August 2012 and December 2016) ₹ 32.18 crore to the Chaibasa Municipality, of which ₹ 28.03 crore was transferred (between September 2013 and February 2017) to the EE, DWSD, Chaibasa.

The Engineer-in-Chief (EIC), DWSD invited (January 2013) tender on turnkey basis at an estimated cost of ₹ 34.91 crore and the tender committee decided (April 2013) the tender at ₹ 38.19 crore. The EE, DWSD, Chaibasa, executed (April 2013) an agreement for ₹ 38.19 crore, with a contractor, to complete the work by April 2015. The completion time was extended (September 2015) up to March 2016, by the Engineer-in-Chief (EIC), DWSD, due to delay in handing over the site for service reservoirs, delay in approval of drawings and designs, delay in providing mobilisation advance to the contractor owing to non-transfer of funds by Chaibasa Municipality in time and scarcity of sand. The estimate

⁵ As per clause 60 of SBD, upon termination of the contract, EE shall issue a payment certificate. If the total amount due to the Employer exceeds any payment due to the Contractor, it shall be a debt payable to the Employer. Further Section 4 and 6 of the Public Demand Recovery Act, 1913, stipulates process for recovery of public demand where the assessing officer shall prepare a certificate specifying the amount due and send it to the Collector of the district concerned who shall proceed to recover the amount as an arrear of land revenue.

⁶ The percentage to apply to the value of work not completed represents the Employer’s additional cost for completing the works as indicated in the contract data. In this contract, it was 20 per cent.

was further revised and technically approved (June 2017) by EIC, DWSD, for ₹ 40.45 crore. The revision included change in design of the intake well with the pump house & elevated service reservoirs; and addition in laying of rising and distribution main (pipe lines) to cover water supply to areas missed out in the initial estimates. Accordingly, a supplementary agreement for ₹ 1.97 crore was executed (September 2017) with the contractor, to complete the additional work by March 2018. As such, the agreement value increased from ₹ 38.19 crore to ₹ 40.16 crore.

The contractor could not complete the work, despite repeated reminders (between September 2013 and May 2018) by the EE and instructions in the review meetings (between April 2016 and August 2017) held by the Chief Secretary; Secretary, UDHD and EIC, DWSD. The contractor did not employ sufficient manpower required for completion of the work and finally stopped the work in May 2018. Ultimately, the EIC ordered (July 2018) that the agreement be rescinded. Accordingly, the EE took (July 2018) final measurements and rescinded (October 2018) the agreement. The contractor had been paid ₹ 27.52 crore, including price adjustment of ₹ 39.76 lakh, up to October 2018, against the total executed work value of ₹ 27.12 crore.

Further, Government of Jharkhand decided (October 2019) to complete the remaining work, from funds available under the District Mineral Foundation Trust (DMFT). Accordingly, the Deputy Commissioner, West Singhbhum, Chaibasa, provided (November 2020) ₹ 11.79 crore, for this purpose, to the EE, DWSD.

The remaining work was awarded (January 2021) to another contractor, at ₹ 12.41 crore, for completion of work by January 2022 (including three months of trial run period) and was under progress, as of June 2023, with payment of ₹ 7.74 crore having been made until March 2023.

Audit noticed that, after termination of the first contract, the EE did not prepare the certificate of dues payable by the contractor, as required under SBD. Audit worked out the dues to be ₹ 7.55 crore, which included: (i) liquidated damages (LD) of ₹ 4.02 crore (ii) excess payment of ₹ 91.60 lakh and (iii) 20 per cent of value of unexecuted work as percentage charges, amounting to ₹ 2.61 crore. Out of this, ₹ 4.42 crore was recoverable from the contractor, as discussed below:

- As per clause 49 of the SBD, the contractor was to pay liquidated damages (LD)⁷ to the employer, for each day after the intended completion date, up to the actual completion date. The contractor did not apply for further time extension after March 2016. and had completed only 52 per cent (₹ 19.81 crore) of work up to the intended completion date *i.e.* by March 2016. As such, he was liable to pay LD of ₹ 4.02 crore⁸ for the period up to 30 July 2018. Though the EE had paid ₹ 7.30 crore to the contractor between May 2016 and October 2018, only ₹ 65.35 lakh had been withheld from the

⁷ (1/2000)th of the initial contract price, rounded off to the nearest thousand per day, subject to maximum of 10 per cent of the initial contract price.

⁸ ₹ 1.91 lakh (1/2000 of initial agreed value of ₹ 38.12 crore) per day or ₹ 57.30 lakh per month for 17 months (April 2016 to August 2017) *i.e.* ₹ 9.74 crore and ₹ 2.01 lakh (1/2000 of final agreed value of ₹ 40.16 crore) per day or ₹ 60.30 lakh per month for 11 months (September 2017 to July 2018) *i.e.* ₹ 6.63 crore, subject to maximum of ₹ 4.02 crore, being 10 per cent of ₹ 40.16 crore.

contractor's bills towards LD. As such, the remaining LD of ₹ 3.37 crore was recoverable from the contractor.

- In the final bill, excess payment of ₹ 91.60 lakh was made towards construction of underground reservoir, elevated surface reservoir, raw and clear water pumps, approach road and supply and laying of pipes. This indicated that payments had been made on the basis of inflated measurements by the concerned engineers who were responsible for certifying the measurements. The excess payment of ₹ 91.60 lakh was, accordingly, recoverable from the contractor.
- Further as per the SBD, the contractor was liable to pay 20 *per cent* of the unexecuted value of work toward Employer's additional cost for completing the remaining works, as percentage charges. The contractor could not complete the agreed work valuing ₹ 13.04 crore⁹. As such, the contractor was liable to pay percentage charges of ₹ 2.61 crore being 20 *per cent* of ₹ 13.04 crore. .
- The performance security of ₹ 76.38 lakh, in the form of bank guarantee (BG), submitted by the contractor against the original agreement, had lapsed on 31 December 2017. The EE had neither obtained revalidated BGs, nor encashed the submitted BGs before its validity expired, despite being aware that the progress of work was not satisfactory. Further, the EE had also not obtained performance security of ₹ 3.94 lakhs (two *per cent* of the agreed value) against the supplementary agreement of ₹ 1.97 crore. Thus, by not ensuring availability of valid performance securities against the contract, the EE had missed the opportunity of recovering dues of ₹ 80.32 lakh.
- After termination of the contract, the District Development Co-ordination and Monitoring Committee, West Singhbhum in its meeting (December 2018) directed the EE to lodge a certificate case against the contractor for recovery of dues. However, the EE had not initiated certificate proceedings (as of June 2023.).

As such, against the total recoverable dues of ₹ 7.55 crore¹⁰, ₹ 4.42 crore was still recoverable from the contractor, excluding the security deposit of ₹ 2.48 crore and withheld LD of ₹ 65.35 lakh, lying with the Division.

Thus, failure on the part of EE, in not deducting proper LD from the running bills, non-preparation of certificate of dues after termination of the contract, non-initiation of certificate proceedings for recovery of dues and not ensuring availability of proper performance security, led to non-realisation of government dues of ₹ 4.42 crore, even after four years after the termination of the contract in October 2018 (as of June 2023). Further, the population that was intended to benefit from the water supply project, remained deprived of the benefits of the project, for more than ten years after its sanction.

On being pointed out, the EE stated (August 2021 and September 2022) that the matter of the lapsed BG would be examined. Regarding LD, the EE stated that 10 *per cent* had been deducted from each bill paid after the stipulated date of completion.

⁹ Agreement value of ₹ 40.16 crore *minus* work done of ₹ 27.12 crore.

¹⁰ LD: ₹ 4.02 crore, excess paid: ₹ 91.60 lakh and percentage charge: ₹ 2.61 crore.

The reply is not convincing, as the EE did not ensure adherence to the terms and conditions of the contract, in regard to obtaining performance security, as also in regard to recovery of admissible LD and other dues from subsequent bills, when it became due.

The matter was reported (April 2023) to the Department; reply is awaited (March 2024).

Health, Medical Education and Family Welfare Department

3.3 Excess payment

The Mahatma Gandhi Memorial Medical College and Hospital (the Hospital), Jamshedpur, hired manpower on contractual basis and allowed inadmissible double wages, extra working days not supported by attendance sheets and payments for manpower supplied in excess of the work order, leading to excess payment of at least ₹ 2.67 crore to the agencies.

Rule 25 of the Jharkhand Contract Labour (Regulation and Abolition) Rules, 1972, read with Rule 25 of the Minimum Wages (Central) Rules, 1950, stipulates that every workman, employed by a contractor, shall be allowed, in each week, a holiday, with wages for one whole day, and shall be entitled to eight holidays in a calendar year with wages. Further, no adult workman shall be required to work for more than eight hours on any day and 48 hours in a week. When a worker works in an employment for more than nine hours on any day or for more than 48 hours in any week, he shall, in respect of overtime work, be entitled to wages at double¹¹ the ordinary rate of wages, for which purpose, a Register of overtime shall be maintained by every employer.

The Labour, Employment and Training Department, Government of Jharkhand (GoJ), notified (April 2011 and August 2015) daily minimum wages, for daily wage labourers, under the Minimum Wages Act, 1948. As per the notification, the daily minimum wages were inclusive of wages for weekly off, payable to employed labourers, and the monthly wages were to be calculated by multiplying the daily wages by 26.

Audit scrutiny (December 2019) of records of the Hospital and additional information collected (between February 2021 and October 2022), revealed that a tender had been invited (August 2014) for supply of different categories of manpower¹² on contractual basis. The tender committee approved (February 2015) the rates of daily wages of two agencies¹³, which included basic wages¹⁴ per day plus the applicable employees provident fund, employees state insurance contribution, bonus, service tax and contractor's profit.

¹¹ In the case of employment in agriculture, at one and a half times.

¹² Skilled category: Staff Nurse Grade A, OT/Lab/ECG Technician, Pharmacist and Dresser; Semi-skilled category: Darkroom Assistant and Cook and Unskilled category: Gardener and Fourth Grade Kitchen/Ward Attendant.

¹³ M/s Advance Business Corporate, Jamshedpur: ₹ 552.97 for skilled and ₹ 474.66 for semi-skilled and M/s Shri Ram Enterprises, Jamshedpur: ₹ 415.12 for unskilled.

¹⁴ Basic wages were more than the daily minimum wages as notified in April 2011 and August 2015 by GoJ.

The Hospital issued (February 2015) work orders to these agencies¹⁵ for supply of 66 persons in various departments of the Hospital, from 15 February 2015 till February 2016. As per the work orders, payments were to be made on a monthly basis. The corresponding agreements were executed (May 2015) subsequently. Thereafter, the Hospital again invited (December 2016) a tender for supply of staff nurses and approved (January 2017) the rate of ₹ 1,180 per day, offered by one of these agencies (M/s Advance Business Corporate, Jamshedpur). Against this tender, another work order was issued (January 2017), for supply of 300 nurses, for the next two years.

Audit scrutiny of the paid bills and certified attendance sheets revealed that the Hospital had irregularly made excess payment of at least ₹ 2.67 crore, as discussed below.

- Details of mandays and attendance sheets submitted by the agencies, for the period from March 2016 to February 2018, are shown in **Table 3.1**.

Table 3.1: Details of mandays paid for, vis-à-vis mandays as per the attendance sheets

Name of the agency	Category of manpower supplied	Period	Mandays against which bills were submitted and paid to the agencies				Mandays as per attendance sheets		
			Manpower ordered and supplied	Working days ¹⁶	Sunday	Holidays (national holidays)	Manpower supplied	Days marked as present	Days marked as off (weekly)
Agency A (M/s Shri Ram Enterprises)	Unskilled	March 2016 to February 2018	3,858	1,15,913	16,720	2,737	5,101	1,14,093	20,115
Agency B (M/s Advance Business Corporate)	Skilled, semi-skilled and unskilled	April 2016 to October 2017	7,006	1,87,120	26,975	4,503	7,544	1,62,672	28,129
Total			10,864	3,03,033	43,695	7,240	12,645	2,76,765	48,244

It can be seen from **Table 3.1**, that the Agencies had supplied total manpower in a month over and above the quantum of manpower asked for, in order to provide the required weekly off and national holidays to each manpower as required under the Jharkhand Contract Labour (Regulation and Abolition) Rules, 1972, which was evident from the attendance sheets.

