

Uttar Pradesh Power Corporation Limited

2B. Electrification of Villages under District Plan

Highlights

For accelerating pace of economic and industrial development in rural areas, the State Government (Government) entrusted the work of village electrification to the Uttar Pradesh Power Corporation Limited (UPPCL).

(Paragraph 2B.1.1)

As on 31 March 2001, only 59 per cent of total villages in the state have been electrified. UPPCL incurred excess expenditure of Rs.228.21 crore in electrifying 8822 villages during the period from 1997-98 to 2000-01 without justification.

(Paragraph 2B.2.2)

Use of higher phase and wires resulted in extra cost of Rs.1.81 crore, installation of higher capacity transformers involving higher cost of Rs.35.53 lakh, excessive use of poles and conductors involving excess cost of Rs.22.02 lakh, procurement of LT clamps at higher cost of Rs.27.92 lakh and excessive expenditure of Rs.0.62 crore on cartage of material.

{Paragraph 2B.3(i to iv and vi)}

Electrification of villages without any prospective and potential consumer resulted in unfruitful expenditure of Rs.4.18 crore besides loss of potential revenue amounting to Rs.46.67 lakh up to 31 March 2002.

(Paragraph 2B.4.1)

Under the scheme of electrification of villages under MLA/MLC quota, limit of Rs.25 lakh per MLA/MLC for five villages as prescribed was not adhered to resulting in excess expenditure of Rs.4.36 crore. Besides, Energy Minister and Chief Minister got 31 and five villages electrified at a cost of Rs.1.56 crore and Rs.16.58 lakh respectively not falling within their constituency.

{Paragraph 2B.5.2(i and iii)}

18 villages already electrified, were selected under MLA quota and re-electrified at a cost of Rs.0.93 crore from district plan fund.

{Paragraph 2B.5.3 (i)}

Village electrification fund aggregating Rs.5.45 crore were misutilised for other purposes or not utilised though incorrectly reported as utilised in utilisation certificate.

(Paragraph 2B.6.4)

2B.1.1 Introduction

For accelerating pace of economic and industrial development in rural areas, envisaged in the national agricultural policy of the Government of India, the need for rapid extension of electricity was considered to be of paramount

importance in the State plans. Accordingly, the State Government (Government) entrusted the work of village electrification to the Uttar Pradesh Power Corporation Limited (UPPCL), Lucknow.⁴⁶

As per the conventional definition, a village having a single electric connection even in the uninhabited area is considered electrified. According to this definition, the State of Andhra Pradesh, Goa, Gujrat, Haryana, Kerala, Maharashtra, Punjab, Sikkim and Tamilnadu achieved 100 *per cent* village electrification as on 31 March 2001. Uttar Pradesh and Uttaranchal ranked at eleventh position with only Assam, Orissa, Arunachal and Meghalaya ranking below it (position not available for Bihar). From October 1997, the definition of village electrification has been modified and accordingly a village having even a single electric connection in its inhabited area is considered to be electrified.

2B.1.2 Organisational set-up

UPPCL's 119⁴⁷ Electricity Distribution Divisions (EDDs) carried out the village electrification work under the supervision of 41⁴⁸ respective Deputy General Managers under the functional control of 14⁴⁹ General Managers. Rural Electrification and Secondary System Planning Organisation of UPPCL (RESPO)⁵⁰ fixed the norms and specifications of work. RESPO was also responsible for approving, monitoring and reporting progress thereof to the Government. A new State named as State of Uttaranchal was created by bifurcation of Uttar Pradesh w.e.f. 09 November 2000. Uttaranchal Power Corporation Limited was also incorporated on 12 February 2001 but the expenditure on electrification of villages under the jurisdiction of State of Uttaranchal was met by UPPCL up to 31 March 2001.

2B.1.3 Scope of Audit

Mention was made regarding shortcomings in the electrification of Ambedkar villages in the report of the Comptroller and Auditor General of India for the year ended 31 March 1999 (Commercial), Government of Uttar Pradesh. Discussion by COPU was pending as of September 2002.

Present review covers village electrification works undertaken for a period of four years from 1997-98 to 2000-01 through funds received under District Plans. The review was conducted during August 2001 to January 2002. Findings based on test check of records of RESPO, three General Managers (Varanasi, Bareilly and Gorakhpur Zones) and 18 EDDs (under 11 DGMs) are

⁴⁶ Erstwhile Uttar Pradesh State Electricity Board, Lucknow (Board) up to 14.1.2000.

⁴⁷ Including 14 EDDs of Uttaranchal.

⁴⁸ Including 5 Dy GMs of Uttaranchal.

⁴⁹ Including 2 GMs of Uttarnachal.

