

**FIFTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2023-26)**

**FORTY SIXTH REPORT  
(Presented on 1<sup>st</sup> February, 2024)**



**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM**

**2024**

**FIFTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
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**FORTY SIXTH REPORT**

**on**

**Action Taken by Government on the Recommendations contained in the Ninth  
Report of the Committee on Public Accounts (2011-2014)**

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**COMMITTEE ON PUBLIC ACCOUNTS**

**(2023-2026)**

**COMPOSITION**

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Shri. Shaji C. Baby, Secretary-in-charge

Shri. P. S. Selvarajan, Joint Secretary

Shri. Jomy K. Joseph, Deputy Secretary

Smt. Beena O. M. , Under Secretary.

## INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Forty Sixth Report on Action Taken by Government on the Recommendations contained in the Ninth Report of the Committee on Public Accounts (2011-2014).

The Committee considered and finalised this Report at the meeting held on 10<sup>th</sup> January, 2024.

Thiruvananthapuram

1<sup>st</sup> February, 2024.

**SUNNY JOSEPH,**

*Chairman,*

*Committee on Public Accounts.*

## **REPORT**

**This Report deals with the action taken by the Government on the recommendations contained in the 9<sup>th</sup> Report of the Committee on Public Accounts (2011-14).**

The 9<sup>th</sup> Report of the Committee on Public Accounts (2011-14) was presented to the House on 26<sup>th</sup> June 2012. The report contained nine recommendations related to Taxes and Power departments. The Government was addressed on 9.7.2012, to furnish the statements of action taken on the recommendations contained in the report and final reply was received on 13.4.2022.

The Committee examined the statements of action taken on the recommendations contained in the 9<sup>th</sup> Report of the Public Accounts Committee [2011-14] at its meetings held on 27.8.2013, 26.11.2014, 6.1.2016, 31.10.2018, 8.9.2021 and 19.04.2023. The Committee was not satisfied with the action taken by the department on the recommendations contained in paragraphs 18, 23 and 30. These recommendations / replies furnished thereon and further recommendations of the Committee is included in Chapter I of this report. The Committee decided not to pursue action on the remaining recommendations in the light of the replies furnished by Government. Such recommendations and their replies are incorporated in Chapter II of this report.

### **CHAPTER I**

#### **RECOMMENDATIONS OF THE COMMITTEE IN RESPECT OF WHICH ACTION TAKEN BY GOVERNMENT ARE NOT SATISFACTORY AND WHICH REQUIRE REITERATION**

**Taxes Department****Recommendation**

(Sl.No : 1, Para No: 18)

1.1 The Committee criticises the irresponsible approach of the Commercial Taxes Department in the proper maintenance of T.P. Registers at the check posts. Knowing that the details regarding surrender of 2813 transit passes covering goods at Rs. 100.60 crore issued during the period from August 2003 to March 2008 were not kept at the exit check posts, the Committee recommends to issue strict directions for compliance of departmental orders regarding monitoring of movement of goods on transit pass through the State and Targets may also be fixed for the intelligence officers for carrying out cross verification of records of the entry and exit check posts. Pointing out the impropriety of maintaining the check post at Kunjippally which was 4km farther from Mahe border, the Committee recommends to expand the check post at the entrance of Mahe, urgently with adequate staff for minimising the loss of revenue and space constraint has to be solved by acquiring sufficient land.

**Action Taken**

1.2 The issue relates to transit pass in 8 check posts viz. CTCP Amaravila, Aryankavu, Gopalapuram, Nadupunni, Walayar, Bengra Manjeswar, Muthanga & Facilitation Centre at Wellington Island. As per Circular No. 9/1995/TX dated 07.04.1995, the Commissionerate of Commercial Tax after considering the importance of this item of work, has authorized selected officers in different districts for assessing the transition covered by Section 30 B for which Transit Pass is issued by the check post officials.

1.3 With respect to the PAC recommendation, it may be noted that, as per Circular No. 13/05 dated 26.03.2005, the CCT has already issued strict directions to the check post officials against the misuse of transit pass issued under Section 48 of KVAT Act & Section 30 B of the KGST Act. In this Circular, certain guidelines were issued for guarding against the revenue loss on account of non follow-up/collusion of check posts

officials with the tax evaders. It was insisted therein that the CTI at the entry check post who issued the TP shall report information of non moving of goods to outside state through the exit check post to the C.I. Wing of the Department within one week. The C.I. Wing shall conduct necessary investigations and hand over the details to the IB Wing for necessary follow-up. The progress of action taken in this regard is subjected to review by the supervisory officers of the Intelligence Wing.

1.4 The Commercial Tax Check Post Mahe was located at the exact border near the present Azhiyoor Panchayat Office (Azhiyoor Chungam) till May 1998. In order to arrest of the movement of goods through a bye-route ie., Kunhipally-Monthal Road, the check post was shifted to the present place; ie, Kunipally. If location of the Check Post has continued at the exact border to Mahe, the Kunhipally Monthal Road would have become open for smuggling. Kunhipalli- Monthal Road is a main road reaching the place called Mekkunnu in Mahe. The distance between Mahe border and the existing check post at Kunhipally is about 2 Km. So, the observation that there would not be no bye-routes if the check post had been operating at Azhiyoor Chungum is not found correct. Functioning of the Check post at Azhiyoor Chungum would have been ineffective since the Kunhipally-Monthal road would be kept open.