Further scrutiny revealed that the agencies submitted bills based on the ordered manpower and not on the basis of attendance sheets. In the bills, the agencies claimed daily wages for a manpower for the whole month including Sundays and holidays, besides additional one day's wages for Sundays and national holidays *i.e.*, double wages for Sundays and national holidays, as if they were claiming overtime. However, the employed manpower never did overtime as it was neither mentioned in the attendance sheets nor was any register of overtime maintained. The submitted bills were

¹⁵ M/s Advance Business Corporate, Jamshedpur, for supplying 54 persons *i.e.* Staff Nurse Grade A (24), OT/Lab/ECG Technician (16), Pharmacist (2), Dresser (9), Darkroom Assistant (1) and Cook (2) and M/s Shri Ram Enterprises, Jamshedpur, for supplying 12 persons *i.e.* Gardener (1) and Fourth Grade Attendant (11).

¹⁶ It included Sundays and holidays of a month as the Agencies were paid one day wages for total days of a month plus additionally one day wages for Sundays and holidays of that month.

also found certified to be correct by the responsible authorities of the hospital and the agencies were paid accordingly.

Further, the Agency A had been paid for unskilled manpower only, while Agency B had been paid for skilled manpower (87 per cent of total mandays), semi-skilled manpower (two per cent of total mandays) and unskilled manpower (11 per cent of total mandays)¹⁷. But the attendance sheets of agency B were not maintained in a manner that showed the category/post-wise attendance. As such, Audit could not calculate the exact amount of excess payment to agency B for extra mandays than what was marked in the attendance sheets.

Taking into account the rate of minimum wages, i.e. ₹ 415.12 per day, payable to un-skilled manpower, the Hospital paid at least ₹ 181.38 lakh in excess for 43,695 Sundays (weekly off) as double wages. Further, the Hospital paid at least ₹ 78.99 lakh for 19,028 mandays¹⁸, which had been claimed in excess of the actual presence of manpower and national holidays, as per the attendance sheets.

- The hospital issued (May 2016) orders to agency B to supply eight computer operators. The order was revised (January 2017) to supply of 28 computer operators. However, the order was again revised (December 2017) to supply only eight computer operators on the pretext that the agency supplied only eight computer operators between January 2017 and December 2017 against the order for supplying 28 computer operators.

However, the agency supplied 21 computer operators between January 2018 and March 2018 and payment was made at the rate of ₹ 552.97 per day. As such, the agency supplied 13 additional computer operators beyond the supply order of the Hospital. Thus, payment of ₹ 6.47 lakh to these 13 computer operators for 1,170 mandays¹⁹ was irregular.

In addition, the Hospital irregularly extended the contract period and hired manpower at higher rates as discussed below.

- In a meeting (February 2016) on management of the hospital, the Principal Secretary, Health, Medical Education and Family Welfare Department directed the Principal of the Hospital not to extend the contract period of the agencies, outsourcing paramedics and other staff, for more than three months after completion of their agreement period. In these cases, completion period of agreement was February 2016. However, the Superintendent of the Hospital extended (several times between April 2015 and December 2017) the agreement period up to June

¹⁷ As per the paid bills, out of total 1,87,120 working days, 1,61,630 working days were for skilled manpower, 4,632 were semi-skilled manpower and 20,858 were for un-skilled manpower.

¹⁸ (3,03,033 working days) – (2,76,765 days marked as present in the attendance sheets plus 7,240 days of payable national holidays) = 19,028 mandays. As per GoJ notification, wages for off days (weekly off) was not payable.

¹⁹ 13 x 90 x 552.97 = ₹ 6,46,975 as each computer operator were paid for 90 days from January to March 2018.

2018 along with enhancing the scope of work (supplying additional manpower²⁰ at the approved rates) without going for further tender.

- As discussed above, the Hospital approved (January 2017) the new rate (₹ 1,180 per day) of the same Agency (Agency B) for supplying staff nurses based on a fresh tender (December 2016). After approval (January 2017) of the new and higher rate, the Superintendent modified (February 2017) the scope of the earlier work order (February 2015) by removing 'staff nurse' from the list of manpower to be supplied in future though the agreement was in force till June 2018. The same agency supplied 161 staff nurses at the rate of ₹ 552.97 each per day till January 2017 and thereafter at higher rates though other manpower were supplied at the agreed old rates till the validity of the agreements expired. Thus, the possibility of extending undue financial benefit to the agency, by hiring staff nurses at higher rates despite having the option of hiring them at lower rates from the same agency, cannot be ruled out.

Thus, the Hospital paid inadmissible double wages for Sundays and national holidays, extra working days not supported by the attendance sheet and payment for manpower supplied in excess of the work order leading to excess payment of at least ₹ 2.67 crore. Besides, it irregularly extended the contract period by 25 months in violation of the direction of the Department and hired staff nurses at higher rates.

In reply, the Superintendent stated (May 2023) that the hospital was operational 24 x 7 and payments were made under the instruction of the Health Department issued in July 2009 and January 2014. However, after implementation of model tender document from 2017-18, the agencies were being paid for only 26/27 days for available manpower under labour rules. Regarding payments to additional 13 computer operators, it was stated that due to black listing of another agency (M/s Ocean Enterprises, engaged for operating the hospital management System), the computer operators were paid at the approved rate of M/s Advance Business Corporate against the supply order and attached a letter of April 2018 in support of the said supply order. Regarding payment to 161 staff nurses at higher rates, it was stated that the payment was made as per new work order which was approved after inviting fresh tender based on model tender issued by the Department. It was also stated that a payment ₹ 7.80 crore to the agency, at the new rates, was pending, and would be cleared only on receipt of instructions from the Department, in view of the audit observation.

The reply is not acceptable as the said instructions of the Health Department were regarding provision of funds for paying wages to contractual manpower and adherence to the labour laws issued by the Labour Department, GoJ. Further, the letter of April 2018 mentioned that the agreement of M/s Ocean Enterprises was terminated on 4 April 2018 and M/s Advance Business Corporate had been ordered to supply 23 computer operators from 5 April 2018 in addition to eight computer operators being supplied at that time. The letter itself indicated that M/s Advance Business Corporate supplied only eight

²⁰ In addition to approved categories, skilled category: Speech/Physio Therapist, Receptionist, Ophthalmic/technical Assistant, Photographer, Assistant Dietician, Ambulance driver, Electrical helper, Statistician, Clerk cum Computer Operator and un-skilled category: Vehicle cleaner, Lift man, Helper, Steward.

computer operators during January to March 2018 but was paid for additional 13 computer operators during this period beyond the supply order. Regarding hiring of staff nurses at higher rates, action of the Department was awaited.

Audit recommends that the Government may investigate the matter and fix responsibility on the erring officials/ officers for making excess payments.

The matter was reported to the Department in April 2023; reply is awaited (March 2024).

Energy Department

3.4 Non-realisation of Environment Management Fund

The Department had not set up an Environment Management Fund even after a lapse of over 10 years from the commencement of operations of a coal-based thermal power plant. Consequently, it failed to realize ₹ 82.40 crore from the Company that had set up the plant, towards the Company's contribution for carrying out environmental amelioration activities in the vicinity of the project and its hinterland, although this had been agreed upon in the Memorandum of Understanding (MoU) between the Department and the Company.

Government of Jharkhand (GoJ) entered into (October 2005) a Memorandum of Understanding (MoU) with M/s Adhunik Thermal Energy Limited (ATEL), for setting up a coal-based thermal power project of 1000 MW (4 x 250 MW), in two Phases, in the State of Jharkhand which was valid for 12 months from the date of signing of the MoU. The MoU was extended (January 2007) and Clause 12 (d) was inserted therein, regarding the intent of GoJ to set up an Environmental Management Fund (EMF), in order to carry out environmental amelioration activities, in a sustained manner, in the vicinity of the Project and its hinterland. ATEL agreed to support the efforts of GoJ, through an annual contribution of six paise per unit, on the energy sent out of the State of Jharkhand, from the Power Plant, towards the EMF.

ATEL was subsequently renamed (February 2008) M/s Adhunik Power and Natural Resources Limited (APNRL). The Ministry of Environment and Forest, Government of India, gave environment clearance for setting up two units (2 x 270 MW) at Kandra, in the Saraikela-Kharsawan district, in August 2009 and May 2011. APNRL started commercial operations of its two units, in January 2013 and May 2013 and signed (September 2012) a Power Purchase Agreement (PPA) with the Jharkhand State Electricity Board (JSEB), currently known as the Jharkhand Bijli Vitran Nigam Limited (JBVNL).

Audit scrutiny (January 2023) of records of the Energy Department, GoJ, revealed that the MoU had last been extended (November 2013) up to October 2016. Thereafter, the Department did not extend the MoU to make the said contribution obligatory on APNRL. However, GoJ had issued (October 2016) a Resolution where a provision to collect EMF at the rate of six paise per unit from the proposed private thermal power units, was made. Meanwhile, APNRL sold 13,733.70 million units of electricity outside the State of Jharkhand, during the financial years 2012-13 to 2021-22. Against these sales, APNRL was required to pay ₹ 82.40 crore towards EMF, at the agreed rate of ₹ 60,000 per million units, as per MoU.

Audit further noticed that following the MoU, APNRL had made provision of ₹ 82.41 crore, towards contribution to EMF, in its Annual Financial Statement for FY 2021-22, under the head 'Contingent Liabilities' (Note 35 a). In explanation to Note 35 a, APNRL mentioned that GoJ was yet to notify setting up of the EMF and its contribution policy and the Company would contribute to EMF, if applicable under the notification, prospectively, from the date of such notification.

Thus, the Department failed to extend MoU after October 2016 to make the EMF contribution obligatory and to set up the EMF, even after a lapse of more than 10 years from the commencement of operations of the coal-based thermal power plant and, consequently, failed to realize ₹ 82.40 crore from the Company. As a result, the envisaged environmental amelioration activities in the vicinity of the project site and its hinterland, had also not been taken up (March 2023).

On this being pointed out (January and March 2023), the Department, while stating (March 2023) that creation of the EMF was under progress, was silent on the reasons behind the delay in setting up of EMF and extension of the MoU. The Department had also constituted (May 2023) a Committee to advise on the matter of annual contribution towards EMF from the established thermal power plants, the report of which was awaited. The fact also remains that the Department had not created the fund, despite a lapse of more than 10 years.

The matter was reported (April 2023) to the Department; reply is awaited (March 2024).

3.5 Loss to the Company

M/s Tenughat Vidyut Nigam Limited (the Company) failed to consider the provisions of the New Coal Distribution Policy regarding procurement of coal up to the Annual Contracted Quantity, without paying Performance Incentive (PI), while entering into a coal supply agreement with the Central Coalfields Limited. Further, it did not initiate action to modify the provision for PI, despite there being a provision in the coal supply agreement, resulting in loss of ₹ nine crore to the Company.

The Ministry of Coal (MoC) notified (October 2007) the New Coal Distribution Policy (NCDP), which stipulated that, insofar as Power Utilities (including Independent Power Producers (IPPs)/ Captive Power Plants (CPPs) and the Fertilizer Sector) were concerned, 100 *per cent* of the quantity, as per the normative requirement of these consumers, would be considered for the purpose of supply of coal, through Fuel Supply Agreements (FSAs), by Coal India Limited (CIL), at fixed prices to be declared/notified by CIL.

Audit scrutiny (March 2022) of records of M/s Tenughat Vidyut Nigam Limited²¹ (the Company) revealed that the Company had entered into (May 2012) a Coal Supply Agreement (CSA) with M/s Central Coalfields Limited (CCL), a subsidiary of CIL, for a period of 20 years, effective from

²¹ Tenughat Vidyut Nigam Limited (A Government of Jharkhand Undertaking), headquartered at Ranchi, is a power generating company incorporated in November 1987, with 2x210 MW thermal power generation capacity at Tenughat Thermal Power Station (TTPS), located at village Lalpania in the district of Bokaro (Jharkhand).

