CHAPTER–III

Implementation of projects under the schemes

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This chapter discusses the deficiencies observed in the implementation of the DDUGJY and SAUBHAGYA schemes by the DISCOMs. The audit examination revealed significant variations between sanctioned and executed quantities, with some components showing overachievement up to 244.79 *per cent* while others exhibited shortfalls up to 84.14 *per cent* across both schemes. Major deficiencies included avoidable expenditure of ₹ 402.44 crore on cement concrete grouting not required as per the scope of work, and creation of infrastructure worth ₹ 140.34 crore in 2,919 habitations without releasing any service connections. The objective of separating agriculture and non-agriculture feeders remained largely unachieved, as only 28.78 *per cent* of agriculture consumers were connected to agriculture feeders. Many instances of duplicate claims and excess payments to contractors were noticed, along with violation of scheme guidelines through installation of static energy meters instead of mandated smart meters.

Scope of work under the schemes

3.1 The scope of the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) included: (i) separation of agriculture and non-agriculture feeders to enable judicious rostering of supply to agricultural and non-agricultural consumers in rural areas; and (ii) strengthening and augmentation of sub-transmission and distribution infrastructure in rural areas, including metering at distribution transformers, feeders, and consumer ends.

Further, the scope of the Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) included: (i) providing last-mile connectivity and electricity connections to all unelectrified households in rural areas; (ii) providing standalone solar photovoltaic (SPV) based systems for unelectrified households in remote or inaccessible villages and habitations where grid extension was not feasible or cost-ineffective; and (iii) providing last-mile connectivity and electricity connections to all remaining economically poor unelectrified households in urban areas.

Status of execution under the schemes

3.1.1 The details of actual quantities executed *vis-a-vis* the sanctioned quantities under the DDUGJY scheme, during 2015-16 to 2021-22, are given in **Table 3.1**.

Table 3.1: Execution under the DDUGJY scheme

Particulars	Sanctioned Quantity	Executed Quantity	Excess/ Shortfall (-)	Achievement (in *per cent*)
Feeder Segregation				
Feeder Separation (Nos.)	1,803	1,885	82	104.55
Distribution Transformers (25 kVA, 63 kVA and 100 kVA) (Nos.)	47,887	24,117	-23,770	50.36
11 kV Lines [Circuit kilometer (Ckm)]	31,484.09	36,315.97	4,831.88	115.35
LT Lines (Ckm)	764	1,773.02	1,009.02	232.07
System Strengthening				
New 33/11 kV Substations (1x5 MVA and 2x5 MVA) (Nos.)	237	269	32	113.50
Augmentation of Power Substations (Nos.)	609	874	265	143.51

Particulars	Sanctioned Quantity	Executed Quantity	Excess/ Shortfall (-)	Achievement (in *per cent*)
Distribution Transformers (25 KVA, 63 kVA and 100 KVA) (Nos.)	22,340	17,761	-4,579	79.50
11 kV Lines (Ckm)	12,505.15	7,567.97	-4,937.18	60.52
LT Lines (Ckm)	6,383	9,027.03	2,644.03	141.42
33 kV Lines (Ckm)	6,291.87	4,307.33	-1,984.54	68.46
Service connections (BPL households)	57,039	75,216	18,177	131.87
Metering				
Feeder Metering (Nos.)	3,228	1,844	-1,384	57.13
DT Metering (Nos.)	45,742	84,302	38,560	184.30
Consumer Metering (Nos.)	8,55,840	20,95,042	12,39,202	244.79

Source: Closure Report of the schemes and records provided by DISCOMs

It can be seen from **Table 3.1** that there were significant variations in executed quantities compared to sanctioned quantities across various components executed under the DDUGJY scheme, indicating both overachievement and underachievement in implementation. Excess quantities were observed in components like LT lines (232.07 *per cent* under feeder segregation and 141.42 *per cent* under system strengthening), augmentation of power substations (143.51 *per cent*), service connections to BPL households (131.87 *per cent*), DT metering (184.30 *per cent*), and consumer metering (244.79 *per cent*). Besides, shortfalls were observed in distribution transformers (50.36 *per cent* under feeder segregation and 79.50 *per cent* under system strengthening), 11 kV lines (60.52 *per cent* under system strengthening), 33 kV lines (68.46 *per cent*), and feeder metering (57.13 *per cent*).

The main reasons for variations in executed quantities compared to sanctioned quantities were the inclusion of habitations and works from other schemes, variations arising from site surveys and actual site conditions, and the addition of extra works.

In its reply, the Government stated (December 2023) that the variations were attributed to geographical conditions, site-specific requirements, and the construction of additional infrastructure. Furthermore, the approved scope of work was revised within the total approved cost due to the time lag between the DPR approval and execution.

Audit is of the view that the significant variations, both excess and shortfall, highlight weaknesses in the planning and approval processes. These discrepancies underscore the necessity for better project planning, including more rigorous surveys and a more accurate estimation of quantities.

Further, the details of actual quantities executed *vis-a-vis* the sanctioned quantities under the SAUBHAGYA scheme, implemented during 2017-18 to 2020-21, are detailed in **Table 3.2**.

Table 3.2: Achievements under the SAUBHAGYA scheme

Particular	Sanctioned Quantity	Executed Quantity	Shortfall (-)	Shortfall (in *per cent*)
Connections				
On-grid connections (Nos.)	1,22,00,000[1]	61,64,963	- 60,35,037	49.47
Off-grid connections (Nos.)	1,00,000	53,234	- 46,766	46.77
Additional HT infrastructure				
33/11 kV SSs (Nos.)	1,381	219	- 1162	84.14

[1] GoUP issued (10 November 2017) indent to REC for electrification of 1.70 crore un-electrified households but REC approved only 1.22 crore connections.