⁵⁰ Headed by Chief General Manager at the headquarter office of UPPCL.

set out hereinafter. Records of 39 Junior Engineers (JEs) of eight EDDs⁵¹ and agreements/work orders etc. by two EDDs could not be audited as they were not produced despite repeated requests made to the Chairman -cum- Managing Director of UPPCL and the State Government.

2B.2 Execution of works

UPPCL undertook the work of village electrification up to 1997-98 under Ambedkar Gram Vikas Yojna. The scheme was funded by loans from State Government to UPSEB at interest of 14.5 *per cent* per annum that was released to the EDDs through the District Magistrates (DMs) under District Plan. From 1998-99, the scheme was modified and each MLA/MLC, at his sole discretion, was to select five villages (not previously electrified) under his constituency every year. For each village Rs.5 lakh was admissible with a limit of Rs.25 lakh for each MLA/MLC per annum. EDDs received funds for these works also through DMs. Consequent upon creation of UPPCL on 15 January 2000, the funds under district plan were released to UPPCL as equity capital by State Government. Estimates were prepared and works were undertaken after receipt of funds from the State Government.

2B.2.1 System of execution of works

For execution of works, agreements were entered into (on the basis of lowest tendered rates) with contractors exceeding Rs.0.10 lakh (through work orders below it). Electricity Stores Divisions (ESDs) were responsible for issuing of materials to EDDs for carrying out the village electrification works. EDDs transfer 80 *per cent* of the funds received for execution of these works to ESDs towards supply of material. The respective Junior Engineers (JEs) issue material direct to works. On completion of works, JEs measure the work, and the divisions make payments to the contractors. The accounts are prepared from the monthly stock and cash accounts as per PWD accounting system. Completion reports are also required to be prepared after due reconciliation of the stock, cash and adjustment accounts.

It was observed that (i) no reconciliation was being made between the amount transferred by EDDs and material received thereagainst from ESDs and (ii) Half Yearly Stock Registers (4-S) were not posted and closed by EDDs since long.

2B.2.2 Progressive achievement

Progressive achievement at the end of March 2001 was 59 per cent

At the end of March 1997, out of 112804 inhabited villages in the State, 57734 (51 *per cent*) were electrified. During four years from 1997-98 to 2000-01⁵², funds received, expenditure incurred, targets fixed and actual achievements thereagainst in respect of village electrification are given on the next page:

⁵¹ Ballia I, Bareilly, Shahjahanpur I, Bahraich, Gorakhpur II, Basti, Kushinagar and Allahabad II.

⁵² No funds received and no targets fixed thereafter.

(Rs. in crore)

Year	Yearly target ⁵³	Number of villages actually electrified (percentage of yearly achievement)	Progressive numbers electrified (percentage of progressive achievement)	Amount received vis-a-vis budget allocation	Amount spent	Average cost per village
1997-98	6194	2078 (34)	59812 (53)	100.24 (110.48)	181.54	0.09
1998-99	5302	2389 (45)	62201 (55)	88.76 (109.27)	186.86	0.08
1999-00	6121	2670 (44)	64871 (58)	127.72 (166.35)	192.13	0.07
2000-01	2565	1685 (66)	66556 (59)	186.14 (186.14)	108.78	0.06
Total	20182	8822 (44)		502.86	669.31	

It would be seen from the table above that:

- i) overall achievement during the period 1997-98 to 2000-01 was 44 per cent only and during the period of review it ranged from 34 to 66 per cent;
- ii) cost per village incurred ranged from Rs.6.46 lakh to Rs.8.74 lakh against prescribed limit of Rs.5 lakh. Thus, Company incurred excess expenditure of Rs.228.21 crore⁵⁴ in electrifying 8822 villages for which no justification was available on records.

Cost per village exceeded the limit of Rs.5 lakh with an excess of Rs.228.21 crore

Factors as analysed by Audit for such excessive cost are discussed in succeeding paragraphs.

2B.3 Excessive procurement and usage cost

(i) Construction of Low Tension distribution lines

Seven Electricity Distribution Divisions electrified 421 villages by use of higher phase and wires

UPPCL had not fixed any specific norm for construction of Low Tension (LT) distribution lines in the villages for domestic purposes. Manual of instructions to serve as benchmark for the field units had also not been compiled. It was observed that seven EDDs electrified 421 villages during 1997-98 to 1999-2000 with two-phase three wires and three-phase four wires against the norms of one-phase two wires, for which no technical justification was found on records. This resulted in extra cost aggregating to Rs.1.81 crore as detailed in Annexure-16.