1 April 2009. The Annual Contracted Quantity (ACQ) of coal to be supplied to the Company, by CCL, from its mines and/or from international sources, was 20 lakh metric tons (LMT) per year. As per clause 3.12.1 of the CSA, the Company was to pay Performance Incentive²² (PI) to CCL, on delivery of coal in excess of 90 *per cent* of the ACQ, in a particular year. Further, clause 2.3 stipulated that, three months prior to the completion of five years from the effective date, both the parties would initiate review of the ACQ and other related provisions of the agreement.

It was seen in audit that, during the period from FYs 2009-10 to 2021-22, in two years, *i.e.* in FY 2012-13 (20.72 LMT) and in FY 2015-16 (21.51 LMT), CCL had supplied coal in excess of 100 *per cent* of ACQ, to the Company. The Company carried out reconciliation of quantity of coal supplied during FYs 2012-13 and 2015-16, with CCL, in February 2016 and May 2017 respectively and paid PI of ₹ 21.59 crore²³ to CCL, for additional deliveries, in excess of 90 *per cent* of the ACQ. This included PI of ₹ nine crore (**Appendix-XXII**) for additional delivery of coal in excess of 90 *per cent* but up to ACQ.

Thus, while entering (May 2012) into CSA with the CCL, the Company had not considered the provision of the NCDP regarding procurement of ACQ at fixed prices without paying PI for supply in excess of 90 *per cent* and up to ACQ. Further, the Company had also failed to initiate action to review the CSA, at the expiry of every five years, after April 2009, despite such a provision in CSA, and, hence, did not modify the PI clause, in line with the provisions of the NCDP, to avoid loss on account of PI. This led to loss of ₹ nine crore to the Company.

On this being pointed out (December 2022), the Department stated (March 2023) that the audit observation appears untrue since Audit had considered only the PI and not the compensation payable²⁴ for short lifting, which would have been incurred by the Company in FYs 2013-14, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21. The Department further stated that if it went for review of the trigger level, to increase it to 100 *per cent* of the ACQ (instead of 90 *per cent*), while the PI amount would have come down in two financial years, the compensation amount would have increased in the other six financial years.

The Company again stated (May 2023) that any change in trigger level (*i.e.* 90 *per cent* of ACQ) would also have impact on compensation payable (for short lifting) since trigger level is same for computation of both PI and compensation. The Company, however, requested (December 2022) CCL to review the clause 3.12.1 of FSA but was not accepted (January 2023) by CCL on the ground that clauses of FSA were approved by CIL and any modification in the same would be made applicable uniformly for all concerned consumers

²² “PI = P*Additional Deliveries*Multiplier”, where, PI = The Performance Incentive payable, P = Weighted average Base Price of grades of coal received, Additional Deliveries = Quantity [in tons] of coal delivered by the Seller in the relevant year in excess of 90 *per cent* of ACQ. The Multiplier was to be 0.10 for Additional Deliveries between 90 and 95 *per cent* of ACQ, 0.20 for Additional Deliveries between 95 and 100 *per cent* of ACQ and 0.40 for Additional Deliveries in excess of ACQ.

²³ FY 2012-13: ₹ 10.37 crore and for FY 2015-16: ₹ 11.22 crore.

²⁴ As per clause 3.6.1 of CSA, compensation was payable for short-delivery (by seller)/short-lifting (by purchaser): 10 *per cent* on quantity below 90 *per cent* but up to 85 *per cent* of ACQ, 20 *per cent* on quantity below 85 *per cent* but up to 80 *per cent* of ACQ and 40 *per cent* on quantity below 80 *per cent* of ACQ.

and there was no system/practice in vogue to modify the FSA clauses on request of any single consumer. It was further stated that owing to poor financial condition, the Company was not depositing adequate advance coal values which often restricted annual coal supply to the Company, making it less than the ACQ, on which the Company was liable to pay compensation in most of the financial years.

The reply is not convincing, as the Company failed to include clauses regarding purchase of coal, without paying PI, up to 100 *per cent* of ACQ in the FSA, signed in May 2012, as per provisions given in NCDP notified in October 2007. Further, poor financial condition of the Company cannot be linked with the deviation from the provisions of NCDP. The contention of CIL that modification in FSA would only be allowed uniformly and there was no system/practice in vogue to modify the clauses on the request of a particular purchaser, was also not acceptable, as FSA being a bilateral agreement, its terms and conditions were binding on CCL and cannot be regulated by practice in vogue. Moreover, the Company had again requested (April 2023) CCL for modification in PI clause, which indicated that the Company had considered it to be feasible.

The matter was reported (April 2023) to the Department/Management; reply of the Department is awaited (March 2024).

Transport Department

3.6 Tax Administration

The levy and collection of motor vehicles tax and fee in the State is governed by the Jharkhand Motor Vehicles Taxation (JMVT) Act, 2001; the Jharkhand Motor Vehicles Taxation (JMVT) Rules, 2001; the Motor Vehicles (MV) Act, 1988; the Central Motor Vehicles (CMV) Rules, 1989 and the Jharkhand Financial Rules.

The Transport Department of Jharkhand is responsible for the levy and collection of motor vehicle tax and fee. The main functions of the Department include issue of certificates of registration, certificates of fitness, national permits, permanent and local permits for vehicles, trade certificates to dealers and driving/conductor licenses to individuals.

The Secretary of the Department is the State Transport Authority. He acts as the administrative head of the Transport Department and is responsible for implementation of the Acts and Rules in the State. The State Transport Commissioner (STC), Jharkhand, is the executive head and is responsible for the administration of Acts and Rules in the Transport Department. He is assisted by a Joint Transport Commissioner (JTC) at Headquarters, Regional Transport Authorities (RTAs) of five regions²⁵, District Transport Officers (DTOs) and Motor Vehicle Inspectors (MVIs) at 24 transport districts²⁶. These departmental

²⁵ Chaibasa, Dumka, Hazaribag, Palamu and Ranchi.

²⁶ Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Dumka, Garhwa, Giridih, Godda, Gumla, Hazaribag, Jamshepur, Jamtara, Khunti (Notified in March 2015), Koderma, Latehar, Lohardaga, Palamu, Pakur, Ramgarh (Notified in April 2015), Ranchi, Sahibganj, Saraikele-Kharsawan and Simdega.

officials are responsible for compounding the offences committed under the various MV Acts and Rules, as well as levy of tax and fines.

3.7 Result of Audit

During FY 2021-22, Audit test-checked records of 12 out of the 27 auditable units (44 *per cent*) of the Transport Department. During the period covered in audit, a total of 62,84,130 vehicles had been registered, out of which 10,98,522 vehicles had been registered in the test-checked units. Audit examined records related to 33,019 registered vehicles. The revenue collected by the Department, during the financial year 2020-21, aggregated to ₹ 1,262.78 crore, of which the audited units had collected ₹ 134.62 crore (14 *per cent*). Audit scrutiny revealed various instances of non/short levy of taxes, short levy of taxes due to misclassification of vehicles *etc.*, amounting to ₹ 113.62 crore, in these 33,019 cases, as shown in **Table-3.2**.

Table 3.2

Sl. No.	Categories	(₹ in crore)	
		No. of cases	Amount
1.	Non-collection of tax from Transport vehicles	5,972	62.67
2.	Non-collection of one-time tax	10,613	26.55
3.	Short/Non levy of one-time tax due to misclassification of vehicles	696	7.44
4.	Others	15,738	16.96
Total		33,019	113.62

The Department accepted (November 2022) all the audit observations and intimated that the Department has realised ₹ 9.66 crore against 2,356 vehicle owners. Irregularities involving ₹ 103.86 crore, in 27,759 cases, are discussed in the succeeding paragraphs.

3.8 Non-collection of taxes from transport vehicles

Taxes and penalty of ₹ 60.12 crore, realisable from defaulting owners of 4,486 transport vehicles, were not collected by the DTOs.

The JMVT Act and JMVT Rules require the owners of registered transport vehicles to pay the applicable advance tax. If the delay in payment exceeds 90 days, penalty, at twice the amount of taxes due, may be imposed, along with the tax. Moreover, the Act provides for levy of green tax on transport vehicles which are more than 12 years old, from January 2019 onwards. The VAHAN software enables users to generate the defaulters list from the system. District Transport Officers (DTOs) are required to issue demand notices to the defaulters. Further, the owners of vehicles are required to intimate discontinuation of plying of their vehicles.

During analysis of data, Audit test-checked records of 16,526 transport vehicles, in 12 district transport offices²⁷, on the basis of the models and periods of default and noticed that 4,486 vehicles owners had stopped payment of taxes for more than one year. On further verification (between October 2021 and March 2022) with real-time data and registration records, it was noticed that no undertakings,

²⁷ Chaibasa, Chatra, Garhwa, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

regarding these vehicles being off-road, were available on records. The DTOs responsible for issuing demand notices, had neither generated the list of defaulters from the VAHAN software, nor had they updated the Demand, Collection and Balance registers on a quarterly basis, as required under the provisions of the JMVT Rules, 2001. Demands, for outstanding taxes, had also not been raised. In the absence of an Enforcement Wing, for conducting regular checks and imposing penalties, the Department could not effectively control plying of the defaulting vehicles on the roads. This had resulted in non-collection of taxes and penalty, from 4,486 transport vehicle owners, amounting to ₹ 60.12 crore²⁸.

The Government accepted (November 2022) the audit observation and intimated that 11 DTOs²⁹ had realised ₹ 4.41 crore against 480 vehicles owners. Additionally, DTO, Pakur, intimated (January 2024) that ₹ 92.40 lakh had been realised against 82 vehicles. Intimation regarding realisation in the remaining cases is awaited.

3.9 Short Realisation/levy of one-time tax from transport vehicles

One-time tax and penalty of ₹ 26.30 crore, realisable from defaulting owners of 9,856 vehicles, brought under the purview of one-time tax, was not collected by the DTOs. Further, 392 construction equipment vehicles were misclassified as ‘goods vehicles’, leading to short levy of one-time tax, amounting to ₹ 4.42 crore.

The Government of Jharkhand brought changes in the taxation structure of motor vehicles in January 2019 and, apart from personalised vehicles, some transport vehicles, viz. three wheelers (passenger), goods vehicles of up to three tons Registered Laden Weight (RLW) and construction equipment vehicles (CEVs), were also brought under the purview of one-time tax (OTT). Further, Section 7 of the Jharkhand Motor Vehicle Taxation Act (JMVT), 2001, provides that, in case of non-payment of OTT within 7 days, simple interest, at the rate of two per cent per month on the OTT due, shall be charged.

- Audit extracted the registration data of transport vehicles, brought under the purview of OTT, and found that the tax validity of 1,40,880 vehicles had expired in the State (up to December 2020), out of which, 23,691 (17 per cent) were registered in the 12 selected district transport offices³⁰.

Audit verified (between October 2021 and March 2022) the tax position of these 23,691 transport vehicles, falling under the purview of one-time tax, with real-time data and other relevant records, in the selected district transport offices, and noticed that 9,856 vehicle owners had not paid taxes. No undertakings in regard of these vehicles being off-road were found available on records. It was further observed that the DTOs responsible for issuing demand notices, had not generated the list of defaulters from the VAHAN software and raised the corresponding demands for outstanding taxes. The State Transport Commissioner (STC) and Joint Transport Commissioner

²⁸ Including penalty of ₹ 39.74 crore and green tax of ₹ 50.61 lakh.

²⁹ Chaibasa, Chatra, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

³⁰ Chaibasa, Chatra, Garhwa, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

(JTC) had also not monitored the functioning of the transport offices. Thus, the Department could not realise revenue of ₹ 26.30 crore (including penalty/interest, as per the revised provision, amounting to ₹ 11.35 crore).

The Government accepted (November 2022) the audit observation and intimated that 10 DTOs³¹ had realised ₹ 2.64 crore against 264 vehicles owners. Additionally, DTO, Pakur, intimated (January 2024) that ₹ 21.79 lakh had been realised against 28 vehicles.