Particular	Sanctioned Quantity	Executed Quantity	Shortfall (-)	Shortfall (in *per cent*)
DT SSs (Nos.)	1,95,735	1,06,455	- 89,280	54.39
11 kV line (Ckm)	88,657.85	20,619.46	- 68,038.39	76.74
Electrification of villages and habitations				
Un-electrified villages (Nos.)	1,874	1,356	- 518	27.63
Un-electrified habitations (Nos.)	18,841	7,016	- 11,825	62.76

Source: Information provided by DISCOMs

It can be seen from **Table 3.2** that there were significant shortfalls in the execution of various components under the SAUBHAGYA scheme. On-grid connections were provided to only 50.53 *per cent* of the targeted households, leaving a shortfall of 49.47 *per cent*. Similarly, off-grid connections saw a shortfall of 46.77 *per cent*. The provision of additional high-tension (HT) infrastructure fell significantly short, with shortfalls ranging from 54.39 *per cent* to 84.14 *per cent* in 33/11 kV substations, distribution transformers, and 11 kV lines. Furthermore, the electrification of 518 villages (27.63 *per cent*) and 11,825 habitations (62.76 *per cent*) was not completed by the closure of the scheme. These figures indicate that a significant portion of the scheme's objectives remained unfulfilled.

Implementation of projects under the DDUGJY scheme

3.2 The deficiencies noticed in the implementation of projects under the DDUGJY scheme are discussed in the succeeding paragraphs.

Avoidable expenditure due to execution of unnecessary items

3.2.1 Section VII (Scope of Work) of the bid document for the DDUGJY scheme specifies that the Prestressed Cement Concrete (PCC) pole pit should be refilled with boulders of average size of 200 mm mixed with excavated earth in rural areas. It further states that cement concrete grouting should be applied to double poles, triple poles, cut point poles, DT substation poles, and poles erected in waterlogged areas, similar to H-Beam and Tubular poles.

Audit observed that, contrary to the provisions of the scope of work, the DISCOMs included the work of cement concrete grouting for all PCC poles in the BoQ. This led to the execution of cement concrete grouting for 12,75,377 single PCC poles[2] instead of refilling with boulders, resulting in an avoidable expenditure of ₹ 125.35 crore[3]. The DISCOMs claimed this expenditure from REC and received an excess grant of ₹ 75.21 crore (60 *per cent* of ₹ 125.35 crore).

In its reply, the Government stated (December 2023) that the standard bidding document shared by REC is a standard format for project execution, and States are allowed to adopt changes as per their practices. Rural Electrification and Secondary System Planning Organisation (RESSPO), UPPCL schedules also provide a separate provision for concreting supports. The DISCOMs specified the concreting of poles in the DPRs, which was sanctioned by the Nodal Agency. The BoQ was derived based on the approved DPRs.

The reply is not acceptable, as the Scope of Work in the bid document explicitly stipulated that cement concrete grouting was not to be applied to single PCC

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[2] MVVNL: 1,96,695, PuVVNL: 2,28,530, PVVNL: 4,45,228 and DVVNL: 4,04,924.

[3] MVVNL: ₹ 16.45 crore, PuVVNL: ₹ 26.08 crore, PVVNL: ₹ 50.75 crore, and DVVNL: ₹ 32.07 crore, after deducting the cost of normal pit filling of PCC pole at the rate of ₹ 170 per pole.

poles. Consequently, the provision of cement concrete grouting for single PCC poles in the BoQ was inconsistent with the Scope of Work. Moreover, internal notes within MVVNL acknowledged that cement concrete grouting was not necessary for single PCC poles and that pole pits could be refilled with 200 mm boulders, in line with the prescribed norms. Further, the reply regarding concreting of poles being specified in the DPRs is also not acceptable, as the DPRs did not specify the work of cement concrete grouting and contained only the composite rates for electric lines.

Excess payment to firms engaged for DPR preparation

3.2.2 As per the guidelines of the DDUGJY scheme, utilities were required to formulate district/circle/zone-wise bankable DPRs based on detailed field surveys and the latest approved schedule of rates for various items of work.

DVVNL and MVVNL awarded (January 2015) the work of DPR preparation (including survey) to agencies/firms. DPR preparation charges ranged from 0.18 *per cent* to 0.5 *per cent* of the DPR value for DVVNL and the lower of 0.5 *per cent* of the DPR value or a fixed fee of ₹ 17.5 crore for MVVNL. As per the terms of the award, the DPR value for determining these charges was to be based on the approved cost of total work (supply and erection) without any loading.

Audit observed that:

- MVVNL paid DPR preparation charges at 0.5 *per cent* of the approved DPR cost without excluding establishment charges (31 *per cent*) and Tools & Plant charges (1.5 *per cent*) already included in the DPR cost.
- DVVNL paid DPR preparation charges at rates ranging from 0.18 *per cent* to 0.5 *per cent* of the initial approved DPR cost, instead of the final approved DPR cost, and also did not exclude establishment charges (31.5 *per cent*) and Tools & Plant charges (1.5 *per cent*).

This resulted in excess payments of ₹ 3.33 crore[4] by MVVNL and DVVNL to the agencies/firms engaged for DPR preparation.