(ii) Installation of transformers of higher capacity

In 173 villages, higher capacity transformers were used resulting in higher cost of Rs.35.53 lakh

As per norms laid down (April 1997) by RESPO, transformers of 25 KVA capacity were to be installed for electrification of villages unless load requirement necessitated installation of higher capacity transformers. During 1998-99 to 2000-01, six EDDs installed 176 transformers of 63 KVA and

⁵³ includes leftover works of previous years during 1997-98 to 1999-2000.

⁵⁴ Rs. 669.31 crore (actual expenditure) less Rs. 441.10 crore (Rs. 5 lakh x 8822 (villages electrified)).

three transformers of 100 KVA capacity for electrification of 173 villages as detailed below for which no justification was made available to Audit:

Division	Year	Number of villages electrified	Number/capacity	Excess cost as compared to cost of 25 KVA transformer (Rs. in lakh)
EDD Etawah	1998-99	33	33/63 KVA	6.76
	1999-00	42	42/63 KVA	7.91
	2000-01	22	22/63 KVA	4.67
	1998-99	02	2/100 KVA	1.06
EDD-II Ghazipur	1999-00	03	3/63 KVA	0.38
EDD-I Jaunpur	1998-99	04	4/63 KVA	0.85
EDD-I Gorakhpur	1998-99	09	9/63 KVA	1.66
	1999-00	05	6/63 KVA	1.13
EDD-II Gorakhpur	1999-00	24	24/63 KVA	4.52
	1999-00	01	1/100 KVA	0.38
EDD Basti	1999-00	28	33/63 KVA	6.21
Total		173	179	35.53

This resulted in excessive cost of Rs.35.53 lakh.

(iii) Excessive use of PCC poles and conductors

As per cost norms of RESPO, nine PCC poles per km and extra consumption of 3 per cent of conductor for sagging purposes, were required for construction of 11 KV high tension (HT) line (which involved long spans) with ACSR weasel conductors. EDD, Etawah issued 691 PCC poles and related material in excess of norms for electrification of 120 villages and allowed 5 per cent conductors (1997-98 to 2000-01). Such excess consumption resulted in extra cost of Rs.22.02 lakh.

Management stated (October 2001) that about 70 per cent of the land of Etawah District was ravine area due to which norms for consumption of PCC poles could not be followed. The reply was not tenable as in construction of low-tension lines (which involved short spans) in the same area norms of RESPO were followed.

(iv) Procurement of LT clamps at higher rates

The annual requirement of LT clamps was not being worked out by UPPCL though it was quite substantial (290877 LT clamps valued at Rs.1.76 crore procured during 1997-98 to 2000-01 by 16 EDDs only) and centralised procurement of this item was also not being made so as to avail the benefit of bulk purchases. Moreover, there was no system to link rates of procurement of LT clamps to avoid payments at higher rates by some EDDs. EDDs procured LT clamps (with bolt and nuts) at different rates excluding Uttar Pradesh Trade Tax (UPTT) during 1997-98 to 2000-01 that ranged from Rs.38 to Rs.67 during 1997-98, Rs.52.80 to Rs.68 during 1998-99, Rs.48.90 to Rs.68 during 1999-2000 and Rs.52 to Rs.68 during 2000-01 per clamp. Based on the lowest rates of Rs.38, Rs.52.80, Rs.48.90 and Rs.52, procurement of 264877 LT clamps (with nuts and bolts) by 16 EDDs during 1997-98 to 2000-01 resulted in extra cost of Rs.27.92 lakh (inclusive of UPTT) consequently leading to excessive cost as detailed in Annexure-17.

The Company incurred extra cost of Rs. 27.92 lakh in procurement of LT clamps

(v) Superfluous procurement of shackle straps

As per standing instructions issued by the Company, maximum procurement of materials should not exceed six months requirement. EDD-II, HarDOI procured 70000 shackle straps valued at Rs.22.68 lakh through purchase orders placed on four firms on 6 April 1999 (15000), 28 April 1999 (15000), 26 December 1999 (20000) and 5 February 2000 (20000). Despite the fact that consumption of shackle straps during 2000-01 was only 5404 numbers, procurement of 70000 shackle straps (1999-2000: 50000 and 2000-01: 20000) resulted in superfluous purchase and blockade of funds leading to abnormally high inventory of 122823 nos as on 31 March 2001.

(vi) Excess expenditure on cartage of material

Cartage of material at higher rates resulted in excess expenditure of Rs.0.62 crore

Cartage of PCC poles, transformers and other line materials from manufacturing units to UPPCL's dump stores/site of work are carried out by various ESDs through annual agreements with contractors. The rates of carriage are circulated by Chief General Manager (Material Management) every year to the field units with instructions that the rates for cartage should be decided by the field units keeping in view these rates. However, instead of following the recommended rates of ESDs, six EDDs allowed higher rates to contractors, which resulted in excess expenditure of Rs.0.62 crore during 1997-98 to 2000-01 as per details given in Annexure-18.