- Audit extracted data relating to updated tax payments of 1,111 goods vehicles, registered between 30 January 2001 and 31 December 2021, with body type 'CEV' in 11 test-checked district transport offices³². Scrutiny of the data and registration details revealed that these vehicles had been classified as 'goods vehicles', in the 'vehicle class' table of the VAHAN application and were paying quarterly taxes as per their RLWs. However, in the 'model' table, the vehicles had been recorded as 'crane/JCB', which come under the 'CEV' category, wherein OTT has to be paid at the rate of 7 per cent of the cost price of the vehicles instead of the rate specified for goods vehicles. Since the tax rates on CEVs had been revised, the entries in the vehicle class table should have been changed to 'CEV' from 'goods vehicles', to enable the application to calculate the OTT realisable from these vehicles. The Department had, however, remained unaware of this fact and had not initiated action to rectify the misclassification and had continued to collect quarterly tax, based on RLW, instead of OTT, from these vehicles. This had resulted in short levy of OTT of ₹ 4.42 crore, from 392 vehicles. Audit could not ascertain short levy of OTT against the remaining 719 vehicles, in the absence of cost prices and invoices.

The Government accepted (November 2022) the audit observation and intimated that five DTOs³³ had realised ₹ 17.13 lakh against 129 vehicles owners. Additionally, DTO, Pakur, intimated (January 2024) that ₹ 5.30 lakh had been realised against 27 vehicles. Intimation regarding realisation in the remaining cases is awaited.

3.10 Renewal of certificates of registration

Certificates of registration of 1,359 vehicles personalised vehicles were not renewed after expiry of their validity, resulting in non-levy of registration fee, inspection fee and green tax, amounting to ₹ 6.27 crore.

Section 41(7) of the Motor Vehicles Act provides that a certificate of registration, other than for a transport vehicle, shall be valid for 15 years from the date of issue and shall be renewable for the next five years. In case of discontinuance of the vehicle, an intimation is required, under Section 17, to delete the related registration records. Further, Section 5(5) of the Jharkhand Motor Vehicle Taxation Act provides for levy of green tax on personalised vehicles which are more than 15 years old. In case of delay in submission of

³¹ Chaibasa, Chatra, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, and Saraikela-Kharsawan.

³² Chaibasa, Chatra, Garhwa, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

³³ Chaibasa, Jamtara, Koderma, Latehar, and Saraikela-Kharsawan.

application for renewal of registration by more than one month, additional fee is also leviable.

On analysis of data, it was noticed that the certificates of registration of 38,111 personalised vehicles (light motor vehicles), registered between 1 April 2000 and 31 March 2006, in the State, had expired (up to 31 March 2021) and were pending renewal. Of these, 5,785 vehicles (15 per cent) were registered in the test-checked 12 district transport offices³⁴. Audit sampled 5,111 (88 per cent) vehicles, having seating capacity between two and 12 seats, whose registration validity had expired between April 2001 and March 2006, out of 5,785 vehicles, for verification with real-time data and the registration registers. Audit verification (between October 2021 and March 2022) revealed that the validity of registrations had expired between April 2015 and March 2021 in case of 1,359 vehicles. The owners of these vehicles had neither applied for renewal of the registrations, or for deregistration of these vehicles. This had resulted in non-levy of revenue of ₹ 6.27 crore, towards registration fee, inspection fee and green tax. Audit observed that, though information regarding expiry of the validity of registrations was available in the application software, auto-generation of reports, in this regard, was not available therein. The Department had also not conducted periodic reviews to assess such cases and initiate action for renewal of registrations.

The Government accepted (November 2022) the audit observation and intimated that seven DTOs³⁵ had realised ₹ 46.49 lakh against 68 vehicles owners. Intimation regarding realisation in the remaining cases is awaited.

3.11 Non-revision of axle weight

Non-revision of the axle weight of 6,853 transport vehicles, led to short assessment of tax, amounting to ₹ 5.70 crore.

The Ministry of Road Transport and Highways, GoI, New Delhi, revised (16 July 2018) the safe axle weight in relation to transport vehicles. An advisory was also issued (7 August 2018) to the Chief Secretaries and Transport Commissioners of all the States, to revise the safe axle weight of transport vehicles, which was, in turn, endorsed to the all the DTOs and MVIs. Revision was necessitated as the global axle weight norms were higher, as compared to the existing Indian norms, leading to high logistics costs in India. Revision of the axle weights was to be endorsed in the certificates of registration (RC) of the vehicles, for which RCs were required to be produced, along with the requisite fee under Rule-81, by the owners.

On analysis of data, it was noticed that, out of 1,06,535 goods vehicles, axle weights of 73,932 vehicles, were yet to be enhanced, as per the notified norms. Out of these, 19,655 cases (27 per cent) pertained to the 12 test-checked district transport offices³⁶.

³⁴ Chaibasa, Chatra, Garhwa, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

³⁵ Chaibasa, Chatra, Godda, Gumla, Jamtara, Latehar and Simdega.

³⁶ Chaibasa, Chatra, Garhwa, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

Audit sampled 6,853 (35 *per cent*) cases on the basis of current tax payments and verified (between October 2021 and March 2022) them with real-time data and registration records. Verification revealed that taxes had been collected, without revising the axle weights of these vehicles, resulting in short levy of tax, amounting to ₹ 5.70 crore. Audit further observed that out of the above cases, 798 goods vehicles in 11 district transport offices³⁷, had been registered after July 2018, with the pre-revised axle weights. Moreover, the DTOs had not followed the Departmental instructions and levied tax on the basis of the pre-revised axle weights, from old vehicles, as well as the newly registered vehicles. The Department had also not prescribed a procedure for timely revision of axle weights. Under the circumstances, the axle weights of 69 *per cent* of goods vehicles were yet to be revised in the State, even after a lapse of more than four years.

The Government accepted (November 2022) the audit observation and intimated that 10 DTOs³⁸ had realised ₹ 39.21 lakh against 443 vehicles owners. Additionally, DTO, Pakur, intimated (January 2024) that ₹ 31.68 lakh had been realised against 355 vehicles. Intimation regarding realisation in the remaining cases is awaited.

3.12 Short levy of one-time tax

One-time tax of ₹ 1.05 crore was short-assessed from 2,633 personalised vehicles, due to delayed mapping of business rules in VAHAN.

Under the provisions of Section 2(h) of the JMVT Act, vehicles having seating capacity of two, but not exceeding 12 (including driver), which are used solely for personal purpose, were brought under the purview of 'personalised vehicles'. The one-time tax (OTT), on personalised vehicles, was revised to six *per cent* of the cost of the vehicles, from 31 January 2019. An additional tax of three *per cent*, on the leviable OTT, was introduced, if the owner already possessed a light motor vehicle. However, if the cost of additional vehicle exceeded ₹15 lakh, six *per cent* tax was to be levied, instead.

On analysis of data, it was noticed that 17,224 personalised vehicles had been registered in the 12 test-checked District Transport Offices (DTOs)³⁹. Further scrutiny and verification of real-time data, in the concerned DTOs (between October 2021 and April 2022) revealed that, in 4,094 cases, OTT of ₹ 1.35 crore had been levied, at the pre-revised rates (three to five *per cent*), instead of ₹ 2.40 crore, at the revised rates. Mapping of the revised rates, in the application software VAHAN, had been done on 13 February 2019, instead of the date of enforcement (31 January 2019), *i.e.* after a delay of 13 days. Due to this delay in mapping of the revised rates, OTT of ₹ 1.05 crore was short levied. It was further observed that the NIC had informed (28 January 2019) the Department that the proposed amendments would require some more time for mapping in the application software. However, the Department had enforced the

³⁷ Chaibasa, Chatra, Garhwa, Godda, Gumla, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega. No cases of revision of axle weights were noticed in Jamtara.

³⁸ Chaibasa, Chatra, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, and Saraikela-Kharsawan.

³⁹ Chaibasa, Chatra, Garhwa, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

amendments from 31 January 2019, without prescribing any alternate methodology for collection of OTT at the revised rates. Moreover, the DTOs had also not collected OTT at the revised rate and had continued to collect tax at the pre-revised rates, even after issue of the amended provisions.


The Government accepted (November 2022) the audit observation and intimated that four DTOs⁴⁰ had realised ₹ 1.82 lakh against 45 vehicles owners. Additionally, DTO, Pakur, intimated (January 2024) that ₹ 5.97 lakh had been realised against 435 vehicles. Intimation regarding realisation in the remaining cases is awaited.

Recommendations:

Government may fix responsibility on:


- officials who failed to identify defaulters and take measures for collection of arrear taxes; and
- officials/authorities responsible for timely mapping of the amended provisions of the Act and the Rules in VAHAN.

Ranchi
The 23 April 2024


(ANUP FRANCIS DUNGDUNG)
Accountant General (Audit) Jharkhand

Countersigned

New Delhi
The 6 May 2024


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

⁴⁰ Chaibasa, Koderma, Latehar, and Saraikela-Kharsawan.

APPENDICES

Appendix-I

(Referred to in paragraph 1.1; page: 2)

List of Departments and Autonomous Bodies/ Authorities/ Companies under the audit jurisdiction of the Accountant General (Audit) Jharkhand

Departments

Sl. No.	Name of Departments
1	Agriculture, Animal Husbandry and Co-operative
2	Building Construction
3	Cabinet Election
4	Cabinet Secretariat and Vigilance
5	Commercial Taxes
6	Drinking Water and Sanitation
7	Energy
8	Excise and Prohibition
9	Finance
10	Food, Public Distribution and Consumer Affairs
11	Forest, Environment and Climate Change
12	Health, Medical Education and Family Welfare
13	Higher and Technical Education
14	Home, Jail and Disaster Management
15	Industries
16	Information and Public Relations
17	Information Technology and e-Governance
18	Labour Employment Training and Skill Development
19	Law
20	Mines and Geology
21	Panchayati Raj
22	Personnel, Administrative Reforms and Rajbhasha
23	Planning and Development
24	Revenue, Registration and Land Reforms
25	Road Construction
26	Rural Development
27	Rural Works
28	Scheduled Tribe, Scheduled Caste, Minority and Backward Class Welfare
29	School Education and Literacy Development
30	Tourism, Art Culture, Sports and Youth Affairs
31	Transport
32	Urban Development and Housing
33	Water Resources
34	Women, Child Development and Social Security

Autonomous Bodies

Sl. No.	Department	Name of the Autonomous Bodies	District
1	Health, Medical	Jharkhand State Health Mission Society	Ranchi
2 to 25	Education and Family Welfare	District Rural Health Society in all 24 districts of Jharkhand	
26		Jharkhand AIDS Control Society	Ranchi
27		R.K. Mission, TB Sanatorium, Tipudana	Ranchi
28	School Education and Literacy	Jharkhand Shiksha Pariyojana Parishad	Ranchi
29	Development	Netarhat Residential School	Latehar
30		R.K. Mission Ashram, Morabadi	Ranchi
31		Jharkhand Mahila Samakhya Society, Kadru	Ranchi
32	Higher and Technical Education	Birla Institute of Technology, Mesra, Ranchi	Ranchi
33		Science and Technology Council, GoJ	Ranchi
34 to 57	Rural Development	District Rural Development Authority in all 24 districts of Jharkhand	
58	Aviation	Civil Aviation Authority, Ranchi	Ranchi
59	Information Technology and e-Governance	Jharkhand Institute of Application for Promotion (JAP-IT)	Ranchi
60		Jharkhand Space Application Centre, Dhurwa, Ranchi	Ranchi
61		State Information Commission	Ranchi
62	Industries	Industrial Area Development Authority, Ranchi	Ranchi
63		Industrial Area Development Authority, Bokaro	Bokaro
64		Industrial Area Development Authority, Adityapur	Jamshedpur
65		Jharkhand State Khadi and Village Industries Board	Ranchi
66	Forest, Environment and Climate Change	Lac Treatment Plant, Latehar	Latehar
67		Lac Cultivation Crop in Forest, Doranda	Ranchi
68		Wasteland Development Board	Ranchi
69		Forest Development Authority	
70		Jharkhand Bio-Diversity Council, Doranda	Ranchi
71		Jharkhand Pollution Control Board, Ranchi	Ranchi
72	Law	High Court Legal Services Committee	Ranchi
73	Information and Public Relation	Government Printing Press	Ranchi
74	Agriculture, Animal Husbandry and Co-operative	Birsa Agriculture University	Ranchi
75		National Horticulture Mission, Jharkhand	Ranchi
76		Bacon Factory, Kanke	Ranchi