During the Exit Conference (January 2024), the Management accepted the observation and stated that recovery orders would be issued after verification of the facts. The Government acknowledged the Management's reply.

Objective of separating agriculture and non-agriculture feeders not achieved

3.2.3 One of the objectives of the DDUGJY scheme was the separation of agriculture and non-agriculture feeders to enable judicious rostering of power supply to agricultural and non-agricultural consumers in rural areas.

The Monitoring Committee approved (December 2015) feeder separation works in 11[5] of the 16 sample districts. The feeder separation works in these 11 districts were completed at a cost of ₹ 887.36 crore[6]. Audit analysed the status of consumers connected to agriculture feeders in seven sample districts of three DISCOMs[7] as of December 2022 and observed that:

[4] MVVNL: ₹ 1.72 crore and DVVNL: ₹ 1.61 crore.

[5] Feeder separation works were not proposed in Balrampur, Gonda, Sultanpur, Ayodhya and Hardoi districts under MVVNL.

[6] MVVNL - ₹ 45.04 crore; PuVVNL - ₹ 381.59 crore; PVVNL - ₹ 171.86 crore; and DVVNL - ₹ 288.87 crore.

[7] Audit could not analyse the status of consumers connected to agriculture feeders in four sample districts of DVVNL due to change in Feeder Code Nos.

- A total of 37,096 (28.78 *per cent*) of 1,28,893 agricultural consumers were connected to agriculture feeders, and the remaining 71.22 *per cent* of agricultural consumers were yet to be shifted to agriculture feeders.
- 38,142 non-agricultural consumers were connected to agriculture feeders.

Thus, the intended benefits of separating agriculture and non-agriculture feeders were yet to be realised.

During the Exit Conference (January 2024), the Management accepted the observation, terming it as a factual statement, and stated that feeder separation work was still in progress. The Government acknowledged the Management's reply.

Double payment for installation of meters at consumers' premises

3.2.4 As per the guidelines of the DDUGJY scheme, metering was to be carried out at distribution transformers, feeders, and consumers' premises.

Audit observed that, against 67.65 lakh unmetered connections as of March 2015, DISCOMs installed 20.95 lakh meters[8] by the end of the scheme period (March 2022).

An analysis of the unmetered-to-metered consumers lists provided by the DISCOMs revealed that in the sample districts[9] of PuVVNL and PVVNL 3,449 connections[10] with the same account numbers were recorded as metered twice. The DISCOMs made payments to the TKCs based on these lists without verifying the authenticity of the claimed connections. This resulted in double payment amounting to ₹ 36.17 lakh[11] by the two DISCOMs to the TKCs.

During the Exit Conference (January 2024), the Management accepted the observation, and the Government acknowledged it. In February 2024, the Management reported identifying 3,000 and 146 duplicate connections in the sample districts of PuVVNL and PVVNL, respectively. PuVVNL withheld the recovery amount from the TKCs' bills, while PVVNL recovered ₹ 3.62 lakh.

Implementation of projects under the SAUBHAGYA scheme

3.3 The deficiencies noticed in implementation of projects under the SAUBHAGYA scheme are discussed in succeeding paragraphs.

Execution of items not required as per scope of work

3.3.1 In violation of the scope of work, as discussed in **Paragraph 3.2.1**, three DISCOMs (MVVNL, PuVVNL, and PVVNL) included the provision for cement concrete grouting of all PCC poles (including single and other types) in the BoQ. The work was awarded based on this BoQ, and cement concrete grouting was executed in 11,66,371 single PCC poles[12], resulting in an avoidable expenditure of ₹ 277.09 crore[13].

In its reply, the Government stated (December 2023) that the standard bidding document shared by REC is a standard format for project execution, and States

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8 MVVNL: 81,945, PuVVNL: 14,66,152, PVVNL: 3,86,128 and DVVNL: 1,60,817.

9 Kaushambi, Ghazipur, Azamgarh, Bulandshahr and Muzaffarnagar.

10 PuVVNL: 3,281 and PVVNL: 168.

11 PuVVNL:₹ 32.81 lakh and PVVNL: ₹ 3.36 lakh.

12 MVVNL: 5,294 poles; PuVVNL: 10,27,805 poles; and PVVNL: 1,33,272 poles.

13 MVVNL: ₹ 0.72 crore; PuVVNL: ₹ 240.52 crore; and PVVNL: ₹ 35.85 crore, after deducting the cost of normal pit filling of PCC pole at the rate of ₹ 170 per pole.

are allowed to adopt changes based on their practices. RESSPO (UPPCL) schedules also provide for a separate provision for concreting the supports. The DISCOMs specified the concreting of poles in the DPRs, which was sanctioned by the Nodal Agency. The BoQ was derived accordingly from the approved DPRs.

The reply is not acceptable, as the Scope of Work in the bid document explicitly stipulated that cement concrete grouting was not to be applied to single PCC poles. Consequently, the provision of cement concrete grouting for single PCC poles in the BoQ was inconsistent with the Scope of Work. Moreover, internal notes within MVVNL acknowledged that cement concrete grouting was not necessary for single PCC poles and that pole pits could be refilled with 200 mm boulders, in line with the prescribed norms. Further, the reply regarding concreting of poles being specified in the DPRs is also not acceptable, as the DPRs did not specify the work of cement concrete grouting and contained only the composite rates for electric lines.