(vii) Non-receipt back of material from completed works

Material worth Rs. 23.96 lakh and Rs. 25.68 lakh were not received back by two EDDs

Materials were drawn for electrification of villages on the basis of approved estimates. During 1997-98 to 1999-2000, four EDDs (EDD-II, Allahabad, EDD-I, Gorakhpur, EDD, Bareilly and EDD, Robertsganj) executed works in respect of 65 villages. It was noticed that the approved length of lines was more than the actual constructed length of lines. As such 147.367 km of conductors valuing Rs.23.96 lakh though drawn from the ESD, were not returned back. Similarly, in EDD, Barabanki there was less erection of 164 PCC poles (1869 poles erected against receipt of 2033 poles) valuing Rs.1.72 lakh in electrification of 22 villages during April 1998 to August 2001 which was also not received back from the site of village electrification. This resulted in short accountal of material valuing Rs.25.68 lakh. Due to non-maintenance of Material at Site (MAS) Accounts by the JEs the chances of its misappropriation cannot be ruled out.

2B.3.1 Excessive material component cost transferred to ESDs

Excessive fund of Rs.7.37 crore were transferred to ESDs

(i) It was observed that EDDs had to transfer 80 per cent of the funds received to ESDs as per instruction of UPPCL irrespective of the actual estimation of material component of the village electrification. The rationale behind these instructions was not clear as in the following three EDDs only, funds to the tune of Rs.7.37 crore were transferred in excess of requirement to ESD towards material component, thereby adversely affecting the performance of village electrification as detailed on the next page:

(Rs. in crore)

Division	Year	No. of villages to be electrified	Value of materials as per estimate	Amount transferred to ESDs	Amount transferred in excess
EDD-I Allahabad	1998-2000	92	2.36	7.90	5.54
EDD Basti	1998-2000	67	1.30	2.70	1.40
EDD Kushinagar	1999-2000	43	1.19	1.62	0.43
	Total	202	4.85	12.22	7.37

These extra funds were sufficient for electrification work of 184 more villages.

Material valuing Rs. 1.80 crore was not received from ESDs

(ii) EDD-I, Shahjahanpur transferred a sum of Rs.4.13 crore to ESD, Bareilly during October 1995 to June 1998 for arrangement of material for electrification of Ambedkar villages against which material worth Rs.2.33 crore was received. Thus, a sum of Rs.1.80 crore (enough to electrify 45 villages) remained locked up (March 2002) affecting the village electrification scheme for want of materials.

Absence of reconciliation of material account between the ESDs and EDDs marked the shortfall in receipt of balance material and was fraught with the risks of misappropriation and locking of fund with ESDs.

2B.3.2 Issue of material to contractors without security leading to its non-return

Material valuing Rs.22.58 lakh issued to two contractors without security not received back despite lodging FIRs

In contravention of the instructions of May 1989 not to issue material to contractors without obtaining security, two J.E's of E.D.D.-I, Allahabad issued material worth Rs.21.41 lakh (March and April 1998) to Laxmi Traders, Allahabad for electrification of five villages without obtaining security. The contractor utilised material worth Rs.1.71 lakh on partial electrification of these villages and abandoned the work retaining material worth Rs.19.70 lakh. As a result, electrification of none of the above villages could be completed. Though FIRs were lodged (November 2000) for non-return of material, action on the FIR was awaited. Similarly, another Junior Engineer of the same division issued (March 1997) material worth Rs.2.88 lakh to Awadh Enterprises, Allahabad for electrification of the village Padokhara without obtaining security. The contractor neither electrified the village nor returned the material. Consequently, an FIR was lodged on 2 July 2001.

2B.4 Non-achievement of project objectives

2B.4.1 Electrification without prospective and potential consumers

UPPCL issued instructions (July 1997) that at least 10 service connections should be released in each village. The Chief Zonal Engineers (CZEs) were also directed to ensure its compliance in respect of all the villages electrified since 1995-96. It further issued instructions (June 1999) that before electrification of any village availability of at least 15 consumers was to be ascertained. The Government issued further instructions (June 2000) that a village should be electrified only after obtaining 25 applications from prospective consumers.