#### Further Recommendation

**1.5 The Committee recommends that department should take necessary steps to relocate the existing check posts closer to state borders and to ensure that all the alternative routes are closed.**

#### Recommendation

(Sl.No : 6, Para No: 23)

1.6 The Committee seeks a detailed report regarding the acceptance of defective Form C by the Assessing Authorities resulting in a short levy of tax of Rs. 27.63 crore. Knowing that permission was granted to re-open the assessment relating to M/s. Begreecha Enterprises, Kanjikode, Palakkad, the Committee directs the department to



furnish the details regarding the date of declaration form by the dealer, the date of finalisation of the assessment and its latest position.

### Action Taken

1.7 The original CST assessment in respect of M/s Begreecha Enterprises Kanjikode Palakad for the year 2004-05 was first completed by the fast track team constituted under section 17 (D) of the KGST Act.

#### 1. Details of C. Form Declarations

1. TCK 2692824/04-12-2005
2. AA 494805/20-08-2005
3. TCK 1896889/21-07-2005
4. TCK 2398620/14-06-2005

#### 2. Date of Original Assessment – 09.07.2007

#### 3. Finalisation of the assessment and its latest position

1.8 The Commissioner has accorded sanction as per Order No: R1/13498/10 dated: 21.04.2010 (Copy enclosed) (Annexure I) to re-open the assessment. The re-opened assessment was completed as per Order No: 31129303/204-05 dated: 25.03.2017 (Copy enclosed) (Annexure II) of the Assistant Commissioner (Assessment), Special Circle, Palakkad by creating demand as follows.

Total and taxable interstate sales : Rs. 4,45,55,013.00

CST due @ 12% : Rs. 53,46,612.00

AST due @ 15% : Rs. 80,19,92.00

Total : Rs. 61,48,604.00

Less tax paid @ 4% : Rs. 17,82,211.00

balance CST due : Rs. 43,66,393.00

Interest @ 144% : Rs. 6287606.00

1.9 The error regarding data 'C' Form mentioned in the aforesaid Order dated: 25.03.2017 was rectified by the Order No: 31129303/2004-05 dated: 11.08.2017 of Assistant Commissioner (Assessment), Special Circle, Palakkad. (Copy enclosed) (Annexure III)

### Further Recommendation

1.10 2009-ൽ അവസാനിച്ച സാമ്പത്തിക വർഷത്തെ സി&എ.ജി. റിപ്പോർട്ടിലെ 2.2.10.3 ഖണ്ഡികയിലെ ആഡിറ്റ് പരാമർശിച്ചിരിക്കുന്ന ഏഴ് ഡീലർമാരിൽ 'Begreecha Enterprises, Kanchikode, Palakkad ഒഴികെയുള്ള ബാക്കി ആറ് ഡീലർമാരിൽ നിന്നും തുക ഈടാക്കിയത് സംബന്ധിച്ച വിശദവിവരം ഉൾക്കൊള്ളിച്ച മറുപടി രണ്ടാഴ്ചയ്ക്കകം ലഭ്യമാക്കാൻ സമിതി നിർദ്ദേശിച്ചു

### Action Taken

1.11 Among the 6 dealers the details regarding 5 dealers are furnished below.

#### 1) M/s. Kudilungal Timbers

1.12 The audit team pointed out that three C forms filed by the dealer for the year 2004-05 were bogus due to the reason that they do not contain the CST registration number of the purchasing dealer and the columns of the C forms were not properly filled up. Hence the assessment completed on 26.12.2006 led to a short levy of Rs. 1.62 Lacs due to the acceptance of these C Forms.

1.13 Subsequently the assessment in respect of Sri. K. M. Abdul Rhiman. Proprietor of M/s. Kudilungal Timber Industries, Pulluvazhy for the year 2004-05 was revised under Rule 6(9) of the CST rules on 25.06.2009 by rejecting the above C forms which resulted in the demand of Rs. 2,41,055/- including interest. The assessee had opted Amnesty scheme and remitted the dues in four equal installments as follows.

Sl.	No. of Instalment	Amount	Chalan No. & date	Name of the treasury
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No.				
1.	First Instalment	41,946/-	4860/22.08.09	Subtreasury, Kunnathunadu
2.	Second Instalment	41,946/-	2580/14.10.09	"
3.	Third Instalment	41,946/-	4940/22.10.09	"
4.	Fourth Instalment	41,946/-	3216/5.11.09	"
Total		Rs. 1,67,784/-		

2) M/s. Binani Zinc Ltd.

1.14 The defect pointed out by the audit team is that due to the acceptance of defective/ invalid 'C' forms, the assessment completed in respect of M/s. Binani Zinc Ltd. for the years 2002-03 to 2004-05 on 20.11.2007 led to short levy of tax of Rs. 177.13 lacs, 241.84 lacs and 62.01 lacs respectively for these years.

