

CHAPTER I : MINISTRY OF AGRICULTURE

Delhi Milk Scheme

1.1 Extra expenditure due to excess contracted demand of power

Due to retention of contracted demand of power in excess of requirement DMS incurred avoidable expenditure of Rs. 2.20 crore.

Delhi Milk Scheme (DMS) was established in 1959 with the primary objective of supplying wholesome milk as well as for providing remunerative prices to milk producers.

A review of monthly electricity bills paid by DMS over the five year period 1999-2004 indicated that the contracted demand of power was much higher than the actual demand. The DMS had a contracted demand of 5125 KVA High Tension (HT) and 262 KVA Low Tension (LT) with Delhi Vidyut Board for operating the dairy plant, against the maximum demand of 1794 KVA (HT) and 71 KVA (LT) recorded during 1999-2001. It was noted that the HT demand was reduced to 3500 KVA at the unit's request in August 2001. However, the reduction was applied without detailed plant wise assessment of power and without reference to the maximum drawal of power during the last two years, which was far below the revised load sought by the unit.

The failure of DMS to get the load reduced based on actual requirement led to retention of higher load and consequent avoidable payment towards minimum demand charges on excess and unutilised load. Even after allowing for a margin of 10 *per cent* over the actual maximum consumption, and limiting the maximum power load to 2000 KVA (HT) & 80 KVA (LT), DMS could have avoided the extra expenditure of Rs. 2.20 crore during the five years period, up to March 2004, as detailed below:

Period	Contract Demand (KVA)	Maximum Demand (KVA)	Maximum reasonable demand (KVA)	Unutilised load (KVA)	Rate paid per KVA	Extra expenditure on unutilised load (Rs. in lakh)
	A		B	C=A-B	D	
April 1999 to July 2001	5125 262	1794 71	2000 80	3125 182	150 150	Rs. 468750 X 28 months = Rs. 131.25 Rs. 27300 X 28 months = Rs. 7.64
August 2001 to March 2004	3500 262	1794 71	2000 80	1500 182	150 150	Rs. 225000 X 32 months = Rs. 72.00 Rs. 27300 X 32 months = Rs. 8.74
Total						=Rs. 219.63 i.e. say Rs. 2.20 crore

DMS stated in August 2004 that the load was reduced to the present level i.e. 3500 KVA because of shifting of heavy machinery like Spray Drawings Plant, Roller Driers and Ice Cream Plant to other dairies. DMS also informed that it was proposing to undertake a major project on its upgradation and modernisation due to which it was not advisable to further reduce the sanctioned load. Audit, however, noted that DMS had not framed or submitted any such proposal to the Ministry so far (September 2004). Retention of excess load in anticipation of growth in the distant future indicated imprudent financial management.

Due to retention of surplus load without adequate justification, DMS incurred extra avoidable expenditure of Rs. 2.20 crore on electricity during April 1999 to March 2004 with recurring liability for future.

The matter was referred to the Ministry in September 2004; their reply was awaited as of December 2004.