Expenditure of Rs. 4.18 crore became unfruitful as no prospective consumer was available

A test check in audit revealed that these instructions were not followed by seven EDDs (EDD-I, Shahjahanpur, EDD, Barabanki, EDD, Basti, EDD-II, Allahabad, EDD-I, Gorakhpur, EDD, Bahraich and EDD, Bareilly) that electrified 106 villages during 1997-98 to 2000-01 at a cost of Rs.4.18 crore without any consumer. Expenditure incurred on their electrification remained unfruitful. Besides, UPPCL was deprived of revenue of Rs.46.67 lakh up to 31 March 2002.

Further, 76 villages electrified by five EDDs (EDD-I, Shahjahanpur, EDD, Barabanki, EDD-II, Allahabad, EDD-I, Gorakhpur and EDD, Bareilly) during April 1997 to March 2001 at a cost of Rs.2.16 crore, had one to nine consumers only. Thus, these villages were electrified without assessing their commercial viability.

2B.4.2 Theft of material due to non-energisation of constructed lines

The divisions were not maintaining any detail in respect of delay in energisation of constructed lines and consequent theft of line materials on account of which UPPCL suffered heavy losses. It was noticed that EDD-I, Shahjahanpur prepared estimates for electrification of 5 villages (Rampur Nankari, Bilindapur, Padara Sikandara, Rampur Barkatpur and Hussainapur) amounting to Rs.23.15 lakh during 1997-98 under District Plan but the works were not completed and lines were not energised. Due to non-energisation, material issued for electrification of villages was stolen. On receipt of a complaint from the local MLA regarding irregularities in electrification of the said villages, the matter was enquired by the division and it was found (February 2000) that even without completion of work the measurements were recorded and payments were released to the contractor and no FIR was lodged in respect of stolen materials. Fresh estimates amounting to Rs.6.73 lakh for re-electrification of these five villages were prepared during 1999-2000 under District Plan. Details of work done against the estimate were not intimated.

2B.5 Deficiencies in electrification of villages under MP/MLA/MLC quota

2B.5.1 M.P. quota

The scheme for electrification of villages under MP quota was introduced at the instance of Government in May 1999. Under the scheme, an MP was entitled to recommend electrification of 20 villages in a year of his constituency. Further, the work was to be carried out from the funds to be received as loan from Rural Electrification Corporation Limited (REC) on guarantee provided by the Government. Since the Government did not provide guarantee, no amount was released by REC and expenditure was borne by UPPCL from its own resources up to January 2001. The scheme was closed from February 2001.

On electrification of 57 villages by five EDDs only, during 1999-2000 to 2001-2002, an expenditure of Rs.2.04 crore was incurred as per details given on the next page:

Division	Year of electrification	Number of villages electrified	Expenditure (Rs. in lakh)
EDD Bareilly	1999-2000	18	53.45
EDD Barabanki	1999-2000 and 2000-01	12	50.80
EDD Basti	1999-2000 and 2000-01	8	30.79
EDD-I Allahabad	1999-2000 to 2001-2002	11	46.40
EDD-I Ghazipur	2000-01	8	22.75
Total		57	204.19

A test check by Audit revealed that though RESPO issued instructions to EDDs (February/August 2001) to submit the details of the villages electrified under the scheme and expenditure incurred thereon so that the amount spent could be obtained from Government as grant-in-aid due to non receipt of required information from field units, UPPCL could not compile and intimate the details of total villages electrified under the scheme and expenditure incurred thereon and failed to get the amount spent on village electrification under MP quota from Government (March 2002) as grant-in-aid.

As per information available with RESPO, 358 other villages were also electrified under MP quota but expenditure incurred thereon was not available.

2B.5.2 MLA/MLC quota

UPPCL exceeded aggregate limit of Rs.25 lakh per MLA/MLC for village electrification and incurred excess expenditure of Rs.4.36 crore

(i) The scheme of electrification of villages under MLA/MLC quota was introduced during 1998-99 under District Plan. According to this, each MLA/MLC was entitled to recommend maximum five villages for electrification per year in his constituency and total expenditure was not to exceed Rs.25 lakh (at an average cost of Rs.5 lakh per village). Member (Distribution) also issued instructions (December 1999) that expenditure should strictly be kept within these norms for which monitoring should be done at General Managers level.

A test check of records in audit, revealed that the aggregate limit of Rs.25 lakh at the average cost of Rs.5 lakh per village per year was exceeded in respect of 34 MLA/MLCs in 10 EDDs⁵⁵ during 1998-99 and 1999-2000 for electrification of 203 villages, which resulted in excess expenditure of Rs.4.36 crore over the norms laid down under the scheme of MLA/MLC quota.

EDD, Barabanki stated that expenditure in excess of norms was incurred after obtaining sanction of estimates from Deputy General Manager. The reply was not tenable in view of the fact that DGMs were not empowered to exceed/violate the Government directives.

