

Agro Industrial Packaging India Limited

6.3 Avoidable expenditure

~~Failure to maintain required power factor resulted in avoidable extra expenditure of Rs 11.67 lakh.~~

~~Himachal Pradesh State Electricity Board (Board) introduced (November 2001) the concept of recovering energy charges on KVAH reading instead on KWH^{**} reading basis. After introduction of KVAH based tariff, it was in the interest of the consumers to maintain required minimum power factor of 0.9 to avoid payment of higher energy consumption recorded in KVAH due to low power factor. Between November 2001 and May 2005, the power factor of the carton manufacturing plant of the Company was between 0.38 and 0.76 instead of the required minimum power factor of 0.9, which resulted in avoidable extra expenditure of Rs 11.67 lakh.~~

~~The Government stated (September 2005) that existing capacitors were designed for drawal of maximum load. These required some alteration to maintain the required power factor, for which action was being taken. Had the Company taken timely action to maintain the required minimum power factor, the extra expenditure could have been avoided.~~

Himachal Pradesh State Civil Supplies Corporation Limited

6.4 Unfruitful expenditure

~~Delay of more than five years in completion of a computerisation project resulted in unfruitful expenditure of Rs 10.89 lakh. The Company failed to recover penalty of Rs 29.06 lakh and interest of Rs 12.74 lakh due to non-completion of the project.~~

Integrated Computerisation of the Company from godown level upwards was entrusted (September 1995) to Himachal Pradesh State Electronics Development Corporation (HPSEDC) at an estimated cost of Rs 16.59 lakh, revised (March 1999) to Rs 18.63 lakh. The project was to be implemented in a phased manner and completed by December 1999. The Company envisaged annual saving of Rs 22 lakh due to reduction in time lag of different activities, generation of more revenue by reducing inventory, optimisation of resources and recovery of dues, etc.

* KVAH-Kilo volt ampere hour.

** KWH-Kilo watt hour.

The software development part was further assigned by HPSEDC to Regional Computer Centre (RCC). Advance payments aggregating Rs 10.89 lakh (Hardware: Rs 9.05 lakh and Software: Rs 1.84 lakh) were made to HPSEDC between December 1998 and March 1999.

According to the agreement entered into between the Company, HPSEDC and RCC in March 1999, penalty at the rate of two *per cent* per month of the total project cost was to be imposed upon the defaulting party responsible for delay in implementation of the project. For incomplete implementation of the project, HPSEDC was liable to make good the cost incurred by the Company with 18 *per cent* interest thereon. HPSEDC could recover this amount from RCC in case incomplete implementation was due to failure of RCC.

Audit scrutiny revealed that the project has not been completed so far (September 2005) because Application software has not been developed by RCC. There were no reasons on record for delay in development of the software. The expenditure of Rs 10.89 lakh has, thus, remained unfruitful so far and the intended objective of computerisation has not been achieved. Despite delay of more than five years in completion of the project, the Company has also not taken action for the recovery of penalty of Rs 29.06 lakh and interest of Rs 12.74 lakh as per the agreement so far (September 2005).

Government stated (August 2005) that the delay was mainly because HPSEDC depended on RCC for its work. The RCC was being directed to complete the project immediately. The reply is not acceptable as the delay in development of software has deprived the Company of envisaged annual saving of about Rs 22 lakh since January 2000.

Statutory Corporation

Himachal Pradesh State Electricity Board

6.5 Non-recovery of revenue

Filing of incomplete tariff petition for 2004-2005 with the Himachal Pradesh Electricity Regulatory Commission resulted in delay in implementation of tariff and consequent lower realisation of revenue of Rs 43.83 crore.

Pursuant to Section 29(4) of the Electricity Regulatory Commissions Act, 1998, the Himachal Pradesh Electricity Regulatory Commission (HPERC) issued guidelines for methodologies and procedures to be adopted by the Board for calculating the expected revenue in determination of tariff. These procedures, *inter alia*, provided that the Board shall provide to the