1.15 After verification of the assessment records, the assessments were completed by the Fast Track Team under section 17 (D) of KGST Act. The goods purchased were entered similar to that in the invoice. The improper affixing of office seal or date is not a cause for rejecting 'C' forms. The value and nature of goods entered in the 'C' Forms were correct. Hence fast track Team accepted these 'C' forms and no revenue loss occurred in this case.

3) M/s. Adetch Systems Ltd.

1.16 The original assessment in respect of M/s. Adtech System (P) Ltd. Kowdiar for the year 2003-04 and 2004-05 was completed on 04.08.2009 creating an additional demand of Rs. 9,49,766/- and Rs. 9,15,598/- respectively. Aggrieved by the above order the assessee preferred appeal before the Deputy Commissioner (Appeal), Thiruvananthapuram. The Deputy Commissioner (Appeal), TVPM modified the assessment as per order No. STA 61/2009 and 62/2009 dated 15.12.2009 and directed to accept the rectified 'C' forms as rejection of the same is illegal. Accordingly the assessing authority accepted 'C' forms after verification and modified assessments in question. After effecting the appellate order there is no outstanding

balance against the dealer during the relevant years. In the result no outstanding balance is due against M/s. Adtech System for the years 2003-04 and 2004-05 under CST.

4) M/s. Indsil Electro Smelters

1.17 The defect pointed out in the report of Accountant General is that certain irregularities are noticed in the 'C' form filed by the dealer in connection with the assessment for the year 2003-04. With reference to the 'C' form issued from M/s. Ambika Steels Limited, Delhi, the destination of the consignee is entered as Coimbatore instead of Palakkad. This was communicated to the assessee and the assessee addressed the dealer to clear the error apparent on the face of documents. The dealer filed clarification to M/s. Indsil Electro Smelters with copy of purchase order, statement of 'C' form etc. The issue involved in the above para was only certain technical defects in filling the 'C' form and the same has stated to be cleared by the issuing dealer. The assessing authority verified the documents and found that there is no irregularities and no revenue loss involved in this case.

5) M/s. Kannan Handicraft (2004-05)

1.18 The assessment in respect of M/s. Kannan Handicraft (2004-05) was completed vide order No. 31116974/2004-05 dated 20.08.2009 of the Commercial Tax Officer, First Circle, Palakkad. The assessee opted amnesty scheme and remitted the demand the demand in full for Rs. 35,212/- in four installments as given below.

Sl. No.	Challan no and date	Amount
1.	909520/31.10.2010	8803.00
2.	909557/21.11.2010	8803.00
3.	909608/22.12.2010	8803.00
4.	909654/03.01.2011	8803.00
Total		35212.00

6) M/s. PAC Petro Products, Kochi

1.19 Details will be submitted at the earliest.

**Further Recommendation**

1.20 As the recommendation of the Committee is of obtaining details of 6 assesseees connected with short levy of tax, reply contained details except M/s PAC Petro Products, Kochi, the Committee directs the department to furnish a detailed report regarding M/s PAC Petro Products, Kochi.

**Power Department**

**Recommendation**

(Sl.No : 8, Para No: 30)

1.21 The Committee recommends that the quantum of transmission loss of electricity allowable to licensees should be ascertained by the department by a fresh study and that the limit should be revised accordingly. The Committee also recommends to deduct the outstanding amount with interest from Government grant extended to these licensees.

**Action Taken**

1.22 In compliance with the recommendation of the Committee in the present report, Government issued G.O. (Rt.) No. 13/14/PD dated 15.01.2014 constituting a Technical Committee for the purpose of ascertaining the quantum of transmission loss of electricity allowable to the distribution licensees in the State, other than KSEB Limited; with the following composition.

1. Additional Chief Electrical Inspector Team Leader.
2. One Electrical Inspector/Deputy Electrical Inspector who possess accreditation in Energy Audit.

3. A technical officer from Energy Management Centre.
4. Resident Engineer of the licensee concerned.

1.23 It was also ordered that the Chairman & Managing Director, KSEB Limited would examine the proposal of the Chief Electrical Inspector for appointing a consultant for conducting preliminary optimization study on the distribution system, with a view to reduce the losses vis-a-vis the recommendation of the Committee and the achievements/outcome of the work being carried out as part of Re-structured Accelerated Power Development Reforms Programme (R-APDRP) in the areas of establishment of base line data system, reduction of Aggregate Technical and Commercial (AT & C) loss etc.

1.24 Accordingly, the study was conducted and the Chief Electrical Inspector as per letter dated 24.10.2014 submitted the technical study report, a copy of which is appended herewith as **Annexure-IV**. The report revealed that three licensees have transmission loss value above 5%, one between 2% and 5% and all the rest of the licensees have below 2%.

1.25 The Transmission losses for the various Licensees were as follows:-

Name of Licensee	Total Losses (0%)
Techno Park, Technopark Campus, Thiruvananthapuram	6.17
Kannan Devan Hill Plantations (P) Ltd., Munnar, Idukki	13.11
Thrurur Corporation, Thrissur	8.75
Rubber Park India (P) Ltd, Ernakulam	1.47
Cochin Port Trust Willington Island, Cochin	1.55
KINESCO Power Utilities, Kakkanad, Cochin	2.97
Cochin Special Economic Zone Authority (CSEZA), Kakkanad, Kochi	0.045

1.26 As no proposal for revision of the quantum of transmission loss as suggested by the Committee was seen included in the report, as per letter dated 21.11.2014, Government directed the Chief Electrical Inspector to furnish specific proposal for

revising the limit of transmission loss allowable to the licensees.