Excess payment to TKCs on account of electrical safety inspection fee

3.3.2 The terms and conditions of the agreements executed with the TKCs stipulated that the electrical inspection cost was included in the contract price and would be paid by the contractor.

Audit observed that, despite this provision, three DISCOMs[14] reimbursed electrical safety inspection fees amounting to ₹ 9.16 crore[15] to the TKCs. After being pointed out by Audit, two DISCOMs (MVVNL and PVVNL) recovered ₹ 5.79 crore[16], resulting in excess payments of ₹ 3.37 crore[17] to the TKCs.

During the Exit Conference (January 2024), the Management agreed to recover any excess payments related to the inspection fees after an examination. The Government acknowledged the Management's reply. In February 2024, the Management (MVVNL and PVVNL) stated that payments had been made to the TKCs to avoid delays in execution. MVVNL stated that recovery of the remaining ₹ 0.86 crore was under process. Regarding DVVNL, the Management stated that Clause 20B of the bid document provided that after the successful completion of the work, permission from the Directorate of Electrical Safety was required, and the necessary fee, *etc.*, would be paid by the employer.

The reply from DVVNL is not acceptable, as Article 1.1 of the agreement between DVVNL and the TKCs clearly indicated amendments, including those dated 7 February 2018 which provided that the electrical inspection cost was included in the contract price and would be paid by the contractor. Furthermore, the Notification of Award issued by DVVNL also clearly stated that it would be the contractor's responsibility to obtain necessary electrical safety clearances from the Directorate of Electrical Safety and no additional payments would be made to the contractor on this account.

Excess payment to TKCs on account of sag/jumpering

3.3.3 Clause 3.4.2 of Section VII (Scope of Work-Volume-I) of the agreements executed with the TKCs stipulated that no extra consumption for ACSR conductor and Aerial Bunched (AB) cable used in the construction of lines

14 MVVNL, PVVNL, and DVVNL.
15 MVVNL: ₹ 5.22 crore, PVVNL: ₹ 1.43 crore and DVVNL: ₹ 2.51 crore.
16 MVVNL: ₹ 4.36 crore and PVVNL: ₹ 1.43 crore.
17 MVVNL: ₹ 0.86 crore and DVVNL: ₹ 2.51 crore.

would be permitted on account of sag, jumpering, damage, loss, wastage, *etc.*, over the measured length of lines.

Under the SAUBHAGYA scheme, the DISCOMs executed the construction of 11 kV lines using ACSR conductor and three-phase and single-phase LT lines using AB cable.

Audit noticed that in five sample districts[18], two DISCOMs (PuVVNL and PVVNL) made excess payments totalling ₹ 1.09 crore[19] to the TKCs for the supply of these materials in quantities exceeding the erected length of lines. This suggests that payments were made for sag, jumpering, wastage, *etc.*, by these DISCOMs. The excess payments are further corroborated by the fact that PuVVNL had made deductions for sag, jumpering, wastage, *etc.*, from the bills of the TKCs in four sample districts[20] before releasing payments for the construction of LT and 11 kV lines.

During the Exit Conference (January 2024), the Management agreed to recover any excess payments made for sag/jumpering after conducting an examination. The Government acknowledged the Management's reply. In February 2024, the Management stated that PuVVNL had initiated the recovery of excess payments from the remaining liabilities of the TKCs. Regarding PVVNL, the Management claimed that payments on erection were made after deducting three *per cent* for sag, jumpering, wastage, *etc.*, from the supplied quantity, and hence no excess payments were made.

The reply from PVVNL is not acceptable, as the audit observation pertains to excess payments made for the supply of materials, and not the erection portion.

Infructuous expenditure due to execution of work of similar nature

3.3.4 UPPCL decided (December 2017) to deploy skilled manpower on a temporary basis for releasing electricity connections under the SAUBHAGYA scheme. The rationale for this decision was that officers of the DISCOMs were occupied with other tasks such as executing other schemes, maintaining the distribution system, revenue collection, and preventing theft. This could hinder the timely release of electricity connections, potentially leading to the loss of additional subsidy from the GoI. Accordingly, UPPCL finalised (February 2018) the outsourcing of manpower and instructed all DISCOMs to execute agreements with selected firms.

In compliance with these instructions, all DISCOMs entered into agreements (February and March 2018) for supply of manpower with four firms[21], at a total cost of ₹ 73.47 crore[22].

Audit observed that the guidelines of the SAUBHAGYA scheme did not include a provision for deploying such manpower, except for the engagement of Project Management Agencies (PMAs). Moreover, significant overlaps were identified

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[18] PuVVNL – Ghazipur, Azamgarh and Varanasi; and PVVNL – Bulandshahr and Muzaffarnagar.

[19] PuVVNL: ₹ 0.95 crore and PVVNL: ₹ 0.14 crore.

[20] Azamgarh, Varanasi, Kaushambi and Ghazipur for 11 KV line and Azamgarh and Varanasi for LT line.

[21] MVVNL: M/s G.A. Digital Web World (P) Ltd, PuVVNL: M/s T&M Services Consulting Pvt. Ltd, PVVNL: M/s Collabera Technologies Pvt. Ltd and DVVNL: M/s BVG India Ltd.