UPPCL incurred unauthorised expenditure of Rs. 0.69 crore on electrification of 19 villages not having census code

(ii) Government orders (December 1998) stipulated that villages having census code (1991) were to be electrified. However, 19 villages not having census code (1991) were electrified during 1998-99 to 1999-2000 by four EDDs, which resulted in unauthorised estimated expenditure of Rs.0.69 crore (actual cost not available) as detailed on the next page:

⁵⁵ EDD, Etawah, EDDI, Ballia, EDDI, Jaunpur, EDDII, Ghazipur, EDDII, Ballia, EDD, Robertsganj, EDDI, Allahabad, EDD, Kushinagar, EDDII, Gorakhpur and EDD, Barabanki.

Division	Year	Number of villages	Estimated cost (Rs. in lakh)
EDD-II Allahabad	1998-99	1	4.22
EDD Barabanki	1999-2000	6	26.73
EDD Bareilly	1998-99	4	10.20
	1999-2000	6	15.88
EDD Kushinagar	1998-99	2	12.21
Total		19	69.24

Energy Minister (State) got 31 villages electrified at a cost of Rs. 1.56 crore not falling within his constituency

(iii) As per Government policy (March 1999), a village was to be electrified on the recommendation of the MLA/MLC of the concerned constituency. However, 31 villages were selected during 1999-2000 and 2000-01 in six EDDs⁵⁶ by Shri Laloo Singh of Ayodhya constituency and Shri Virendra Singh of Chirai Gaon (Varanasi) constituency, (Energy Ministers, State) beyond their constituency which were electrified at a cost of Rs.1.56 crore. In reply EDD, Barabanki stated that villages were electrified on the instructions of Energy Ministers (State).

Chief Minister got five village electrified at a cost of Rs. 16.58 lakh not falling with his constituency

Further, five villages (Bhabuwar, Bhagupur, Sarguzia, Mudhua and Kudra) were electrified at a cost of Rs.16.58 lakh by EDD-II Varanasi during 2001-2002 on the recommendation of the then Chief Minister (Sri Raj Nath Singh) though not falling under his constituency. Company could not get any funds under District Plan as the villages electrified were beyond the constituency of the concerned MLA.

(iv) As per Government orders (July 1998 and January 1999), no MLA of an urban constituency was entitled to recommend any village for electrification in rural areas under this scheme. A test check in audit revealed that in contravention of this policy, Sri Banwari Lal Dohre, an MLA of the urban constituency (Kannauj) selected five villages of rural areas during 1998-99 out of which 4 villages were electrified by EDD, Kannauj, at a cost of Rs.9.83 lakh.

2B.5.3 Re-electrification of already electrified villages under MLA/MLC quota/District Plan

UPPCL re-electrified 18 villages already electrified at a cost of Rs.0.93 crore

(i) UPPCL's order (December 1998) stipulated that villages already electrified under any scheme were not to be re-electrified under the District Plan scheme. A test check in audit revealed that 18 villages, already electrified during 1977 to 1987 were again selected under MLA quota during 1998-99 to 1999-2000 and re-electrified by EDD-I, Gorakhpur and EDD, Barabanki by incurring avoidable expenditure of Rs.0.93 crore (1998-99 to 2000-01) from the funds of District Plan.

Reasons/justification for re-electrification of already electrified villages were neither found on record nor could be intimated by the division.

(ii) In case of such villages where re-electrification was required due to theft/damage of LT/HT line etc., the estimates were to be prepared under "Special M&R" and funds were to be provided by UPPCL from its own resources. Contrary to this, EDD, Robertsganj electrified six villages (Bahaur,

⁵⁶ EDDI, Jaunpur, EDDII, Ghazipur, EDDII, Gorakhpur, EDD, Robertsganj, EDD, Barabanki and EDD, Etawah.

Judauli, Raghunathpur, Kunda Deeh, Khoto Mahua and Parni) during January 1996 to May 2001 at a cost of Rs.34.82 lakh under District Plan due to theft of conductor from these villages, which were already electrified (1980 to 1987) under REC Scheme. Similarly, EDD-I Shahjahanpur re-electrified 14 villages where lines were lying damaged since long, at a cost of Rs.34.12 lakh during 1997-98 from the funds of District Plan.

(iii) UPPCL's orders (December 1996) stipulated that electrification of villages in remote areas having estimated cost of more than Rs.8 lakh, were to be transferred to Non Conventional Energy Development Authority (NEDA) for electrification through Non Conventional methods. Accordingly, Naudiah (Block-Naguo) village of district Sonbhadra was electrified (November 1997) by NEDA by installing 17 Solar Power Packs. This village was re-electrified (December 1999) under MLA quota by EDD, Robertsganj at a cost of Rs.15.83 lakh, defeating the purpose of its electrification by NEDA and expenditure incurred thereon proved wasteful.