1.27 On the basis of the study conducted, the Chief Electrical Inspector proposed the maximum percentage of line loss that can be allowed to the licensees as follows:-

Name of licensee	Maximum percentage
Techno Park	6
KDHP (P) Ltd.	13
Thrissur Corporation	8
Rubber Park	15
Cochin Port Trust	2
KINESCO	15
CSEZA	2
Infopark	2

1.28 In the case of Kannan Devan Hill Plantations Pvt Limited (KDHP (P) Ltd.), it was informed that the Hon'ble High Court had allowed 13.75% as maximum percentage of line loss and the final judgment in OP No. 34019/2002 filed by M/s Tata Tea Ltd., Munnar was yet to be received. It was also suggested that, the objections/opinion of the licensees concerned might be invited before finalizing the percentage.

1.29 Accordingly, a copy of the study report was forwarded to the distribution licensees and they were requested to offer specific remarks thereon and on the proposed maximum allowable transmission loss. On receipt of the remarks of the licensees, a meeting of the representatives of the licensees was convened by the Secretary, Power department on 06.08.2015 to afford them an opportunity to present their views.

1.30 In view of the practical difficulties explained in the meeting, the Secretary (Power) informed the licensees that Government would take a realistic approach and a final decision regarding allowable transmission loss limit would be taken only after conducting a detailed study. However, the line loss limit as specified in the report would be applicable to the licensees concerned, for the time being till a final decision is arrived at.

1.31 Government have examined the matter in detail on the basis of the findings of the study report and the decisions taken in the meeting and G.O.(Rt.) No. 87/2016/PD dated 30.04.2016 has been issued specifying the maximum allowable transmission loss limit in respect of the Distribution Licensees, except KSEB Limited, on provisional basis, till a final decision is taken by Government on the basis of the detailed study to be conducted by the Chief electrical Inspector.

1.32 As regards the T&D loss of KSEB Limited, it may be noted that Considering the recommendations of the Committee and the directions contained in the Government Order dated 15.01.2014, KSEB Ltd. as per B.O. dated 31.01.2014 accorded sanction to the following:-

1. To appoint an external consultant for conducting preliminary optimization study on the distribution system for reducing the losses, as recommended by the PAC.
2. To request M/s WAPCOS for submitting a preliminary report on the optimization of distribution system in the State based on their study in the RAPDRP project, and
3. To seek co-operation from reputed Engineering Colleges like NIT- Kozhikkode, CUSAT- Kochi, CET- Thiruvananthapuram etc.

1.33 K.S.E. Board Ltd. has been undertaken earnest efforts to reduce Technical and Commercial Losses in its network, due to which the losses was reduced to 16.15% in 2014-15 from 30.34% in 2002-03 over a span of 12 years.

1.34 Further, KSEBL is targeting for a trajectory reduction of AT & C loss to 10.38% by the year 2021-22, as per the guideline of central government.

1.35 The reduction of loss to the current level of about 16% was achieved by KSEBL by undertaking various voltage improvement and System Improvement works. Projects for further reduction in loss can be undertaken based on the optimization study in the distribution network, for which preliminary discussion was already conducted with WAPCOS. On completion of study and submission of report action will be initiated for



implementation of the same.

1.36 Government of India sanctioned Restructured Accelerated Power Development and Reforms Programme Scheme (R-APDRP) during 11<sup>th</sup> Five Year Plan with revised terms and conditions for implementation. The project focuses on actual demonstrable performance in terms of sustained loss reduction. The scheme includes collection of accurate base line data and adoption of Information Technology in the areas of energy accounting. This will enable objective evaluation of performance of utilities before and after implementation of the program, and will enforce internal accountability leading to better performance.

1.37 Various system improvement works are now being undertaken in 43 towns under R-APDRP. In non R-APDRP areas, KSEB is undertaking own funded projects for enhancement of 11 kV system which includes addition of new 11 kV lines, installation of Distribution transformers etc. to maintain system voltage, thereby reducing loss to the minimum extent possible. However, assessment of quantum of loss due to capacity addition has not been done so far.

1.38 The major achievements/outcomes of the work being carried out as a part of Restructured Accelerated Power Development and Reforms Programme Scheme are narrated here under:-

1.39 **Under Part A**

- Data Centre and Customer Care Centre has been set up and both of them are functional.
- Hardware and software installation, test and inspection for Disaster Recovery Centre completed and Commissioning is in progress.
- Consumer Services Applications Live in more than 667 Section offices (including Non- RAPDRP).
- Network installation in all 228 Section offices under RAPDRP has been

completed.