State Public Sector Enterprises (SPSEs)

Sl. No.	Name of the SPSEs	Name of the Department	Month and year of incorporation
1	2	3	4
Power Sector			
1	Jharbhar Colliery Limited	Energy	June 2009
2	Jharkhand Bijli Vitran Nigam Ltd.	Energy	October 2013
3	Jharkhand Urja Sancharan Nigam Ltd	Energy	October 2013
4	Jharkhand Urja Utpadan Nigam Limited	Energy	October 2013
5	Jharkhand Urja Vikas Nigam Limited	Energy	September 2013
6	Karanpura Energy Ltd.	Energy	September 2008
7	Patratu Energy Limited	Energy	August 2012
8	Tenughat Vidyut Nigam Limited	Energy	November 1987
Non-Power Sector			
9	Jharkhand State Agriculture Development Corporation Limited	Agriculture, Animal Husbandry & Co-operative	January 2016
10	Jharkhand State Beverage Corporation Ltd. (JSBCL)	Excise and Prohibition	November 2010
11	Jharkhand State Food and Civil Supplies Corporation Ltd.	Food, Public Distribution & Consumer Affairs	June 2010
12	Jharkhand State Forest Development Corporation Ltd.(JSFDC)	Forest, Environment & Climate Change	March 2002
13	Jharkhand Medical & Health Infrastructure Development & Procurement Corporation Limited	Health, Medical Education & Family Welfare	May 2013
14	Jharkhand Police Housing Corporation Ltd. (JPHCL)	Home, Jail & Disaster Management	March 2002
15	Adityapur Electronic Manufacturing Cluster Limited	Industries	November 2016
16	Atal Bihari Vajpayee Innovation Lab.	Information Technology & e-Governance	December 2018
17	Jharkhand Plastic Park Limited	Industries	September 2016
18	Jharkhand Railway Infrastructure Development Corporation Ltd.	Transport	July 2018
19	Jharkhand Silk Textile & Handicraft Development Corporation Ltd.	Industries	August 2006
20	Jharkhand State Industrial Infrastructure Development Corporation Limited	Industries	December 2004
21	Jharkhand Communication Network Ltd.	Information Technology & e-Governance	January 2017
22	Jharkhand Film Development Corp. Ltd.	Information & Public Relations	September 2016
23	Jharkhand State Mineral Development Corporation Ltd. (JSMDC)	Mines & Geology	May 2002
24	Jharkhand State Minority Finance Development Corporation	Scheduled Tribe, Schedule Caste, Minority and Backward Class Welfare	March 2012

Sl. No.	Name of the SPSEs	Name of the Department	Month and year of incorporation
1	2	3	4
25	Jharkhand Tourism Development Corporation Limited	Tourism, Arts, Culture, Sports & Youth Affairs	March 2002
26	Ranchi Smart City Corporation Ltd.	Urban Development & Housing	September 2016
27	Greater Ranchi Development Agency	Urban Development & Housing	January 2003
28	Jharkhand State Building Construction Corporation Limited	Building Construction	December 2015
29	Jharkhand Urban Infrastructure Development Company Ltd.	Urban Development & Housing	November 2013
30	Jharkhand Urban Transport Corporation Limited	Urban Development & Housing	September 2016
31	Jharkhand Hill Area Lift Irrigation Corporation Limited	Water Resources	March 2002

Appendix-II*(Referred to in paragraph 1.6; page: 12)***List of 26 SPSEs whose accounts are in arrear**

Sl. No.	Public Sector Undertakings (Being audited under section 19 (1) of the CAG's (DPC) Act	Date of Incorporation	Year up to which Financial Statement received and audited	Period for which Financial Statement are pending	Number of Financial Statements pending
1	Jharkhand Tourism Development Corporation Ltd.(JTDC)	22.03.2002	2009-10	2010-11 to 2021-22	12
2	Jharkhand State Food and Civil Supplies Corporation Ltd. (JSFCSCL)	18.06.2010	Not received since incorporation	2010-11 to 2021-22	12
3	Tenughat Vidyut Nigam Ltd. (TVNL)	26.11.1987	2015-16	2016-17 to 2021-22	6
4	Jharkhand Urja Vikas Nigam Limited	16.09.2013	2015-16	2016-17 to 2021-22	6
5	Jharkhand State Beverage Corporation Ltd. (JSBCL)	26.11.2010	2015-16	2016-17 to 2021-22	6
6	Jharkhand State Mineral Development Corporation Ltd.(JSMDC)	07.05.2002	2015-16	2016-17 to 2021-22	6
7	Jharkhand Hill Area Lift Irrigation Corporation Ltd. (JHALCO)	22.03.2002	2016-17	2017-18 to 2021-22	5
8	Jharkhand Urban Transport Corporation Limited	20.09.2016	2017-18	2018-19 to 2021-22	4
9	Atal Bihar Vajpayee Innovation Lab.	26.12.2018	Not received since incorporation	2018-19 to 2021-22	4
10	Jharkhand State Forest Development Corporation Ltd. (JSFDC)	27.03.2002	2017-18	2018-19 to 2021-22	4
11	Jharkhand Communication Network Ltd.	28.01.2017	2018-19	2019-20 to 2021-22	3
12	Adityapur Electronic Manufacturing Cluster Limited	17.11.2016	2018-19	2019-20 to 2021-22	3
13	Jharkhand State Building Construction Corporation Limited	5.12.2015	2018-19	2019-20 to 2021-22	3
14	Jharkhand State Minorities Finance and Development Corporation (JSMFDC)	15.03.2012	2018-19	2019-20 to 2021-22	3
15	Jharkhand Urja Sancharan Nigam Limited	23.10.2013	2019-20	2020-21 to 2021-22	2
16	Jharkhand Urban Infrastructure Development Company Limited (JUIDCO)	19.11.2013	2019-20	2020-21 to 2021-22	2
17	Jharkhand Film Development Corp. Ltd.	07.06.2016	2019-20	2020-21 to 2021-22	2

Appendix-II*(Referred to in paragraph 1.6; page: 12)***List of 26 SPSEs whose accounts are in arrear**

Sl. No.	Public Sector Undertakings (Being audited under section 19 (1) of the CAG's (DPC) Act	Date of Incorporation	Year up to which Financial Statement received and audited	Period for which Financial Statement are pending	Number of Financial Statements pending
18	Jharkhand State Agriculture Development Corporation Limited	20.01.2016	2019-20	2020-21 to 2021-22	2
19	Jharkhand Bijli Vitran Nigam Limited	23.10.2013	2020-21	2021-22	1
20	Jharkhand Urja Utpadan Nigam Limited	23.10.2013	2020-21	2021-22	1
21	Greater Ranchi Development Agency (GRDA)	10.01.2003	2020-21	2021-22	1
22	Ranchi Smart city	30.09.2016	2020-21	2021-22	1
23	Jharkhand Plastic Park Limited	27.09.2016	2020-21	2021-22	1
24	Jharkhand Industrial Infrastructure Development Corporation Ltd. (JIIDCO)	15.12.2004	2020-21	2021-22	1
25	Jharkhand Silk Textile & Handicraft Development Corporation Ltd. (JHARCRAFT)	23.08.2006	2020-21	2021-22	1
26	Jharkhand Medical & Health Infrastructure Development & Procurement Corporation Limited (JM&HID&PCL)	24.05.2013	2020-21	2021-22	1
Total					93

Appendix-III

(Referred to in paragraph 2.1.1 at page 21)

Standard percentage of components and formula for calculating PA, as adopted by GoJ, in its Standard Bidding Documents

Components	Percentage	Formula
Cement	05	$V_c (\text{Cement}) = 0.85 \times P_c / 100 \times R \times (C_i - C_o) / C_o$ <p>V_c is the increase/decrease in the cost of cement; C_o is the all-India WPI for cement, on the 28 days preceding the date of opening of bids; C_i is the all-India WPI, for the month under consideration; P_c is the percentage of cement component of the work; and R is the total value of the work done, during the month under consideration.</p>
Steel	05	$V_s (\text{Steel}) = 0.85 \times P_s / 100 \times R \times (S_i - S_o) / S_o$ <p>Denotations as above</p>
Bitumen	10	$V_b (\text{Bitumen}) = 0.85 \times P_b / 100 \times R \times (B_i - B_o) / B_o$ <p>Denotations as above, where B_o is the official retail price of bitumen at the IOC depot on the 28 days preceding the date of opening of bids and B_i is the official retail price of bitumen, at the IOC depot, for the month under consideration.</p>
Other material	45	$V_o (\text{Other material}) = 0.85 \times P_o / 100 \times R \times (O_i - O_o) / O_o$ <p>Denotations similar to cement.</p>
Labour	25	$V_l (\text{Labour}) = 0.85 \times P_l / 100 \times R \times (L_i - L_o) / L_o$ <p>Denotations as above, where L_o is the CPI for industrial workers (IW), on the 28 days preceding the date of opening of bids and L_i is the CPI of IW, for the month under consideration.</p>

Appendix-IV

(Referred to in Paragraph 2.1.3; Page 23)

Statement showing cost and time overrun

(₹ in crore)

Sl. No.	Name of work	Name of division	Agreement No.	Status of work	Agreement value	Agreement date	Total expenditure	Due date of completion	Actual date of completion	Price adjustment paid in extended period	Month of last payment	Delay in months
1	Widening and Strengthening & Reconstruction of Ramrekha Dham Road	Simdega	01SBD/ 2014-15	Complete	70.90	23-10-2014	71.68	22-10-2016	20-05-2020	2.57	Feb-21	43
2	Widening and Strengthening of Kersai-Bolwa Road	Simdega	01SBD /2016-17	Complete	68.57	12-12-2016	77.73	11-12-2018	05-07-2021	3.27	Jul-21	31
3	Widening and Strengthening of Putritoli-Timber more Road	Simdega	01SBD/ 2015-16	Complete	62.12	26-06-2015	63.32	25-06-2017	10-02-2018	0.19	Dec-18	8
4	Widening and Strengthening/ Reconstruction of Arki (SH-03) Korba - Birbanki - Kochang-Bandgaon 13 km under RCD, Manoharpur	Manoharpur	05 SBD/ 2018-19	Complete	46.40	07-03-2019	48.33	06-03-2021	31-08-2022	2.82	Nov-23	18
5	Widening and Strengthening/ Reconstruction of Sonua-Pansua-Lodhai- Gudri Road	Manoharpur	03 SBD/ 2017-18	Complete	112.17	03-07-2017	166.23	02-07-2019	30-06-2023	18.88	Dec-22	49
6	Reconstruction of Bilashpur to Dhurki via Birbal, Khala, Khutiya, Sagma Road	Garhwa	22 SBD/ 2018-19	Complete	92.88	18-01-2019	96.99	17-01-2021	31-03-2023	6.96	Oct-23	27
7	Widening and Strengthening of Kharsotha More to Kasnap Road	Garhwa	40 SBD/ 2016-17	Complete	39.75	28-01-2017	46.04	27-04-2018	13-08-2018	1.69	Oct-19	4
8	Widening and strengthening of Nagar Untari-Bhawnathpur-Kharoundih-Dala Road	Garhwa	29 SBD/ 2016-17	Complete	66.66	22-10-2016	72.68	21-10-2018	08-04-2019	0.92	Jan-21	6
Total					595.48		668.64			37.29		

Appendix-V
(Referred to in paragraph 2.1.4.1 at page 25)
Works for which price adjustment was not calculated