2B.6 Flaws in reporting of village electrification works

UPPCL submitted false utilisation certificate in respect of 94 villages though not actually electrified

The activities of village electrification works were undertaken in a haphazard manner without due regard to the procedures. Certificates from respective Gram Pradhans for villages actually electrified were also not obtained though contemplated in UPPCL's instructions of May 1999. The scheme was also flawed due to submission of false utilisation certificate in respect of 94 villages though actually not electrified as discussed in paragraph 2B.6.4. These flaws are discussed below:

2B.6.1 Failure to seek reimbursement of losses of the scheme

As per terms and conditions for release of funds for village electrification under District Plan, UPPCL was to assess the losses in respect of village electrification and to submit full details of such losses to Government to get reimbursement in shape of Grants under District Plan. However, it could not seek reimbursement of losses as of March 2002 on account of its failure to work out such losses.

2B.6.2 Material issued much beyond the date of reported electrification

Material issued after reporting of villages as electrified

(i) Electrification work in a village cannot be carried out without issue of materials for execution of works. However, the following three EDDs issued material one to 61 months after the reported date of electrification of 155 villages during 1995-96 to 2000-01:

Division	Number of villages	Period of electrification reported	Period of issue of material	Delay (in months)
EDD-I Shahjahanpur	60	9/1995 to 01/2001	12/1996 to 03/2001	1 to 30
EDD-II Gorakhpur	73	3/1996 to 12/2000	05/1997 to 06/2001	1 to 61
EDD Basti	22	3/1998 to 06/2000	05/1998 to 10/2000	1 to 17
Total	155			

EDD-II, Gorakhpur admitted this false reporting and stated that this was due to pressure from local administration. Replies from other divisions were not received as of September 2002.

(ii) Further, in EDD-I, Allahabad, material was issued (February 1997 to August 2001) against electrification of 15 villages, 2 to 105 days after recording of final measurement (November 1996 to August 2001).

(iii) EDD-I and EDD-II, Ballia executed agreements (September 1998 to August 2000) for electrification of 11 villages, 4 to 16 months after the reported date of electrification (March 1998 to March 2000).

(iv) The figures of loans received, expenditure thereof shown in Annual Accounts, Utilisation Certificates and R-7 statements (prepared by RESPO in respect of targets/achievements vis-a-vis funds received/utilised) respectively revealed substantial variations as detailed on the next page:

(Rs. in lakh)

Year	As per accounts		As per utilisation certificates		As per R-7 ⁵⁷	
	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure
1997-98	17066.54	18153.68	18000.00	18000.00	18423.00	20454.00
1998-99	13081.40	18686.20	24000.00	24000.00	17151.00	17500.00
1999-00	16972.44 ⁵⁸	19212.97	18000.00	18000.00	15543.00	15857.00
2000-01	2027.84	10878.38	5000.00	5000.00	7500.00	28500.00

No reconciliation was done between the three sets of figures, which reflected lack of coordination between different wings of UPPCL.

2B.6.3 False reporting of village electrification noticed in physical verification

UPPCL and the Government issued (May 1996, October 1998 and June 2000) instructions for regular physical verification of electrified villages by District/Circle level teams every month. Surprise checking was also to be done by State level team known as Special Task Force (STF). In the absence of consolidated records, year-wise details regarding number of villages physically verified and discrepancies noticed therein could not be ascertained by Audit. However, a few cases of false reporting noticed on physical verification are discussed below:

(i) Ten villages (under EDD, Etawah) were reported electrified during 1995-96 but on physical verification the District Magistrate, Etawah found that only poles were erected in a few villages. Similarly, seven villages (under EDD I, Ballia) were reported electrified up to 1995-96 but on physical verification under the directions (14.07.1997) of DM, Ballia, these were found unelectrified.

However, without initiating any enquiry against the defaulting officials, both the divisions simply framed fresh estimates for electrification of these 17 villages during 1997-98 at a cost of Rs.48.96 lakh. Execution of works against these estimates could not be ascertained by audit for want of records.

(ii) Jafrabad (Block Baharia), Virapur (Block Baharia) and Bukaji (Block Phoolpur) villages (under EDD II, Allahabad) were shown electrified by laying low-tension mains during 1974-75 but physical verification by STF

⁵⁷ Monthly progress report submitted by RESPO to Government in respect of electrification of villages.

⁵⁸ Figures after 15.1.2000 are provisional.