- BSNL has completed all 228 Section office MPLS links and Airtel completed 205 links under RAPDRP. Under Non - RAPDRP, BSNL completed 431 Section Office MPLS links and Airtel completed 302 links.
- Spot Billing Machine (SBM) rolled out in 37 towns. Roll out for the remaining towns are progressing.
- Installation of Non IT equipments in the offices of KSEB Ltd. Is nearing completion in all 43 towns.
- Entire Network asset survey data submitted for 43 towns. Network data has been approved for 43 towns. GIS Delta updates for already gone line towns is in progress.
- Modem installation is in progress in 38 towns (for 13,647 modems) and almost completed in 23 towns (for 8,108 modems). Around 3000 modems had been fully configured and started communicating with DC.
- Phase-2 Phase-3 software applications are at various stages of implementation.
- GIS network delta update has been completed in 4 towns and progressing in 7 towns.
- As part of stabilization activities, the verification of border meters has been completed for 31 towns. The verification for all remaining towns will be completed shortly.

#### 1.40 Under Part- B

1375 KM HT OH line has been constructed.

755 Kms, HT UG Cable laid

480 Kms HT reconductoring was done.

2037 Nos. distribution transformers were installed.

1.41 208 Kms of LT new line was done and 10,17,195 Nos single/three phase faulty/mechanical meters were replaced with electrostatic meters.

1.42 It may be noted that in the Report of the C&AG, two transmission licensees viz. Thrissur Corporation and Techno Park were found to have been availed transmission loss in excess of the allowable limit of 8% consequently, the Committee recommended to deduct the outstanding amount of electricity duty from the Government grant extended to the said licensees. In the case of Thrissur Corporation, the CEI has reported that the excess line loss availed by them was treated as their self consumption and duty demanded accordingly. However, the duty was not remitted by the Corporation.

1.43 In view of the findings of the Audit that Thrissur Corporation had not remitted an amount of Rs. 10.47 Crore payable on account of electricity duty and surcharge for the period 1974-75 to 2009-2010 and was in arrears as on March 2010, the Chief Electrical Inspector in 2013 initiated Revenue Recovery proceedings against the Corporation, under intimation from Government.

1.44 Challenging the demand which was issued by the District Collector, Thrissur as part of the Revenue Recovery proceedings, the Thrissur Corporation filed WP(C) No. 30260/2013 before the Hon'ble High Court and as per the interim order dated 09.12.2013 in the W/P, the Court granted interim stay of all proceedings pursuant to the notice. Subsequently, the stay was extended until further orders. Action is being taken by Government to vacate the .stay order and to dispose of the case at the earliest.

1.45 In the case of Techno Park, the CEI has reported as follows:-

1.46 "The excess line loss was a technical one and not due to actual purchase by Techno Park. Even though Techno Park was a 110 kV consumer, KSEB supply was through 11 kV This caused transformer loss to KSEB. Even though this was a laxity from the part of KSEB, KSEB added an imaginary 3% excess purchase of power

along with the actual purchase of Techno Park which led to excess percentage of undistributed units and forced to treat as line loss in records. The excess percentage of line loss was only imaginary to compensate the transformer losses of KSEB, which was occurred outside the premises of Techno Park and there was no actual line loss occurred from the side of Techno Park. Hence no revenue loss was occurred. This has been reported to C&AG.

### **Further Recommendation**

1.47 **The Committee desires to know whether the department can attain the trajectory reduction of AT&C loss to 10.38% by the year 2021-22 as per central govt. guidelines.**

## **CHAPTER II**

### **RECOMMENDATIONS IN RESPECT OF WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE FURTHER IN THE LIGHT OF THE REPLIES FURNISHED BY THE GOVERNMENT**

#### **Taxes Department**

#### **Recommendation**

(Sl.No : 2, Para No: 19)

2.1 The Committee understands that all the vehicles from Kerala were filling fuel from Mahe resulting a huge loss of revenue to the State exchequer and recommends to formulate strategies to plug evasion of tax of various commodities through check posts. The Committee urges the department to take up the matter with Government of India for ensuring uniform floor rate of tax between Kerala and Mahe to safeguard the revenue of the State.

#### **Action Taken**

2.2 The uniform floor rate for petrol and diesel is a recommendation of Empowered Committee when VAT was implemented. But, none of the States have implemented the same. Fixing the tax rates is entirely in the realm of State's powers. If any uniform

rate is implemented, Kerala will also be bound by the same, and it will have adverse revenue impact for the State. Also, we may have issue with Karnataka and Tamil Nadu or vice versa on this kind of tax laws.

### **Recommendation**

(Sl.No : 3, Para No: 20)

2.3 The Committee surprisingly infers that huge amount of money was lost by way of commercial tax for the items of IMFL, Chicken, Ghee and Tiles. So the Committee recommends to take up adequate measures to curtail the illicit transportation of IMFL through check posts. As such, it recommends for a full-fledged check post of Sales Tax Department at Mahe along with the existing check post of the Excise Department. The Committee emphasises the need for strengthening the facilitation centre at Willingdon Island.

