



FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE

ON

**PUBLIC UNDERTAKINGS
(2021-23)**

.....SEVENTH..... REPORT

(Presented on 01.02.2023.)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2023

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

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(2021-23)**

.....SEVENTH..... REPORT

On

**The action taken by the Government on the Recommendations contained
in the Seventy Third Report of the Committee on Public Undertakings
(2016-19) relating to Kerala State Electricity Board Limited, based on the
Report of the Comptroller and Auditor General of India for
the year ended on 31st March 2014**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2021-23)

COMPOSITION

Chairman:

Shri. E Chandrasekharan

Members:

Shri A.P.Anilkumar

Shri Anwar Sadath

Shri K .B. Ganesh Kumar

Shri T. V. Ibrahim

Shri P. Mammikutty

Shri K. P. Mohanan

Shri D. K. Murali

Shri P. Nandakumar

Shri Kadakampally Surendran

Shri P. Ubaidulla

Legislature Secretariat:

Shri A.M. Basheer, Secretary

Shri Thrideep. K.G, Joint Secretary

Smt. Jayasree. M, Deputy Secretary

Shri Mohanan O, Under Secretary

INTRODUCTION


I, the Chairman, Committee on Public Undertakings (2021-23) having been authorised by the Committee to present the Report on their behalf, present this.....~~Seventh~~.....Report on the Action Taken by Government on the Recommendations contained in the Seventy Third Report of the Committee on Public Undertakings (2016-19) relating to Kerala State Electricity Board Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2014.

The Statement of Action Taken by the Government included in this Report was considered by the Committee at its meeting held on 4-1-2022.

This Report was considered and approved by the Committee at its meeting held on ..10...01...2023.

The Committee place on record their appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala who were present during the examination of the Action Taken Statements included in this Report.

Thiruvananthapuram,
..01...02... 2023.


E.CHANDRASEKHARAN
Chairman,
Committee on Public Undertakings.

REPORT

This Report deals with the action taken by the Government on the recommendations contained in the Seventy Third Report of the Committee on Public Undertakings (2016-19) relating to Kerala State Electricity Board Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2014.

The Seventy Third Report of the Committee on Public Undertakings (2016-19) was presented to the House on 4th December 2018. The Report contained eight recommendations and the Government furnished replies to all these recommendations.

The Committee (2021-23) considered the replies received from the Government at its meeting held on 4-1-2022.

The Committee accepted the replies to the recommendations without remarks. These recommendations and the replies furnished by the Government forms Chapter I of this Report.

CHAPTER - I

REPLIES FURNISHED BY THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE WHICH HAVE BEEN ACCEPTED BY THE COMMITTEE WITHOUT REMARKS


| Sl No. | Para No. | Department Concerned | Conclusions/Recommendations | Action Taken by the Government |
|--------|----------|----------------------|--|---|
| (1) | (2) | (3) | (4) | (5) |
| 1 | 1 | Power Department | The Committee recommends that the KSEBL authorities should ensure the updation of essential details of consumers in the KSEB database in order to provide complete and accurate bills to consumers. | The billing software is enabled to update the name, address and all other relevant details in the KSEB database. Direction has been issued to the Distribution Field Officers vide circular No.IT/CU/AG audit/2014-15/250 dtd. 12/8/15 of Secretary KSEBL to take necessary action to update the missing details of consumers in the system. |
| 2 | 2 | Power Department | The Committee wants KSEB to take necessary steps to prevent ineligible consumers from availing NPG (Non Paying Group) concessions by ensuring proper mapping of business rules pertaining to classification of NPG consumers in the KSEB system. | Modification is already done in the billing software so that consumption based on connected load validation is strictly taken into account while billing. Also connected load of the consumers belonging to NPG category cannot be raised above 500 watts. |
| 3. | 3. | Power Department | The Committee views the act of entering details of dismantled consumers as “connected and using” during the process of migration of old data into new Oruma software as real dereliction of duty on the part of KSEB officials. The Committee strictly directs KSEB to avoid such lapses in future, and also to submit a report on steps taken in this regard. | As per Circular No.IT/CU/AG audit/2014-15/250 dtd. 12/8/2015 of Secretary KSEBL, directions had been issued to the distribution field offices to verify the present status of this category of consumers to either bill or to change their present status in system. Follow up action has also been taken from office of Chief Engineer (IT, CR & CAPS) for software modification to change to capture correct status of consumers. |
| 4. | 4. | Power Department | The Committee observes that KSEB violated Clause 8 of Supply Code, 2005 by failing to levy interest at twice the RBI bank rates on | The Financial Advisor, KSEBL informs, as and when there is change in bank rate, the change is also incorporated in the billing software, and now the observation is strictly complied. |