[22] MVVNL: ₹ 25.71 crore, PuVVNL: ₹ 22.04 crore, PVVNL: ₹ 11.02 crore and DVVNL: ₹ 14.70 crore.

between the scope of work assigned to PMAs and the responsibilities of the outsourced manpower, as outlined below:

Scope of work assigned to PMAs	Responsibilities of outsourced manpower
Verify, study, modify and suggest freezing of bill of quantity, material, and works to be executed (if any, required).	Facilitate measurement of completed works of construction.
100 *per cent* supervision and certification of turnkey contractor's work as per technical specifications in the form of Joint Measurement Certificates to be signed jointly by representatives of DISCOMs, PMA, and TKC.	Co-ordinate and supervise construction of distribution system according to approved DPR prepared for villages and its habitations.
Coordination with implementing agency/ turnkey contractor and DISCOMs for pre-dispatch inspection of materials at manufacturer works. Monitor the supply chain such that there is no shortage of matching materials at site and materials are procured by the contractor/DISCOMs in tune with the actual work, for smooth and timely completion of work.	Monitor and coordinate advance movement of material from stores to the site where major materials are to be supplied by the DISCOMs.
Close coordination with turnkey contractor and Utility Field Officers/Authorised Officers, Chief Engineer, and Project Department for providing service connections at field.	Coordinate and supervise construction of the distribution system according to approved DPR prepared for villages and its habitations.

It is evident that two agencies were engaged for almost similar tasks. The manpower agreements were later terminated by the DISCOMs between December 2018 and February 2019. MVVNL justified the termination, citing a lack of funds under the consultancy head, since payments were to be made for other items such as PMA charges and communication expenses also under the consultancy head.

The DISCOMs paid ₹ 46.27 crore[23] to the four firms for manpower supply. Therefore, by awarding similar work to the manpower agency, the DISCOMs incurred infructuous expenditure of ₹ 46.27 crore.

In its reply, the Government stated (December 2023) that the roles of the PMAs and mission managers were distinct. While the PMAs were responsible for ensuring the proper implementation and timely completion of work with the highest quality, the mission managers were engaged in motivating rural households to get electricity connections under the scheme by organising camps, ledgerization of e-sanyojan, *etc.* However, when it was realised that the services of these firms were not required, their contracts were terminated. During the Exit Conference (January 2024), the Management stated that UPPCL had engaged manpower agencies for the scheme's works and that the expenditure incurred on these agencies was borne from the PMA head of the scheme.

The reply is not acceptable, as the scope of work of the PMA was to provide complete project management services by handholding the project from the concept to commissioning in the State of Uttar Pradesh under the SAUBHAGYA scheme.

[23] MVVNL: ₹ 16.73 crore, PuVVNL: ₹ 15.44 crore, PVVNL: ₹ 6.85 crore and DVVNL: ₹ 7.25 crore.

Creation of infrastructure without releasing any service connections

3.3.5 As per the scope of work assigned to TKCs, service connections were to be released only after a proper survey of the locations to prevent excessive erection of LT or 11 KV lines.

Audit observed that TKCs created HT/LT infrastructure worth ₹ 140.34 crore[24] in 2,919 habitations[25] across 13 sample districts[26] without releasing any service connections. This indicates that the requirement for conducting proper surveys, as stipulated in the scheme, was not adhered to, leading to the creation of infrastructure in areas where service connections were not requested.

In its reply, the Government stated (December 2023) that infrastructure was created, and households were asked to take connections, but due to their unwillingness, connections could not be provided in certain habitations. It further stated that the infrastructure created at that time was being utilised later. During the Exit Conference (January 2024), the Management added that connections were now being issued in these habitations, and the process was ongoing.

The reply indicates poor planning and lack of due diligence in the survey process, which was a mandatory precondition under the scheme guidelines.

Release of connections to ineligible consumers

3.3.6 The objective of the SAUBHAGYA scheme was to provide last-mile connectivity by releasing electricity connections to all un-electrified households in rural areas. Electricity connections under the scheme fall under the 'Domestic Light, Fan and Power' category (LMV-1).

Audit analysis of billing data for December 2022 from 16 sample districts, along with data of connections released under the SAUBHAGYA scheme, revealed that out of 13,95,892 connections released under the scheme, 5,063 connections[27] pertained to categories other than LMV-1[28]. These connections were ineligible under the SAUBHAGYA scheme. However, DISCOMs paid ₹ 1.35 crore[29] to the TKCs for these ineligible connections.

During the Exit Conference (January 2024), the Management agreed to initiate recoveries after examining the issue. The Government acknowledged the Management's response.

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24 MVVNL: ₹ 124.07 crore, PuVVNL: ₹ 8.07 crore, PVVNL: ₹ 0.81 crore and DVVNL: ₹ 7.39 crore.

25 MVVNL: 2,291 habitations, PuVVNL: 366 habitations, PVVNL; 22 habitations and DVVNL: 240 habitations.

26 Out of total 16 sample districts. MVVNL: Lucknow, Balrampur, Sultanpur, Gonda, Hardoi and Ayodhya, PuVVNL: Varanasi and Azamgarh, PVVNL: Bulandshahr and Muzaffarnagar, and DVVNL- Kanpur Dehat, Mainpuri and Firozabad.

27 MVVNL: 3,021, PuVVNL: 1,338, PVVNL: 198 and DVVNL: 506.

28 Consumers of Non-domestic light, fan and power (LMV-2), Light, fan and power for public and private institution (LMV-4), Small power for private tubewell/ pumping set for irrigation purpose (LMV-5), Small and medium power (LMV-6), Public water works (LMV-7), State tubewell, panchayti raj tubewell and pumped canals (LMV-8), Temporary supply (LMV-9), Non-industrial bulk load (HV-1) and Large and Heavy power (HV-2).