### **Action Taken**

2.4 The roads from Mahe to Kerala are innumerable. Although there is smuggling of goods from Mahe to Kerala, it is impracticable to erect checkpost to arrest this transport. It was to tackle this movements the two special mobile squads were earmarked exclusively for Mahe. Another Mobile Squad situated at Vatakara is also there to arrest the clandestine movement of goods from Mahe. As per G.O. (MS) 59/10 dated 11.03.2012 of Taxes (D) department (copy enclosed), (Annexure V) 100 posts of UDC in the department were upgraded as Commercial Tax Inspectors. The upgradation is aimed at improving the function of checkposts and Intelligence Wing. These posts were attached to various offices and the Deputy Commissioners were directed to utilize the service of Commercial Tax Inspectors attached to their office in various check posts including temporary checkpost according to necessity. The only permanent solution is rationalizing the rate of tax of goods. The smuggling is due to the rate difference in commodities in Kerala and Mahe. The rate of tax difference is more in goods like petroleum products, IMFL, consumer goods, live chicken etc. The Mahe dealers take the advantage of reduced rate of tax in Mahe and after accounting it at Mahe and showing in accounts as sold in Mahe actually smugglers the goods out of

Mahe. Regarding Petrol and diesel, all private vehicles plying between Kozhikode and Kannur are usually taking the same from the petrol pumps in Mahe area. Regarding IMFL, Excise Department is taking effective steps to arrest the movement of IMFL from Mahe to other places. Regarding items such as live chicken. Ghee and tiles, the rate of tax in Kerala is high when compared to that prevailed in Mahe. There are about 40 bye-routes in between the border areas of Mahe and Kerala. The culprits can avail this advantage also for the movement of these items in, out of the way. However clandestine movement of ghee has been drastically fallen as the present rate of tax is 5% in both States. In addition to the checkpoint functioning at Willington Island as a facilitation centre, another facilitation Centre near Vallarpadam International Transshipment Terminal has also been started by the Department so as to strengthen the facilitation functions.

#### **Recommendation**

(Sl.No : 4, Para No: 21)

2.5 The Committee strongly criticises the lethargic attitude of the Excise Department in preventing illegal movement of Commodities through check post and in taking disciplinary action against erring officials.

#### **Action Taken**

2.6 The Excise Department has given due importance in preventing illegal movement of commodities through check posts. The staff strength of check posts has been enhanced for preventing illegal movement of spirit and such alcoholic substances. As a result of Government policy, integrated check post including Excise, Sales Tax and Motor Vehicles Departments has been started at Amaravila. Moreover, when noticed, stringent action has been taken against the erring officials. In future also, necessary action will be taken against the delinquent officers, and instructions were already given to all the officers, for preventing illegal movement of commodities through check posts.

#### **Recommendation**

(Sl.No : 5, Para No: 22)

2.7 Regarding the audit enquiry about non-utilization of check post declaration, the Committee expresses its grave dissatisfaction over the contradictory replies put forward by the department during witness examination,. Criticising the callous approach of the department in this matter, the Committee observes that the internal audit wing of the department was not effective.

### **Action Taken**

2.8 The Department has already issued detailed instructions for proper and timely distribution of check post declaration for the utilization of assessment.

2.9 The pendency in filing check post declaration in the respective file was very huge with respect to various circle offices of several districts, especially in Special Circle I, II & III of the Ernakulam district. In order to reduce the pendency, a special drive of sorting declarations at office-wise was conducted during the period from 10/2007 to 6/2008 as per direction from Government by deploying Trainee CTOs and members of certain Kudumbasree Units in Ernakulam District. As a result, all the pending declarations left out up to 2007-08 were sorted out and filed in the respective assessment records and utilized for assessment. In other districts also, these works were completed by the concerned assessing authorities in a fool proof manner. Inspecting Officers concerned supervised this work regularly so as to ensure that there was no leakage of revenue at any stage.

2.10 Consequent as computerisation in the department, e-consignment declaration was made mandatory for interstate movement of goods with effect from 01.10.2011 vide Circular No. 16/2011 dated 26.08.2011. As per Circular No. 12/2013 dated: 25.07.2013, department decided to dispense with production of hard copy of e-consignment token and further directed that hard copy of transporting document received in the check post need not be forwarded to the assessment circles since the transaction details can be accessed by the assessing authority online. The duty Inspector shall keep the transporting document in the check post. By this modification

the issue in relation to non filing of check post declaration on the assessment files has been resolved as far as the on-line check posts are concerned.

2.11 The Internal Audit Wing of the department started functioning w.e.f. 01.06.2009. The Internal Wing has conducted 194 inspections and prepared audit reports containing 3066 observations involving short levy of 62.31 crores up to 31.03.2014 as listed below.

Year	Inspection report	Audit observation	Amount involved (Rs. in crores)
2010-11	46	919	3.30
2011-12	32	445	27.38
2012-13	56	369	14.88
2013-14	60	1333	16.75
TOTAL	194	3066	62.31

2.12 There are only 3 Assistant Commissioners and 6 Commercial Tax Officers available for conducting internal audit. The Assistant Commissioners are mainly attending the audit of special circles and works contract offices. The Commercial Tax Officers are attending audit of ordinary circles. Due to scarcity of manpower, audit of entire circles can not be completed in the same year. The Internal Audit Wing has however conducted inspections in 60 units and prepared reports these units during the year 2013-14.

