

## CHAPTER XIV : MINISTRY OF SHIPPING

### Directorate General of Shipping, Mumbai

#### 14.1 Avoidable expenditure due to non-installation of power factor improvement capacitor

**Non-installation of power factor improvement capacitors by Directorate General of Shipping, Mumbai resulted in avoidable expenditure of Rs. 12.88 lakh on account of RKVAH charges and power factor surcharge.**

Directorate General of Shipping, Mumbai is an electricity consumer of Brihanmumbai Electricity Supply and Transport Undertaking (BEST). According to BEST's regulation of electric consumption, if power factor is maintained at 0.970 and above, no penalty in the form of Reactive Kilo Volt Ampere Hour (RKVAH) units and power factor surcharge would be leviable.

In February 1998, BEST intimated all consumers its intention of charging RKVAH units and the power factor surcharge for low power factor and advised installation of adequate power factor improvement capacitors.

Audit scrutiny in June 2004 revealed that the department had not taken any action for installation of capacitors to maintain power factor at a level of 0.970. The department had to pay Rs. 12.88 lakh on account of RKVAH unit (Rs. 11.14 lakh) and power factor surcharge (Rs. 1.74 lakh) to BEST during the period from February 2000 to March 2004. Information regarding expenditure on account of these charges from March 1998 to January 2000 was not available with the department.

The department stated in June 2004 that issue had been brought to the notice of Executive Engineer (Electrical) CPWD, Mumbai for correction of the power factor.

Thus, failure of the department to take action for installation of capacitors resulted in extra expenditure of Rs. 12.88 lakh, beside recurring expenditure of Rs. 3.22 lakh per year till installation of the capacitors.

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