consumers who had remitted the cost of electric line extension/substation construction for new connections on instalment basis. The Committee demands that KSEB should make necessary changes in its systems and update its billing software in order to ensure that interest levied on consumers for electric line extension/substation construction are updated in accordance with periodic revisions in RBI rates. The Committee demands that the Board should make use of its advanced equipments and better facilities and should try their level best for implementaion of such changes.

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| 5. | 5. | Power Department | The Committee recommends that the Supply Code, 2005 should be amended and for that KSEB should recommend to Kerala State Electricity Regulatory Commission to amend the Supply Code so that effective recovery of interest amount from consumers is made possible according to fluctuations in bank rates. | The Supply Code is already amended on 31.01.2014 and as per clause 84 of the same, "the obligation of the licensee to energise the connection shall arise only after receipt of full payment as per the demand note." This clause is now followed by KSE Board Ltd in the case of new electric connections and as such instalments are not generally granted for remitting the cost of new electric connection including the cost of line extension. |
| 6. | 6. | Power Department | Expressing its displeasure over the erroneous collection of electricity duty from exempted consumers, the Committee insists that KSEBL should refrain from levying of electricity duty in the case of exempted consumers. The Committee recommends to strengthen the accounting system and to initiate steps to improve the financial management of the Board. | Modification is done in the software so as to exempt the specified category (Purpose) of consumers from payment of electricity duty. KSEB Ltd has adopted Commercial Accounting System in its accounting based on the Electricity (Supply) Annual Accounts Rules, 1985 (ESSAR-1985) notified by the Ministry of Power, Government of India. KSEB Ltd is preparing its accounts as per the provisions of Companies Act by following the generally accepted accounting practices. In KSE Board Ltd financial management is presently handled by qualified professionals who are Chartered Accountants, Cost Accountants etc. |
| 7. | 7. | Power Department | The Committee strongly recommends to rectify the short payment of eligible interest on security deposit amounting to ₹12.54crore | The bank rate remained constant at 6% from 30.04.2003 to 13.02.2012 and for a short period from 14.02.2012 to 16.04.2012 it was 9.5%. The bank rate was again reduced to 9% w.e.f 17.04.2012. Since there was flutuation |

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| | | | to all eligible consumers of KSEB for the year 2012-13, irrespective of whether they are individual, Private or Government Institutions. | in bank rate for a short period, the rate of interest for fixed deposit for one year of SBI was taken for calculating interest payable to consumers. Accordingly, as per B.O.(FM) No. 1111/2013 Annual Accounts/Interest on Security Deposit/ 2012-13 dated 21.05.2013 sanction was given to credit the interest @ 8% on the balance of security deposit as on 1 st April 2012 to the consumer's account during the first quarter of 2013-14. As such, there is no short payment of eligible interest on security deposit to the eligible consumers. |
| 8. | 8. | Power Department | The Committee urges the Board to complete the task of replacing defective electric meters in a time bound manner, and inform the details of progress made in this regard. | KSEBL, is committed to replacement of all faulty meters in the system and has been taking earnest efforts to achieve 100% faulty meter free status, KSEBL has undertaken replacement of faulty and mechanical meters on a war-footing in the past few years. A total of 6.66 lakh faulty meters were replaced in 2015-16, 4.70 lakh in 2016-17 and 12.37 lakh in 2017-18. The replacement of faulty meters which was in full swing in the financial year 2018-19 got severely affected by the unprecedented floods in August 2018. The field staffs were fully engaged in the restoration of supply which was badly affected by the floods. Also a large number of meters which were inundated in the floods got damaged thus jeopardising the faulty meter free mission, yet a total of 8 lakh faulty meters free mission were replaced in 2018-19. The number of faulty meters in the system which is now estimated at 4.62 lakh, is only a mere 3.66% of all the consumers of KSEBL. KSEBL has set itself the task of replacing all these meters by 2019-20 and purchase orders for the meters have been placed with this end in view. |

Thiruvananthapuram,
..01...02... 2023.


E. CHANDRASEKHARAN
Chairman,
Committee on Public Undertakings.