

CHAPTER - V: ELECTRICITY AND SAFETY

5.1 Results of audit

Test check of the records of Electricity and Safety Department conducted during the year 2007-08 revealed non/short realisation of electricity duty and interest amounting to Rs. 61.39 crore in 23 cases which fall under the following categories:

(Rupees in crore)

| Sl. No. | Category | Number of cases | Amount |
|--------------|---|-----------------|--------------|
| 1. | Non-realisation of interest | 02 | 25.78 |
| 2. | Non-realisation of electricity fee | 10 | 22.93 |
| 3. | Non-realisation of development cess from producers of electrical energy | 02 | 1.16 |
| 4. | Loss of revenue due to non-inspection of installations | 01 | 0.29 |
| 5. | Other irregularities | 08 | 11.23 |
| Total | | 23 | 61.39 |

During the year 2007-08, the department accepted deficiencies involving Rs. 29.07 crore in six cases.

After issue of the draft paragraphs, the department recovered an amount of Rs. 7.42 lakh in full against one paragraph.

A few illustrative cases involving revenue of Rs. 57.76 crore highlighting important audit findings are mentioned in the following paragraphs.

5.2 Non-levy of interest

As per Section 3 of Madhya Pradesh Electricity Duty (MPED) Act, 1949 (as adopted by Chhattisgarh), every distributor and producer of electrical energy shall pay duty at the prescribed rate. In case of failure to pay the duty within the prescribed date, the producers of electricity are required to pay interest under Section 5 of the Act at the rate prescribed vide notification dated 22 July 1975.

Test check of the records of the Chief Electrical Inspector (CEI), Raipur in August 2007 revealed that the Chhattisgarh State Electricity Board (CSEB) had not paid electricity duty amounting to Rs. 188.06 crore and cess amounting to Rs. 34.23 crore during the period from September 2005 to July 2006. Due to non-payment of Government dues by the CSEB, the Government adjusted the outstanding electricity duty against the subsidy paid during the period March 2006 to March 2007 but interest¹ amounting to Rs. 25.68 crore on the above duty was not levied. Further, dues of Rs. 14.71 crore pertaining to the period between October 2006 and February 2008 remained unpaid upto April 2008 for which interest of Rs. 2.35 crore though leviable was not levied. This resulted in non-realisation of revenue of Rs. 28.03 crore.

After the case was pointed out, the department replied (January 2008) that action to recover the interest has been taken up and the position will be intimated after recovery. A report on recovery has not been received (November 2008).

The matter was reported to the Government in March 2008; their reply has not been received (November 2008).

5.3 Non-realisation of electricity duty

Under the provision of Section 3 of the MPED Act (as adopted in Chhattisgarh), every distributor and every producer of electrical energy shall pay electricity duty every month calculated at the rates prescribed within the prescribed date.

Test check of the records of the CEI, Electricity and Safety, Raipur in August 2007 revealed that though in case of 10 captive power producers, electricity duty amounting to Rs. 18.62 crore for the period between September 2002 and March 2007 was not paid, no action was taken by the department to recover the dues. This resulted in non-realisation of revenue of Rs. 18.62 crore.

After the case was pointed out, the department replied (June 2008) that all the producers are exempted from payment of duty as per notification dated 6 November 1992 for a period of five years from the date of starting generation. Further, the department also stated that keeping in view the Rule 3(1)(a)(ii) of the Electricity Rules 2005, no exemption certificates were issued. The reply is not consonant with the provisions as Rule 3(1)(a)(ii) of the Electricity Rules only defines a captive power plant and does not state that they do not require exemption certificate as

¹ Interest calculated upto May 2008.

represented by the department. The notification of November 1992 referred to by the department clearly states that the certificate of eligibility for exemption from payment of electricity duty has to be obtained from the Electrical Inspector concerned and the producer shall be regarded as eligible for exemption only on the basis of such certificate. Since the department had not issued any exemption certificate, it was not clear how it had ascertained that the producers were exempt since the eligibility for exemption or otherwise would have been examined while considering issue of exemption certificate and would be followed by grant of exemption or refusal. Further reply has not been received (November 2008).

The matter was reported to the Government in June 2008; their reply has not been received (November 2008).

5.4 Non-realisation of duty due to irregular exemption

According to Section 3 of the MPED Act (as adopted by Chhattisgarh), every distributor of electrical energy and every producer shall pay each month to the State Government within the prescribed date and in the prescribed manner, a duty calculated on electrical energy sold/supplied/consumed at the specified rate.

Test check of the records of the CEI, Raipur in August 2007 revealed that the Bhilai Steel Plant (BSP), Bharat Aluminum Corporation (BALCO) and Bhilai Electric Supply Co. Pvt. Ltd. (BES) claimed exemption from payment of duty on 9,71,35,166 units, 30,25,90,070 units and 4,01,68,380 units respectively for the period from March 2002 to February 2007 on account of loss in transit calculated at three *per cent*. The departmental authorities allowed the exemption although the Act does not have any provision to allow such losses. This resulted in non-realisation of revenue of Rs. 11.11 crore.

After the cases were pointed out, the CEI replied (August 2007) that in the case of BSP, exemption at three *per cent* was allowed as loss in transit as per the orders of Electrical Advisor and CEI, Madhya Pradesh letter dated 24 November 1984 while in the case of BALCO it was stated that information would be intimated later. In case of BES, no reply was given. The reply is not consonant with the instruction of November 1984 referred in case of BSP as it was in the form of a letter issued by the CEI, Madhya Pradesh to the Managing Director, BSP and not an order of the Government. There was no such provision in the Act to allow exemption for transit losses.

The matter was reported to the department and the Government in June 2008; their reply has not been received (November 2008).