Sl. No.	Name of work	Division	Agreement			Due date of completion	Expenditure	Date of last payment	Work Status (Completion date)	Recoverable PA
			No.	Value	Month					
1	Widening and strengthening of Simdega-Sewai-Kinkel-Kurdeg-Kutumakachhar up to Chhattisgarh Border Road	Simdega	02SBD/2014-15	100.99	March 2015	30.03.2017	100.23	May 2017	Completed (September 2016)	2.24
2	W/S of Harinchara-Kherwa-Shivgadi link Road	Sahibganj	14SBD/2014-15	49.54	October 2014	19.04.2016	49.53	November 2020	Completed (August 2020)	1.11
3	Widening and Strengthening of Ranga-Sirsa to Karmatand via Dhiba,-Kukraha-Karawan Road	Deoghar	12SBD/2014-15	46.97	July 2014	04.07.2016	44.28	April 2017	Completed (July 2016)	0.99
4	Widening and Strengthening of Khoripanan to Punasi and Punasi to Jasidih Railway Gate via Koyaridih Road	Deoghar	59SBD/2015-16	54.18	November 2015	15.11.2017	54.75	May 2018	Completed (May 2017)	0.10
5	Bahadurpur- Kasmar-Khairachatar Bengal Border Road	Bokaro	02SBD/2015-16	56.59	August 2015	02.07.2017	45.33	August 2017	Incomplete	0.48
6	Widening and Strengthening of Dhotla More to Nala Road	Jamtara	05SBD/2014-15	36.03	December 2014	15.03.2016	26.16	July 2021	Completed (April 2021)	0.24
7	Widening and Strengthening/ Reconstruction of Jamtara-Karmatarn-Laharjori Road	Jamtara	01SBD/2014-15	58.23	September 2014	16.09.2016	42.77	March 2022	Incomplete	0.13
Total				402.53			363.05			5.29

Appendix-VI

(Referred to in paragraph 2.1.4.2 at page 25)

Excess payment of PA

(₹ in crore)

Sl. No.	Name of work	Division	Agreement			Due date of completion	Payment to contractor	Date of last payment	Status of work	Admissible PA	PA paid by division	Excess paid
			No.	Date	Value							
1	Reconstruction of Maharajpur to Sharmapur via Teljhari to Bakudih Road	Sahibganj	16SBD/2017-18	November 2017	110.64	20.05.2020	108.73	February 2021	Completed (December 2019)	6.14	8.18	2.05
2	W/S of Shivgadi-Sanmani-Dahujo PWD Road	Sahibganj	07SBD/2019-20	January 2020	43.56	08.07.2021	40.46	June 2022	Incomplete	0.78	0.92	0.14
3	Widening and strengthening of Jamtara-Karmatarn via Combined Building Road	Jamtara	02SBD/2016-17	December 2016	30.99	09.03.2018	30.70	July 2018	Completed (July 2018)	0.92	1.07	0.15
4	W/s of Gopalpur-Tiro-Beladih-Chatar Road	Bokaro	04SBD/2017-18	December 2017	72.47	07.02.2020/ 07.08.2020	79.99	February 2022	Completed (January 2022)	5.09	5.28	0.18
5	Reconstruction of Dantu-Kathara via Sillisadam to Chalkari Road	Bokaro	01SBD/2019-20	July 2019	68.01	29.07.2021	72.04	December 2021	Completed (December 2021)	3.83	4.19	0.35
6	W/S of Lohardaga-Gangupara-Peshrar Road	Lohardaga	06SBD/2016-17	September 2016	74.72	28.06.2018	78.58	March 2022	Completed (June 2018)	4.44	4.51	0.07
7	Reconstruction of Bhawnathpur-Kandi via Kailan Road	Garhwa	23SBD/2017-18	January 2018	57.32	29.09.2019	36.70	March 2022	Incomplete	1.13	1.25	0.12
8	Reconstruction of Garhwa-Majhigaon-Kandi-Sone Bridge	Garhwa	07SBD/2019-20	October 2019	135.99	24.10.2021	77.62	August 2022	Incomplete	1.77	1.89	0.13
9	Widening and strengthening of intermediate road lane of Ranka to Chiniya	Garhwa	30SBD/2016-17	December 2016	32.66	06.06.2018	33.39	November 2019	Completed (28.08.2019)	0.60	0.73	0.13
10	W/S and Reconstruction of Chakradharpur-Sonua-Goilkera-Manoharpur Road	Manoharpur	01SBD/2017-18	April 2017	65.24	02.01.2019	43.94	July 2019	Completed (June 2019)	1.34	1.69	0.35
11	W/S and reconstruction of Chandwara-Tham-Selhara-Pandywara road	Koderma	02SBD/2016-17	June 2016	44.55	19.12.2017/ 19.04.2018	49.97	February 2019	Completed (April 2018)	2.30	2.61	0.31
Total					736.15		652.12			28.34	32.32	3.98

Remarks-1. While calculating the admissible PA, Audit considered the value of work executed only till intended date of completion, in case of four agreements (Sl. Nos. 2, 3, 6 and 7), as extensions of the intended dates of completion had not been granted against these agreements, while the divisions concerned had considered the total value of work executed beyond the intended dates of completion.

2. In two agreements (Sl. Nos. 4 & 11), Audit considered the value of work till the extended date of completion, as supplementary agreements had been executed in these cases.

Appendix-VII
(Referred to in paragraph 2.1.4.3 at page 27)
Short-recovered PA

(₹ in crore)

Sl. No.	Name of work	Division	Agreement			Due date of Completion	Expenditure	Date of last payment	Status of work	Recoverable PA	PA recovered by division	Short-recovered PA
			No.	Date	Value							
1	Construction of Shankh-Chatra Road	Lohardaga	09SBD/2014-15	March 2015	51.12	24.08.2016	53.44	April 2017	Completed (August 2016)	1.25	0.90	0.35
2	Strengthening/ Reconstruction of Putritoli - Barasloya-Lacharagarh – Jaldega – Pandripani and Simdega-Jaldega-Girda Road	Simdega	02SBD/2013-14	January 2014	117.39	30.01.2016	118.14	September 2021	Completed (December 2016)	1.76	0.58	1.18
Total					168.51		171.58			3.01	1.48	1.53

Note: Monthly value of work done- average of value of work done for those periods in which monthly measurements were not taken. Audit calculated the monthly value of work done by deriving the day-wise value of work (value of work in the running bills divided by the number of days in which the works were executed).

Appendix-VIII

(Referred to in paragraph 2.1.4.4 at page 28)

Differential cost of bitumen, recoverable from contractors

(₹ in crore)

Sl. No.	Name of work	Division	Agreement			Due date of Completion	Payment to contractor	Month of payment	Status of work	Recoverable amount
			No.	Value	Month					
1	Reconstruction of Kesa More-Tangarbasli-Mandar Road	Lohardaga	17SBD/2013-14	30.74	June 2013	29.06.2014	25.44	November 2016	Completed (October 2016)	0.55
2	Widening and strengthening of Bewa Bypass Road	Jamtara	03SBD/2014-15	8.96	September 2014	26.08.2015	8.93	June 2017	Completed March 2017)	0.75
3	Widening and Strengthening of Dheeba to Karon via Teliparua, Budwatanr Road	Deoghar	07SBD/2016-17	14.88	May 2016	22.05.2017	14.04	November 2017	Completed (May 2017)	0.19
4	Widening and Strengthening of Road from Chitra to Mishradih	Deoghar	02SBD/2016-17	19.81	April 2016	19.04.2017	18.72	January 2018	Completed (October 2017)	0.37
5	Widening and strengthening/reconstruction of Road from Rikhia Dham to Bihar border	Deoghar	71SBD/2015-16	18.22	January 2016	19.01.2017	19.80	December 2017	Completed (June 2017)	0.12
Total				92.61			86.93			1.98

Appendix-IX
(Referred to in paragraph 2.2.7; page: 36)
Collection efficiency (excluding arrears) in respect of rural domestic consumers

(₹ in crore)

Sl. No.	Particulars	2018-19		2019-20		2020-21		2021-22	
		Total	Total Rural Domestic	Total	Total Rural Domestic	Total	Total Rural Domestic	Total	Total Rural Domestic
A.	Total Assessment	4,048.78	7,10.74	5,032.38	1,304.84	4,624.58	1,298.07	5,806.58	1,793.42
B.	Collection (excluding subsidy)	1,824.78	62.96	1,843.92	52.10	1,690.92	51.96	1,553.22	56.19
C.	Subsidy	573.99	281.77	1,328.70	7,59.85	1,356.16	8,07.98	1,755.20	1,135.53
D.	Total Collection (B+C)	2,398.77	3,44.73	3,172.62	8,11.95	3,047.07	8,59.94	3,308.48	1,191.72
E.	Percentage of collection (D/A)*100	59.25	48.50	63.04	62.23	65.89	66.25	56.98	66.45
F.	Receivable from consumers (A-C)	3,474.80	4,28.97	3,703.68	5,44.99	3,268.42	4,90.09	4,051.38	657.89
G.	Short collection from consumers (F-B)	1,650.02	3,66.01	1,859.76	4,92.89	1,577.50	4,38.13	2,498.16	601.70
H.	Percentage of collection excluding Government subsidy (B/F)*100	52.51	14.68	49.79	9.56	51.73	10.60	38.34	8.54
I.	Total bills issued (in Nos.)	3,44,83,561	2,20,97,488	3,66,72,383	2,39,48,156	3,26,30,400	2,17,38,585	4,16,65,777	2,90,33,128
J.	Total bills collected (in Nos.)	86,04,319	24,66,464	80,65,550	22,51,857	79,96,930	23,57,131	87,74,184	25,57,379
K.	Percentage of collection (J/I)*100	24.95	11.16	21.99	9.40	24.51	10.84	21.06	8.81

(Source: Compiled from information furnished by the Company)

Appendix-X
(Referred to in paragraph 2.2.9.7; page: 46)
Irregular allowance of voltage rebate

Sl. No.	Circle	Consumer Number	Period	Irregular voltage rebate allowed (₹ in lakh)
1	Deoghar	HT10729	June 2018 to February 2022	18.94
2		HT11209	June 2018 to February 2022	24.74
3		HT5340	June 2018 to February 2022	14.22
4		HT7156	June 2018 to February 2022	0.03
5		HT9980	June 2018 to February 2022	14.63
6		J1552	June 2018 to February 2022	20.34
7		JH11513	June 2018 to February 2022	15.56
8		MP4097	June 2018 to February 2022	6.22
9	Giridih	GRD89	July 2018 to February 2022	5.51
10		GRD39	October 2018 to February 2022	4.77
11	Gumla	S-02	December 2018 to January 2022	1.27
12	Dhanbad	GR588	May 2019 to February 2022	11.16
13		NR562	February 2022	0.02
14	Dumka	DMK10	March 2021	0.58
15		DMK11	March 2021	0.58
16	Ramgarh	BHL8415	July 2018 to February 2022	30.07
17		CHJ562	July 2018 to December 2020	14.60
18		NSL823	July 2018 to February 2022	22.25
19		PT6270	July 2018 to February 2022	22.88
Total				228.37

(Source: compiled from the data furnished by JBVNL)

Appendix-XI*(Referred to in paragraph 2.2.9.8; page: 47)***Short-billing of energy charges, due to delay in replacing defective meters**

Sl. No.	Circle	Consumer No.	Month in which meter was reported defective	Month in which meter was replaced	Delay in replacement (in months)	Average consumption per month, charged during the defective period (in Kwh)	Average consumption per month, charged after the defective period (in Kwh)	Short billing of energy charges (₹ in crore)
1	Dhanbad	J171	August 2017	December-2018	16	24,436	1,27,368	1.84
2		NR446	April 2017*	December-2018	21	92,613	75,556	0.32
3		NR430	September-2016	November-2018	27	6,55,180	4,94,367	2.49
4		NR422	November-2016	October-2018	24	68,202	42,432	0.11
5		KND1686	June-2017	December-2018	18	1,39,186	1,30,547	0.57
6	Dumka	DMK10HT	September-2013	June -2019	70	57,216	87,378	0.91
7		JMT12HT	June-2017	May-2019	23	28,634	29,192	0.01
8	Ramgarh	HTS19235	July-2019	June-2020	12	5,777	12,844	0.03
9	Gumla	G-1924	May-2018	May-2019	9	17,562	19,260	0.01
10		L-12577	July-2020	November-2020	1	39,170	59,040	0.01
11		GH-337	May-2018	May-2019	9	21,846	39,128	0.09
12	Giridih	GRD-95	February-2020	January-2021	8	4,905	7,900	0.01
Total						11,54,727	11,25,012	6.40

(Source: compiled from data furnished by JBVNL)

*Meter had been defective prior to April 2017; the month of defect was not found available on records.