29 MVVNL: ₹ 0.75 crore, PuVVNL: ₹ 0.39 crore, PVVNL: ₹ 0.06 crore and DVVNL: ₹ 0.15 crore.

In February 2024, the Management stated that in PuVVNL, connections belonging to categories other than LMV-1 were erroneously flagged as released under the SAUBHAGYA scheme. The remaining three DISCOMs accepted the issue and reported that recoveries from the TKCs were underway but did not provide details of recoveries against the specific cases identified by Audit.

The reply is not acceptable, as PuVVNL included 1,338 such connections under the SAUBHAGYA scheme during project closure.

Installation of static energy meters instead of smart meters

3.3.7 As per the guidelines of the SAUBHAGYA scheme, smart meters compatible with the State's existing metering system were to be installed at consumers' premises.

Audit observed that the DISCOMs, in violation of the scheme guidelines, installed single-phase fully static energy meters instead of smart meters at consumers' premises. By not installing smart meters, the DISCOMs had foregone the potential benefits of smart meters, such as reduction in AT&C losses, improvement in billing efficiency, management of peak load, and enhancement in consumer experience.

In its reply, the Government stated (December 2023) that rural areas were compatible with single-phase energy meters. It further explained that there was no provision for implementing SCADA/DMS/IT/OT to collect real-time information from smart meters and that the installation of smart meters could not be mapped with the DISCOMs' billing systems. Additionally, the executed cost per connection, as specified in the scheme guidelines, was capped at ₹ 3,000 per connection, whereas the cost of smart meters was 2.5 to 4.0 times higher than that of static energy meters. Para 8.3 of the guidelines of the SAUBHAGYA scheme also specified that the existing specifications for service connections under the DDUGJY scheme would prevail under SAUBHAGYA. Furthermore, the DDUGJY scheme did not include specific provisions for the installation of smart meters. The reply concluded that compatible energy meters were installed in accordance with the specifications, taking into account the provisions of the guidelines of the SAUBHAGYA scheme.

The reply is not acceptable, as the DDUGJY scheme provided for metering of unmetered consumers, while the SAUBHAGYA scheme explicitly mandated the installation of smart meters for all unelectrified households at the time of providing electricity connections. Moreover, the DISCOMs could not inform the Monitoring Committee or REC about the higher cost of smart meters to obtain revised approval.

Excess payment to TKCs

3.3.8 All the DISCOMs participated in the execution of different schemes, such as the RGGVY 12th Plan (2013-2022), DDUGJY (2015-2022), and SAUBHAGYA (2017-2021). Connections to rural households, including BPL households, were released under all three schemes mentioned above. Additionally, meters were also installed on unmetered connections under the Business Plan, and connections were released by the DISCOMs as part of their regular business operations.

During the examination of released connection data of the SAUBHAGYA scheme in sample districts and cross-examination of the data with RGGVY 12th Plan scheme, DDUGJY scheme (installation of meters on unmetered connections), and the installation of meters under the Business Plan, Audit noticed duplicity in connections released and claimed by the TKCs under the SAUBHAGYA scheme, resulting in excess payments of ₹ 26.65 crore, as discussed below:

(a) Duplicate claims and payments for the same connections

Analysis of connections released and claimed under the SAUBHAGYA scheme by the TKCs in the 16 sample districts revealed that in MVVNL, the TKCs submitted duplicate claims for 5,334 connections with identical names, father's names, and addresses. Similarly, in PuVVNL, PVVNL, and DVVNL, the TKCs submitted duplicate claims for 2,736 connections[30] with the same account numbers. The DISCOMs paid ₹ 2.14 crore[31] to the TKCs for these duplicate claims.

(b) Claims and payments for connections already released under the DDUGJY scheme

Analysis of new connections released under the SAUBHAGYA scheme and the installation of meters on unmetered connections under the DDUGJY scheme in the 16 sample districts revealed that TKCs submitted claims under the SAUBHAGYA scheme for 26,059 connections[32] where meters had already been installed under the DDUGJY scheme. The DISCOMs paid ₹ 7.09 crore[33] to the TKCs for these claims.

(c) Claims and payments for connections already released under the RGGVY 12th Plan scheme

Analysis of connection data from the RGGVY 12th Plan scheme and the SAUBHAGYA scheme in 14[34] out of the 16 sample districts across three DISCOMs (MVVNL, PuVVNL, and DVVNL) was carried out using meter numbers, names, and account numbers. Audit found that the TKCs submitted claims under the SAUBHAGYA scheme for 9,037 BPL connections[35] that had already been issued under the RGGVY 12th Plan scheme. The DISCOMs paid ₹ 2.62 crore[36] to the TKCs for these claims.

(d) Claims and payments for meters already installed under the Business Plan

Analysis of account numbers of unmetered consumers provided with meters under the Business Plan and the SAUBHAGYA scheme revealed that the TKCs submitted claims for 35,623 connections[37] under the SAUBHAGYA scheme, despite these connections already being metered under the Business Plan. The DISCOMs paid ₹ 9.67 crore[38] to the TKCs for these claims.

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30 PuVVNL: 2,100, PVVNL: 619, and DVVNL: 17.