### **Recommendation**

(Sl.No : 7, Para No: 24)

2.13 Regarding the observation of Accountant General on waiver of penalty, the Committee reminds that Taxes Department should be more cautious in putting forward such amnesty schemes in future.

### **Action Taken**

2.14 Para 174 of the Budget Speech 2007-08 reads as follows:

2.15 “The Cashew Industry, which is one of our most important traditional industries,



is in crisis. Almost all cashew dealers have been transacting with other States illegally for quite some time now. They have been showing interstate sales as stock transfer to their depots or agents to evade Central Sales Tax. Even though this is a criminal offence, Government have not launched prosecution against these dealers. These dealers should have been charged 10% or 12.5% tax with interest for the failure to file valid statutory forms. There have been representations not only from this industry but also from all party delegations and Trade union representatives that these heavy payments would destroy these industrial undertakings. Hence, considering the interest of the labour, I am taking a lenient view. It is because of my desire to be transparent in deals such as this that I bring this up in this House. I offer to waive the penalty and all amounts in excess of 4% and interest there on all transaction up to 31.03.2006 provided the dealers pay the amount in full before 30.06.2007. If the dealers accept the offer necessary orders will be issued subject to concurrence of the Central Government. The sacrifice of revenue involved is Rs. 25 crores.”

2.16 With a view to give effect to the above proposals Government had issued GO (MS) No. 136/08 TD dated 07.07.2008 waiving the Penalty, interest and all amount in excess of 4% of tax there on all interstate transaction made by cashew dealers in Kerala up to 31.03.2006.

2.17 In the light of the above, CCT has also issued circular instruction vide No. 35/2008 dated 24.07.2008 directing the assessing authorities to give effect to the above Government decision immediately. It may also directed that tax, if any paid shall not be refunded.

2.18 Government decision to waive penalty, interest and all amount in excess of 4% of tax thereon on all interstate transaction by Cashew dealers was public interest.

2.19 Section 8(5) of the CST Act 1956 empowers the State Government to take decision if is satisfied that it is necessary to do so in public interest by notification in the official gazette.

2.20 In the mean time department realised Rs. 13.33 crore towards tax and 1.35

crore towards interest from the cashew dealers by the above action. If the Government had not taken the above approach, Rs. 13.33 crores from the cashew dealers could have not been realised within a short period and the demand would have remained unrealised. The department assures that it would be extremely cautious while formulating amnesty scheme in future.

### Power Department

### Recommendation

(Sl.No : 9, Para No: 32)

2.21 The Committee recommends the Power Department to realise the amount of electricity duty and its interest from the grant extended to Thrissur Corporation by Government.

### Action Taken

2.22 The grants to the Local Self Government Institutions including the Thrissur Corporation are being allotted through the Local Self Government Department. In pursuance to the recommendations of the Committee, this Department requested the LSG Department to take immediate necessary action to get the amount of electricity duty with due interest deducted from the grant in-aid payable to the Corporation and to intimate the action taken in this regard to the Power Department, so as to apprise the position to the Committee, as per communication dated 18.08.2012, a copy of which is attached here with as Annexure-VI

2.23 In view of the fact that the Hon'ble High Court has stayed the Revenue Recovery proceedings initiated against the Thrissur Corporation and considering the specific direction of the Committee, the LSG Department has been requested to comply with the recommendations of the Committee and to report the action taken in the matter to the Committee, as expeditiously as possible. A copy of which is attached herewith as Annexure VII

Thiruvananthapuram,  
1st February, 2024

SUNNY JOSEPH,  
Chairman,  
Committee On Public Accounts.

## APPENDICES

## Summary of Main Conclusions / Recommendations

Sl No.	Para No.	Department concerned	Conclusions / Recommendations
1	1.5	Taxes	The Committee recommends that department should take necessary steps to relocate the existing check posts closer to state borders and to ensure that all the alternative routes are closed.
2	1.20	”	As the recommendation of the Committee is of obtaining details of 6 assessees connected with short levy of tax, reply contained details except M/s PAC Petro Products, Kochi, the Committee directs the department to furnish a detailed report regarding M/s PAC Petro Products, Kochi.
3	1.47	Power	The Committee desires to know whether the department can attain the trajectory reduction of AT&C loss to 10.38% by the year 2021-22 as per central govt. guidelines.

Annexure I R PAD

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enclosure - 2

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**PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES,**

**THIRUVANANTHAPURAM**

**PRESENT:-B.SUMAN.I.A.S.**

Sub:-KGST Act 1963-Assessment completed under section 17D (Fast Track Method)-

M/s. Bagreecha Enterprises Ltd, Kanjikode for the year 2004-05-CST-Sanction to re-open  
Under Section 17D (2) (d)-Orders issued-reg.

Read:-No.P10-118/10 dated.05-04-2010 of the Deputy Commissioner, Palakkad

The CST assessment in respect of M/s.Bagreecha Enterprises Ltd, Kanjikode for the year 2004-05 was completed by the Fast Track Team under section-17D of the KGST Act 1963. Subsequent verification of the assessment records revealed that the 'C' forms furnished by the assessee were not genuine and the same has resulted in short levy of tax and loss in revenue. Hence the Deputy Commissioner, vide paper read above, has requested for permission to re-open the assessment.