Appendix-XII

(Referred to in paragraph 2.2.9.12; page: 49)

Losses due to erroneous billing of Streetlight Service connections

(₹ in lakh)

Sl. No.	ESD	Consumer Number	Period	Bills charged	Bills to be charged	Short charged
1	Nirsa	URBCC005	February 2018 to June 2022	103.97	506.60	402.64
2	Dumka	GVSS000241	January 2018 to August 2021	8.50	18.90	10.40
3		GVSS000242	January 2018 to August 2021	8.50	18.90	10.40
4		GVSS000243	January 2018 to July 2021	8.30	18.45	10.15
5		GVSS000244	January 2018 to July 2021	8.25	18.90	10.65
6		GVSS000245	January 2018 to July 2021	8.30	18.45	10.15
7		GVSS000246	January 2018 to August 2021	8.54	18.90	10.36
8		GVSS000247	January 2018 to August 2021	8.54	18.90	10.36
9		GVSS000248	January 2018 to August 2021	8.50	18.90	10.40
10		GVSS000026	April 2018 to March 2022	66.00	150.00	84.00
11		GVSS000027	April 2018 to March 2022	11.91	27.00	15.09
12		GVSS000028	April 2018 to March 2022	15.06	35.10	20.04
13		GVSS000029	April 2018 to March 2022	19.86	46.20	26.34
14		Jamtara	GVSS000059	April 2018 to December 2021	71.15	156.00
15	GVSS000022		June 2018 to April 2022	34.28	75.00	40.72
16	Ramgarh	STL0731A	May 2018 to July 2022	7.55	17.85	10.30
17		STL0731B	May 2018 to July 2022	7.55	17.85	10.30
18		STL0731C	May 2018 to July 2022	11.87	28.05	16.18
19		STL0731D	May 2018 to July 2022	12.72	30.60	17.88
20		STL0731E	May 2018 to July 2022	6.37	15.30	8.93
21		STL0731G	May 2018 to July 2022	7.55	17.85	10.30
22		STL0731H	May 2018 to July 2022	6.37	15.30	8.93
23		STL0731I	May 2018 to July 2022	9.55	22.95	13.40
24	Godda	GVSS01152N	October 2017 to March 2022	80.59	283.20	202.61
25	Simdega	4923	April 2018 to August 2022	111.72	243.00	131.28
26	Madhupur	GVSS05647N	February 2020 to May 2022	13.32	28.50	15.18
27		GVSS05648N	January 2021 to May 2022	13.63	28.50	14.87
28		GVSS05649N	February 2020 to May 2022	13.32	28.50	15.18
29		GVSS05650N	February 2020 to May 2022	13.32	28.50	15.18
30		GVSS05651N	February 2020 to May 2022	13.32	28.50	15.18
31		GVSS05652N	January 2021 to May 2022	13.63	28.50	14.87
32	Deoghar	BBSS007295A	June 2017 to April 2022	33.56	76.50	42.94
33		BBSS008123	June 2017 to April 2022	34.24	76.50	42.26
34		BLSS008385	June 2017 to April 2022	34.24	76.50	42.26
35		BRSS009321	June 2017 to April 2022	34.24	76.50	42.26
36		BRSS009322	June 2017 to April 2022	34.24	76.50	42.26
37		BTSS008712	March 2018 to April 2022	31.71	69.00	37.29
38		CTSS009072	June 2017 to April 2022	34.24	76.50	42.26

Appendix-XII*(Referred to in paragraph 2.2.9.12; page: 49)***Losses due to erroneous billing of Streetlight Service connections****(₹ in lakh)**

Sl. No.	ESD	Consumer Number	Period	Bills charged	Bills to be charged	Short charged
39		CTSS009073	June 2017 to April 2022	15.55	36.00	20.45
40		GVSS00849N	June 2017 to April 2022	121.69	277.50	155.81
41		GVSS03372N	June 2017 to April 2022	122.20	279.00	156.80
42		GVSS04288N	June 2017 to April 2022	115.83	260.25	144.42
43		GVSS04452N	June 2017 to April 2022	123.73	283.50	159.77
44		GVSS04559N	June 2017 to April 2022	125.26	288.00	162.74
45		GVSS04560N	June 2017 to April 2022	120.93	275.25	154.32
46		GVSS05649N	June 2017 to April 2022	118.63	268.50	149.87
47		GVSS05650N	June 2017 to April 2022	118.63	268.50	149.87
48		GVSS05651N	June 2017 to May 2022	118.47	266.00	147.53
49		GVSS05930N	June 2017 to April 2022	69.46	156.00	86.54
50		GVSS05935N	June 2017 to April 2022	104.94	236.25	131.31
51		GVSS08743N	June 2017 to April 2022	15.55	36.00	20.45
52		GVSS08744N	June 2017 to April 2022	15.55	36.00	20.45
53		GVSS08745N	June 2017 to April 2022	34.24	76.50	42.26
54		JHSS010186	June 2017 to April 2022	34.24	76.50	42.26
55		JHSS010187	June 2017 to April 2022	34.24	76.50	42.26
56		MMSS09383N	June 2017 to May 2022	64.89	149.95	85.06
57		MMSS112071	March 2019 to April 2022	7.29	15.75	8.46
58		MMSS112072	March 2019 to April 2022	7.29	15.75	8.46
59		MMSS112073	March 2019 to April 2022	7.29	15.75	8.46
60		MPSS002124	June 2017 to May 2021	13.57	31.85	18.28
61		MPSS002125	June 2017 to April 2022	33.52	75.00	41.48
62		SSSS008847	March 2018 to April 2022	31.71	69.00	37.29
63		STSS007204	June 2017 to April 2022	33.52	75.00	41.48
64		STSS007205	March 2018 to April 2022	31.71	69.00	37.29
65		WTSS009100	June 2017 to April 2022	34.24	76.50	42.26
66		JSS000014N	April 2018 to March 2019	22.71	52.50	29.79
67		JSS000429N	April 2018 to March 2019	18.94	43.75	24.81
68		JSS002060N	April 2018 to March 2019	1.87	4.25	2.38
Total				2,686.24	6,427.45	3,741.21

(Source: compiled from data furnished by JBVNL)

Appendix-XIII*(Referred to in paragraph 2.2.9.12; page: 49)***A. Details of nine consumers whose billing had been stopped midway**

Sl. No.	ESD	Consumer number	Period	Amount (₹ in lakh)
1	Madhupur	GVSS05647N	April 2018 to March 2019	7.70
2		GVSS05648N	April 2018 to March 2019	7.70
3		GVSS05649N	April 2018 to March 2019	7.70
4		GVSS05650N	April 2018 to March 2019	7.70
5		GVSS05651N	April 2018 to March 2019	7.70
6		GVSS05652N	April 2018 to March 2019	7.70
7	Deoghar	JS000014N	April 2019 to March 2022	183.60
8		JSS000429N	April 2019 to March 2022	156.06
9		JSS002060N	April 2019 to March 2022	18.36
Sub Total A				404.22

B. Details of five consumers whose bills had not been raised/had been partly raised

Sl. No.	ESD	Consumer number	Period	Amount (₹ in lakh)
1	Nirsa	MGS09049	January 2018 to June 2022	8.78
2	Giridih (South)	SS0001G	April 2019 to July 2022	1,250.00
3	Madhupur	GVSS00021NA	April 2018 to March 2019	55.00
4		GVSS00021NB	April 2018 to March 2019	55.00
5		GVSS05653N	April 2018 to March 2019	7.70
Sub Total B				1,376.48
Grand Total (A+B)				1,780.70

(Source: compiled from data furnished by JBVNL)

Appendix-XIV*(Referred to in paragraph 2.2.9.15; page: 51)***Short-billing of energy charges and Electricity Duty, due to application of incorrect Multiplication Factor (MF)****(₹ in lakh)**

Sl. No.	Circle	Consumer Number	MF applied for billing	MF to be applied for billing	Period of wrong application of MF	Revenue short charged against	
						Energy Charge	Electricity Duty
1	Dhanbad	BRD 554	400	1,200	June 2020 to February 2022	111.44	3.50
2		BRD 556	1,200	2,000	September 2019 to April 2021	38.03	0.32
3		BRD 569	30,000	1,20,000	August 2019 to November 2021	3,242.04	60.97
4		DHL 40	600	1,200	October 2018 to February 2022	134.55	2.41
5		GR 579	200	600	November 2018 to January 2020	10.80	0.09
6		GR 587	400	1,200	November 2018 to February 2022	27.32	0.51
7		J169/170	1,200	2,000	November 2018 to February 2022	490.39	9.21
8		NB 1732	400	600	July 2018 to February 2022	11.17	0.21
9		SND 1527	200	1,200	September 2020 to October 2020	23.82	0.16
10	Dumka	JMT 09	600	1,200	December 2017 to April 2022	103.32	5.85
11		DMK 27HT	1	1,200	August 2019	0.65	0.00
12	Giridih	GRD 93	400	600	November 2020 to June 2020	36.70	1.91
Total						4,230.23	85.14

(Source: compiled from data furnished by JBVNL)

Appendix-XV*(Referred to in paragraph 2.2.9.16; page 51)***Non-billing in cases of meter replacement for part period**

Sl. No.	Circle	Consumer no.	Period of average consumption	Average consumption to be charged	Short charged (₹ in lakh)
1.	Giridih	GRD-62	01.12.2018 to 20.12.2018	4,331.18	0.25
2.		GRD-102	01.02.2021 to 25.02.2021	40,660.71	2.24
3.	Gumla	L-12577	01.11.2020 to 09.11.2020	11,751	0.65
4.		GH-337	01.06.2019 to 24.06.2019	17,477.04	0.96
5.	Dhanbad	NR425	01.11.2019 to 12.11.2019	46,565	2.62
6.		NR394	01.01.2019 to 21.01.2019	36,515	0.23
7.		NR422	01.10.2018 to 29.10.2018	32,764	1.88
8.		BRD521	01.03.2019 to 06.03.2019 07.03.2019 to 31.03.2019 as per meter reading	3,672 28,200	1.49
9.		BRD537	01.10.2020 to 16.10.2020 17.10.2020 to 31.10.2020 as per meter reading	50,781 58,626	1.11
10.		BRD554	April 2020 to 12.05.2020	96,628	5.31
11.		BRD 569	May 2019 to 03.07.2019	5,44,400	21.47
12.		BRD602	01.05.2019 to 16.05.2019 17.05.2019 to 31.05.2019 as per meter reading	13,653 14,904	0.31
13.		BRD615	01.01.2019 to 17.01.2019 18.01.2019 to 31.01.2019 as per meter reading	7,042 8,688	0.50
14.		DH1736	01.09.2019 to 13.09.2019 17.09.2019 to 30.09.2019 as per meter reading	16,058 20,700	0.33
15.		J28/32	01.12.2018 to 14.12.2018	4,13,131 10,800	1.39

Appendix-XV*(Referred to in paragraph 2.2.9.16; page 51)***Non-billing in cases of meter replacement for part period**

SI. No.	Circle	Consumer no.	Period of average consumption	Average consumption to be charged	Short charged (₹ in lakh)
			15.12.2018 to 31.12.2018 as per meter reading		
16.		NR551	October 2018 to 07.11.2018	1,51,162	8.82
17.		NR525	31.01.2020	1,22,816 in December 2019, Upto 30 January 2020- 1,18,854 31 st January 2020- 10,452	0.67
18.	Dumka	JMT1HT	04.01.2019	13,11,960	1.80
19.		DMK10HT	17.12.2015	42,510	1.22
20.		JMT09HT	20.12.2017	40,292	1.59
21.		DMK21HT	12.05.2018	Meter replaced but meter reading from 05.05.2018 was not considered.	0.44
22.		DMK27HT	26.06.2019	10,488	0.42
Total					55.25