31 MVVNL: ₹ 1.33 crore, PuVVNL: ₹ 0.63 crore, PVVNL: ₹ 0.18 crore and DVVNL: ₹ 0.001 crore.

32 MVVNL: 12,897, PuVVNL: 12,475, PVVNL: 353 and DVVNL: 334.

33 MVVNL: ₹ 3.24 crore, PuVVNL: ₹ 3.65 crore, PVVNL: ₹ 0.10 crore and DVVNL: ₹ 0.10 crore.

34 No work under 12th Plan was executed in two districts of PVVNL *i.e.,* Bulandshahr and Muzaffarnagar.

35 MVVNL: 1,588, PuVVNL: 3,903 and DVVNL: 3,546.

36 MVVNL: ₹ 0.38 crore, PuVVNL: ₹ 1.18 crore and DVVNL: ₹ 1.06 crore.

37 MVVNL: 19,396 and PuVVNL: 16,227.

38 MVVNL: ₹ 4.98 crore and PuVVNL: ₹ 4.69 crore.

(e) Claims and payments for connections released before the launch of the scheme

The SAUBHAGYA scheme was launched on 11 October 2017, and the TKCs were appointed between March 2018 and May 2018.

Audit analysis[39] of billing data for December 2022 from the 16 sample districts, along with data on connections released under the SAUBHAGYA scheme, revealed that connections to 2,424 consumers[40] were released before the scheme's launch date[41]. This indicates that these connections were not released by the TKCs. However, the TKCs claimed payments amounting to ₹ 71.51 lakh[42] for these connections, which were paid by the DISCOMs and subsequently claimed in the closure report submitted to REC.

During the Exit Conference (January 2024), UPPCL directed all DISCOMs to examine duplicate connections across various schemes, initiate recovery of inadmissible payments, and provide final data/documentary evidence to Audit. The Government acknowledged this directive. Thereafter, in February 2024, the Management stated that in MVVNL, ₹6.53 crore would be recovered from TKCs for 28,314 duplicate/irregular connections. In PuVVNL, 35,837 duplicate connections were identified, and a penalty of ₹8.66 crore was imposed, of which ₹4.54 crore has been recovered. The remaining amount would be recovered from the balance dues of the TKCs. In PVVNL, recoveries had been made/ were in progress for duplicate and un-ledgered connections. In DVVNL, no duplicate connections were found under the SAUBHAGYA scheme, but 289 and 1,714 duplicate connections were identified under the SAUBHAGYA-DDUGJY and SAUBHAGYA–12th Plan schemes, respectively, and recovery would be made from the TKCs. DVVNL also asserted that no connections under SAUBHAGYA had consumer creation dates prior to 10 October 2017.

The audit acknowledges that DISCOMs have initiated the process of identifying duplicate connections and recovering amounts from TKCs. As regards DVVNL's reply that no connections under SAUBHAGYA had consumer creation dates prior to 10 October 2017, the audit's analysis revealed that 1,316 connections associated with DVVNL were actually released prior to the scheme's launch date.

Excess payment to TKCs for duplicate SPV connections

3.3.9 As per the guidelines of the SAUBHAGYA scheme, SPV-based standalone systems were to be provided for un-electrified households located in remote and inaccessible villages/habitations, where grid extension was not feasible or cost-effective. The DISCOMs installed 53,234 SPV[43] connections under the scheme.

Audit analysis revealed that 672 SPV connections in MVVNL and 32 SPV connections in DVVNL were duplicate based on Voter ID/Aadhaar numbers. In PuVVNL, 232 connections were duplicate based on name, father's name, and

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[39] Consumer connection data from TKCs were matched with billing data of DISCOMs.

[40] MVVNL: 14, PuVVNL: 391, PVVNL:703 and DVVNL: 1,316.

[41] Excluding connections released under DDUGJY, RGGVY 12th Plan, and Business Plan covered under paragraph no. 3.3.8 (b), (c), and (d).

[42] MVVNL: ₹ 0.32 lakh, PuVVNL: ₹ 11.55 lakh, PVVNL: ₹ 20.16 lakh, and DVVNL: ₹ 39.48 lakh.

[43] MVVNL: 16,511; PuVVNL: 33,072; PVVNL: 1,065; and DVVNL: 2,586.

other fields. The DISCOMs paid ₹ 4.41 crore[44] to the TKCs for these duplicate connections.

In its reply, the Government stated (December 2023) that consumers in PuVVNL and MVVNL with the same name, father's name, and mobile number will be physically verified before making payment to the Nodal Agency, Uttar Pradesh New & Renewable Energy Development Agency (UPNEDA). It will be ensured that no payment will be made against duplicate off-grid connections. In some districts of DVVNL, UID of consumers was found to be similar, but name, father's name, and Solar Panel number were different. Thus, the consumers were different, and no duplicate connections were released.

The reply in the case of PuVVNL and MVVNL is not acceptable, as payment for duplicate connections has already been made. Moreover, even after a lapse of 19 months from the date of issue of the draft report (April 2023), the DISCOMs (PuVVNL and MVVNL) had not completed the review and reconciliation exercise till November 2024. Further, the reply in the case of DVVNL is not justified, as two different consumers cannot have the same UID.

Recommendation 3:

The DISCOMs may establish an effective system to monitor the work of TKCs, thereby identifying duplicate connections and preventing excess payments to TKCs.

Cost of departmentally issued material lying with TKCs not recovered

3.3.10 As per the agreements executed with the TKCs, the TKCs were required to submit payment and material accounts for reconciliation within two months of taking over the equipment/materials under their respective packages. Failing this, necessary recoveries were to be made from the contractors' outstanding bills for the cost of unaccounted materials, as decided by the Project Managers.