Expenditure details between accounts, utilisation certificates and progress reports were not matching

Physical verification revealed large number of villages shown as electrified were not actually electrified

during 1997 revealed that these villages were not electrified. Further progress could not be ascertained for want of records.

(iii) At the instance of Government, STF inspected (February 2001) Jhugia (Block Piprauli) and Ramdih Torni (Block Pali) villages (under EDD-II, Gorakhpur) and found that as against the requirement of 53 and 60 PCC poles, only 39 and 37 poles respectively were erected in these villages. On enquiry by Chief General Manager, Inquiry Committee-II of UPPCL (July 2001), it was found that unrealistic estimates were prepared without any survey and the villages were electrified without obtaining applications from 25 prospective consumers. Further, 63 KVA transformers were installed instead of 25 KVA transformers and two phase three wire/three phase four wire lines were constructed instead of single phase two wire lines. On account of all these discrepancies both the officials were placed under suspension since February 2001 and the matter was under investigation by the Inquiry Committee of UPPCL (March 2002), whereas the Company's instructions (July 1997) provided for taking action under India Penal Code (IPC) after lodging First Information Reports (FIRs) against the erring officials.

2B.6.4 Submission of false utilisation certificates

UPPCL submitted utilisation certificates to the Government for village electrification (Rs.650 crore) for all the four years (1997-98 to 2000-01) in June 2001 instead of requirement to submit the same in each year. Utilisation certificate were submitted without due regard to actual execution of works as indicated below:

(i) In EDD, Basti, 37 villages were selected for electrification during 1999-2000 for which funds amounting to Rs.2.86 crore were received. Out of this, a sum of Rs.1.70 crore was transferred to ESD, Gorakhpur and a sum of Rs.0.89 crore was unauthorisedly utilised for disbursement of pay and allowances of the staff. Unauthorised utilisation of funds resulted in non-electrification of 17 villages out of 37 villages selected for electrification during 1999-2000. Besides, materials worth Rs.46.05 lakh received from ESD, Gorakhpur during August to November 1999 for electrification of these 17 villages were also lying unutilised as of March 2002.

(ii) EDD-I, Allahabad received Rs.1.63 crore during 1997-98 for electrification of 79 villages under District Plan. Out of this, material worth Rs.39.43 lakh (13 villages), Rs.36.06 lakh (6 villages) and Rs.4.90 lakh (3 villages) were lying with the ESD, Allahabad, concerned Junior Engineer and with the contractor respectively. This resulted in non-electrification of 22 villages as of March 2002.

(iii) EDD-I, Shahjahanpur deposited (February 2000) rural electrification fund of Rs.40.53 lakh in fixed deposit for two years at 9.25 per cent interest per year instead of utilising the same on electrification of villages. It may be worthwhile to note that UPPCL had received these funds during 1999-2000 from Government as loan amount with interest rate of 14.5 per cent.

(iv) EDD, Kushinagar received Rs.2.03 crore for electrification of 43 villages under District Plan during 1999-2000. However, the division after

Village electrification fund amounting to Rs.5.45 crore were misutilised for other purposes or not utilised though incorrectly reported as utilised for electrification

making payment of Rs.1.62 crore to ESD, Gorakhpur towards material cost and Rs.5.38 lakh to the contractor for electrification of 8 villages, diverted the balance (Rs.35.20 lakh) towards O&M works. This led to non-completion of electrification work of rest 35 villages as of March 2002.

(v) Funds amounting to Rs.3 crore received during 1996-97 to 1999-2000 were lying unutilised in six EDDs (Jaunpur, Ghazipur, Mau, Ballia, Azamgarh and Mirzapur) of Varanasi zone alone, though in the utilisation certificates balance of Rs. NIL has been indicated as unspent balance.

Conclusion

The electrification works under district plan was marked by failure in monitoring at each and every level. Execution of work was characterised by use of more conductors and higher size transformers, electrification without prospective consumers, substantially higher expenditure incurred in excess of norms, non-return of unused material from work sites, misutilisation of fund etc. It further included electrification of already electrified villages, unauthorised electrification not falling within the mandate of MLAs etc. The reporting process was flawed due to reporting of villages as electrified though actually not electrified and submission of false fund utilisation certificates. These irregularities were further compounded due to UPPCL's failure to compile village-wise cost details and assess losses in respect of village electrification to enable it to seek reimbursement of losses on the scheme from the Government as a sequel to weak monitoring mechanism at various levels.

UPPCL needs to devise proper monitoring and control mechanism with suitable accountability to address inefficiencies to avoid misutilisation of fund.

These matters were reported to the Company and the Government in July 2002; their replies have not been received (October 2002).