(Source: compiled from data furnished by JBVNL)

Appendix-XVI
(Referred to in paragraph 2.2.9.16; page: 51)
Short-billing of energy charges on ad hoc basis

Sl. No.	Circle	Consumer no.	Month of defect	Average consumption to be charged	Average consumption charged per month	Monthly unit short charged	Loss of revenue (₹ in lakh)
1	Dhanbad	KD443	August 2019 to 12 January 2021	95,520	95,520 from April 2019 to July 2019 and 65,016 units from August 2019 to 11 January 2021	30,504	29.14
2		NR 393	March 2020 to December 2020	1,02,000	1,00,851 in March 2020 and 78,624 per month from April 2020 to December 2020	1,149 23,376	11.63
3		NR471	May 2019 to December 2020	1,36,068	0 unit in May 2019, 1,36,068 units per month in June & July 2019 and 63720 units per month from August 2019	1,36,068 0 72,348	75.13
4	Ramgarh	HTS 19235	August 2019 to June 2020	5,950	5,777 units per month from August 2019 to June 2020	173	0.10
5	Deoghar	JUBHT-1	May 2017 to March 2022	56,118	13,478	42,640	113.97
6		MP 1924	June 2021 to March 2022	62,592	38,544	24,048	13.23
7	Dumka	DMK 11 HT	February 2019	48,444	46,644	1,800	0.10
Total							243.30

(Source: compiled from data furnished by JBVNL)

Appendix-XVII
(Referred to in paragraph 2.2.9.16; page: 51)
Short-billing of energy charges due to wrong average billing

Sl. No.	Circle	Consumer no.	Month of defect	Average consumption to be charged	Average consumption charged	Units short charged per month	Loss of revenue (₹ in lakh)
1	Dhanbad	J171	August 2017	17,766 kwh up to April 2018	3,543	14,223	8.00
2		NR430	September 2016	3,23,900 up to April 2018	3,12,400	11,500	15.81
3		BRD569	May 2020 to November 2021	7,14,650	0 unit in May 2020 and 4,90,132 units from June 2020 to November 2021	7,14,650 2,24,518	261.58
4		KD-05	September 2020 to February 2021	1,32,830	1,30,104	2,726	0.90
5		SND 1528	August 2016 to July 2019	16,527	10,140	6,387	13.55
6	Deoghar	PBB01	December 2020	851.14	527.36	323.78	0.28
7		RBHHT00050	June 2021	3,280	2,948	332	0.18
Total							300.30

(Source: compiled from data furnished by JBVNL)

Appendix-XVIII
(Referred to in paragraph 2.2.9.20; page: 55)
Details of unassessed energy units¹

Year	Tariff	Units consumption shown against unmetered consumers (in MUs)	Revenue assessed, in case of unmetered consumers (₹ in crore)	Units consumed, considering metered billing, in case of unmetered connections, for equivalent revenue (in MUs)	Unassessed units shown (in MUs)	Revenue, if billed under the metered category (₹ in crore)	Value of unassessed units (₹ in crore)
2018-19	DSI(a)	464.44	56.30	117.71	346.73	204.35	148.05
	DSI(b)	2500.90	216.18	391.41	2109.49	1,187.93	971.75
	NDS	75.76	5.43	9.84	65.92	35.98	30.55
	Irrigation	195.87	25.49	48.43	147.43	97.93	72.44
	Total	3236.97	303.40	567.39	2669.57	1,526.19	1,222.79
2019-20	DSI(a)	208.66	41.22	65.95	142.71	119.98	78.76
	DSI(b)	1782.64	163.38	261.41	1521.23	1,025.02	861.64
	NDS	57.84	4.62	7.40	50.44	33.26	28.64
	Irrigation	169.97	26.69	50.70	119.26	84.98	58.29
	Total	2219.11	235.91	385.46	1833.64	1,263.24	1,027.33
2020-21	DSI(a)	115.75	20.13	32.21	83.54	66.56	46.43
	DSI(b)	972.05	61.12	97.80	874.25	558.93	497.81
	NDS	33.83	0.48	0.77	33.06	19.45	18.97
	Irrigation	120.48	20.10	38.19	82.29	60.24	40.14
	Total	1242.11	101.83	168.97	1073.14	705.18	603.35
Grand Total		6,698.19	641.14	1,121.82	5,576.35	3,494.61	2,853.47

(Source: compiled from data furnished by JBVNL)

¹ Excess energy units, shown by the Company against unmetered consumers.

Appendix-XIX
(Referred to in paragraph 2.2.9.20; page: 55)
Aggregate Technical and Commercial (AT&C) losses

COMPUTATION OF AT&C LOSS					
PARTICULARS		2018-19	2019-20	2020-21	2021-22
A	Gross energy purchased (MU)	12,860.36	12,707.61	13,290.20	Data of revenue assessment and subsidy provided to unmetered DSI-(A), DSI-(B), NDS-I And IAS-I was not furnished to audit.
B	Transmission losses (MU)	856.21	606.18	1,051.40	
C	Net input energy (MU)	12,004.16	12,101.42	12,238.80	
D	Total units sold (MU) (<i>per cent</i> of C)	9,277.55 (77)	9,314.89 (77)	7,913.41 (65)	
E	Unassessed units (MU) (Appendix XVIII)	2,669.57	1,833.64	1,073.14	
F	Total actual units sold (MU) (<i>per cent</i> of C) (D – E)	6,607.98 (55)	7,481.26 (62)	6,840.27 (56)	
G	Total revenue from sale of energy, including revenue grant ² (₹ in crore)	5,074.10	6,405.07	5,244.98	
H	Adjusted revenue - adjustment of revenue grant (nil) ³ - (₹ in crore)	5,074.10	6,426.04	4,888.82	
I	Opening debtors for sale of energy- (₹ in crore)	5,890.81	6,283.03	7,185.18	
J	Closing debtors for sale of energy- (₹ in crore)	6,283.03	7,173.67	8,305.17	
	i) Closing debtors for sale of energy- (₹ in crore)	6,283.03	7,173.67	8,305.17	
	ii) Any write off	0.00	0.00	0.00	
K	Adjusted closing debtors- (₹ in crore) (i+ii)	6,283.03	7,173.67	7,305.17	
L	Collection efficiency (<i>per cent</i>) (H+I-K)/G	92.27	86.42	90.92	
M	Units realised (MU) (F*L) (<i>per cent</i> of F)	6,097.18 (92)	6,465.30 (86)	6,219.17 (91)	
N	Units unrealised (MU) (C-M)	5,906.98	5,636.12	6,019.63	
O	AT & C Loss (<i>per cent</i>) (N/C)	49.21	46.57	49.18	

² 2018-19-₹ 1,250 crore, and 2019-20- ₹ 600 crore.

³ 2018-19-revenue grant booked - ₹ 1,250 crore, revenue grant received-₹ 1,250 crore and 2019-20-revenue grant booked - ₹ 600 crore, revenue grant received-₹ 600 crore.

Appendix-XX

(Referred to in paragraph 2.2.10.1; page: 57)

Excess claim of subsidy

Tariff	Collection (in ₹)	Subsidy received (in ₹)	Tariff per unit (in ₹)	Subsidy per unit (in ₹)	Net receivable from consumers (in ₹)	Unit for which collection made (in unit)	Eligible subsidy (in ₹)	Excess subsidy claimed (in ₹)
1	2	3	4	5	6=(4-5)	7=(2/6)	8=(5*7)	9=(3-8)
DS-1 (a)	6,76,94,987	4,39,20,91,334	5.75	4.25	1.5	4,51,29,991	19,18,02,463	4,20,02,88,871
DS-1 (b)	35,52,14,387	3,20,63,75,045	5.75	3.9	1.85	19,20,07,777	74,88,30,329	2,45,75,44,716
IAS-I	1,02,66,257	28,29,26,087	5	4.3	0.7	1,46,66,081	6,30,64,150	21,98,61,937
IAS-II	5,39,548	19,48,333	5	3.8	1.2	4,49,623	17,08,569	2,39,764
SS-I	4,27,300	3,70,55,838	6.25	1	5.25	81,390	81,390	3,69,74,448
Total	43,41,42,479	7,92,03,96,637				25,23,34,862	1,00,54,86,901	6,91,49,09,736

(Source: compiled from data furnished by JBVNL)

Appendix-XXI*(Referred to in paragraph 2.2.10.2; page: 57)***Excess charge from consumers and excess claim of subsidy****(₹ in lakh)**

Category of consumer	Name of Division	Number of consumer	Short/excess charge from consumer	Excess subsidy claimed
DS-1 (a)	Dumka	86,042	489.18	6,828.24
	Jamtara	20,111	65.46	829.76
	Govindpur	12,285	107.51	1,004.94
	Nirsa	9	0.01	0.12
	Ramgarh	69	0.06	0.75
	Kujju	40	0.03	0.22
	Giridih (South)	7,371	16.55	154.13
	Giridih (North)	0	0	0
	Gumla	7,191	56.86	689.49
	ESD Simdega	8,048	46	585.80
	Madhupur	16,347	73.39	1,234.24
	Godda	69,254	525.66	6,595.01
Total		2,26,767	1,380.71	17,922.70
DS-1 (b)	Dumka	17,550	(93.05)	633.46
	Jamtara	16,134	(61.76)	596.56
	Govindpur	10,449	(67.55)	933.36
	Nirsa	14,929	(26.89)	271.70
	Ramgarh	6,194	(44.81)	193.18
	Kujju	6,153	(8.29)	49.47
	Giridih (South)	45,228	(139.89)	1,326.70
	Giridih (North)	39,272	(88.01)	1,357.13
	Gumla	5,087	(88.52)	1,008.89
	ESD Simdega	7,643	(71.83)	726.54
	Madhupur	20,185	(43.76)	545.05
	Godda	26,773	(128.4)	1,610.92
Total		2,15,597	(862.76)	9,252.96
Grand Total				27,175.66

(Source: compiled from data furnished by JBVNL)

Appendix-XXII

(Referred to in paragraph 3.5; page: 112)

Difference of PI payable as per the agreement *vis-à-vis* the NCDP and the excess PI paid

Financial Year	ACQ (in MT)	Lifted Quantity ⁴ (in MT)	Lift Allotment ⁵ (in percentage)	PI payment made, as per agreement			PI payment, if provision had been made as per NCDP		
				Lifting (per cent)	Quantity (in MT)	Amount (in ₹)	Lifting (per cent)	Quantity (in MT)	Amount (in ₹)
2015-16	20,00,000	21,51,051.86	107.55	90-95	1,00,000	1,11,45,700	90-95	0	0
				95-100	1,00,000	2,22,91,400	95-100	0	0
				Above 100	1,51,051.86	6,73,43,148.60	Above 100	1,51,051.86	6,73,43,148.64
				Basic PI		10,07,80,249	Basic PI		6,73,43,148.64
				Central Excise Duty		60,46,814.92	Central Excise Duty		40,40,588.918
				Total		10,68,27,064	Total		7,13,83,737.56
				Service tax		53,41,353.18	Service tax		35,69,186.878
				Total PI paid		11,21,68,417	Total PI payable		7,49,52,924.44
2012-13	20,00,000	20,72,120.54	103.61	90-95	1,00,000	1,76,21,605	90-95	0	0
				95-100	1,00,000	3,52,43,209	95-100	0	0
				Above 100	72,120.54	5,08,35,186	Above 100	72,120.54	5,08,35,186
				Total PI paid		10,37,00,000	Total PI payable		5,08,35,186
				Grand Total PI Paid	21,58,68,417	Grand Total PI payable	12,57,88,110.40		
Excess PI paid due to non-consideration of provisions of NCDP								9,00,80,306.30	

⁴ Actual quantity of coal lifted by the company at the seller's (CCL) end.

⁵ Quantity of coal lifted by the purchaser in percentage with respect to the ACQ.

**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
<https://cag.gov.in>**

<https://cag.gov.in/ag/jharkhand/en>