Audit observed that in PuVVNL, four TKCs[45] had not returned departmentally issued material valued at ₹ 68.98 lakh in five districts even after the completion of the scheme. Revised penalty orders were issued between September 2022 and August 2023 by PuVVNL against such TKCs. Additionally, DVVNL had not recovered (as of March 2023) ₹ 16.30 lakh against departmentally issued material issued to TKCs in six districts[46].

In its reply, the Government stated (December 2023) that in DVVNL, material reconciliation was conducted with each TKC under the SAUBHAGYA scheme, and necessary deductions amounting to ₹ 21 crore had been made from the bills of TKCs. The balance of ₹ 16.30 lakh is being deducted from the pending liabilities of the TKCs.

The Management of PuVVNL intimated (November 2024) that revised OMs for the recovery of ₹ 68.98 lakh on account of unreconciled material had been issued to the TKCs, and recovery is under process.

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[44] 936 connections x ₹ 47,129 per connection.

[45] L&T Ltd., TAG System, Jakson Pvt Ltd., and Bajaj Electrical Ltd.

[46] Chitrakoot, Banda, Mahoba, and Hamirpur (Tata Projects Ltd.): ₹ 13.42 lakh; and Agra and Mathura (NCC Ltd.): ₹ 2.88 lakh.

Data of unwilling households not maintained

3.3.11 As per Para 8.6 of the guidelines of the SAUBHAGYA scheme, data of un-electrified households not willing to avail free electricity connections under the scheme was required to be maintained by the utilities, including relevant identification of households and the reasons cited by the respective households.

Audit observed that details of un-electrified households unwilling to avail free electricity connections were not maintained by any of the DISCOMs. Consequently, it was not possible to ascertain the status of un-electrified households in the State at the conclusion of the scheme.

In its reply, the Government stated (December 2023) that unelectrified consumers who were initially willing to avail free connections during the survey later refused to take connections at the time of execution. The willingness of such consumers to avail connections varied over time. Hence, the data of un-electrified households unwilling to avail free electricity connections could not be maintained. The Government further stated that such data would be unrealistic or irrelevant and of no use for future household electrification plans, as the number of un-electrified households is dynamic. A fresh survey is required before the launch of any scheme to obtain realistic data. During the Exit Conference (January 2024), the Management stated that the data of unwilling households was not maintained as it was changeable frequently, and hence, was not useful.

The reply is not acceptable, as the scheme guidelines clearly required maintaining data of un-electrified households unwilling to avail free electricity connections along with reasons cited by such households.

Inadequate SLSC meetings

3.3.12 The GoUP constituted the SLSC in October 2013 to review progress and address issues during the execution of works under the RGGVY scheme, with a requirement for the SLSC to meet at least once a month. In February 2015, GoUP extended the role of SLSC to include works under the DDUGJY scheme. Further, the same monitoring mechanism was to be adopted for the SAUBHAGYA scheme as well.

Audit noticed that only 12 SLSC meetings were held during the implementation of the DDUGJY and SAUBHAGYA schemes, far short of the required 86 meetings, which were to be held monthly from February 2015 to March 2022.

In its reply, the Government acknowledged the observation and stated (December 2023) that the low number of meetings was due to various administrative reasons, including the unavailability of the Chief Secretary, who chairs the SLSC and heads several other such committees.

Inadequate DISHA meetings

3.3.13 As per the guidelines of the DDUGJY and SAUBHAGYA schemes, DISHA was required to review the implementation of the schemes at least once every quarter.

Audit noticed that only 581 meetings (27.67 *per cent*) of DISHA were conducted in 75 districts of Uttar Pradesh against the required 2,100 meetings. As a result, DISHA could not monitor the progress of the schemes at regular intervals.

In its reply, the Government stated (December 2023) that the Chairpersons of DISHA were Members of Parliament from the respective constituencies or District Magistrates of the respective districts. Other members included Members of the Legislative Assembly (MLA) and officials from district administration and government departments, including the electricity department. Due to the unavailability of the members, meetings were affected. The Covid-19 pandemic also impacted the meetings.

This reply is not acceptable because, as per the DISHA guidelines, meetings could be convened even if all the members had not been nominated. In the absence of the designated Chairperson, the Co-Chairperson (if any), could preside over the meeting. If neither the Chairperson nor the Co-Chairperson was present, the members present could elect a Chairperson from among themselves to preside over the meeting.

Recommendation 4:

The GoUP may ensure that meetings of SLSC and DISHA are conducted as per the norms, to facilitate timely corrective actions.

Conclusion

The implementation of DDUGJY and SAUBHAGYA schemes experienced significant planning and execution deficiencies. There were substantial variations between sanctioned and executed quantities under both schemes. Works were executed contrary to the provisions of the scope of work, resulting in avoidable expenditure. The objective of separating agriculture and non-agriculture feeders remained largely unachieved. The DISCOMs' inability to adhere to scheme guidelines and agreement provisions resulted in avoidable expenditure and excess payments to contractors. The installation of static meters instead of smart meters violated the scheme guidelines. The creation of infrastructure without corresponding service connections in numerous habitations reflects poor planning and execution practices. The multiple instances of duplicate claims and payments highlight serious weaknesses in the verification and payment systems. The inadequate number of SLSC and DISHA meetings adversely impacted regular monitoring and oversight. These deficiencies not only led to substantial financial implications but also affected the achievement of the schemes' objectives.