As per section 17D (2)(d) of the KGST Act, "No assessment completed by the Fast Track Team shall be re-opened unless there is fresh receipt of materials pertaining to tax evasion. Provided that the assessments may be re-opened with the prior permission of the Commissioner". Hence I find it necessary to re-open the assessment so as to levy the correct rate of tax. In the result, the following orders are issued.

**ORDER NO.R1-13498/2010/CT.Dated.21-04-2010**

As per the powers conferred upon me under section 17D(2)(d) of the KGST Act, sanction is hereby accorded to the assessing authority ie, the Assistant Commissioner(Assmt), Special Circle, Palakkad, to re-open the CST assessment completed under section 17D of the Act in respect of M/s.Bagreecha Enterprises Ltd, Kanjikode for the year 2004-05. The assessing authority is also directed to complete the assessment at the earliest.

*B.Suman*

**COMMISSIONER**

To

The Assistant Commissioner (Assmt),  
Special Circle, Commercial Taxes, Palakkad.

Copy to:-The Deputy Commissioner, Palakkad/File/Stock File/S...



Annexure 2-<sup>628</sup> 479  
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**PROCEEDINGS OF THE ASSISTANT COMMISSIONER (ASSMT)  
SPECIAL CIRCLE, COMMERCIAL TAXES, PALAKKAD.**

**(PRESENT : VIJAYALAKSHMI.V)**

Sub: CST Act 1956 - M/s. Bagrecha Enterprises, Kanjikode, Palakkad for the year 2004-05 claiming concessional rate of tax on furnishing bogus 'C' forms declaration - assessment reopened - under section 19 of the KGST Act read with section 9(2) of the CST Act 1956 - order issued.

- Ref:
1. Order No.31129303/2004-05 dated 09.07.2007.
  2. Pre-assessment Notice No. 31129303/2004-05 dated 15.02.2010.
  3. Revised notice No.31129303/2004-05 dated 22.02.2013.
  4. Notice No.31129303/2004-05 dated 14.03.2017.
  5. Personal hearing held on 21.03.2017.
  6. Reply dated 18.03.2017 filed on 21.03.2017.

**ORDER NO: 31129303/2004-05 DATED 25.03.2017**

M/s. Bagrecha Enterprises, Kanjikode, Palakkad, engaged in Glass items, is a registered dealer in this office having CST No.31129303 in KGST period. Original Assessment under CST Act was completed on 09.07.2007 by Fast Track Team under section 17 D of the KGST Act 1963. Subsequent verification of assessment records revealed that the 'C' forms furnished by the assessee were not genuine and the same has resulted short levy of tax and loss of revenue.

In order to proceed further the assessment has to be reopened under section 35 of the KGST Act 1963 read with section 9(2) of CST Act 1956. Since the assessment was completed under Fast Track Method, permission of the commissioner of Commercial Taxes is necessary as per section 17 D (2) (d) of the KGST Act.

Accordingly the Commissioner of Commercial Taxes has issued permission as per order No.R1-13498/2010/CT dated 21.04.2010.

Subsequently a revised Pre-assessment notice has issued on 22.02.2013. The original assessment for the year 2004-05 under CST was completed by accepting returns and accounts. On further detailed scrutiny of assessment records the entire 'C' forms (4Nos) filed in support of claim of concessional rate were found defective for the following reasons.

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Sr. No	C' form No/ Date	Consignee/ Purchaser	Amount (including CST)
1.	TCK 2692824/ 04-12-2005	Krishna Glasses & Plywood, Bangalore	1,22,91,465.00
2.	AA 494805/ 20-08-2008	Madhukar Glass Trader, Pondichery	1,07,67,876.00
3.	TCK 1896889/ 21-07-2008	Mysore Trading Co, Bangalore.	1,19,94,982.00
4	TCK 2398629/ 14-06-2008	Mayura Glass Palace, Mysore.	1,12,82,901.00
<b>Total</b>			<b>4,63,37,224.00</b>

In respect of the above 'C' forms against column "Office of issue" a seal is affixed as "OFFICE OF THE COMMERCIAL TAX, BANGALORE", "OFFICE OF THE COMMERCIAL TAX, MYSORE" and "OFFICE OF THE COMMERCIAL TAX, PONDICHERRY" etc. Name of an office should not normally be of that nomenclature. Name of office should be of like "Office of CTO" or "Commercial Tax Officer. Also place like Bangalore and Mysore should definitely have more than one Commercial Tax Office( termed as I, II etc or Wad I, II etc).

Based on the doubtfulness of the genuineness of the forms searched through 'TINXYS' (both CST and 'C' Forms search) on online plat form to verify TIN and forms, and found that none of the four 'C' forms were declared through the 'TINXYS'.

The above fact has been informed to the assessee vide this office revised notice dated 22.02.2013 inviting objections if any and also offered personal hearing.

The assessee has filed reply for the notices dated 15.02.2010 and 22.02.2013 which is reproduced as under.

*In response to your above referred notice in KGST 31129303/2004-05 dated 22.03.2013; wish to submit the following by way of objections.*

*In this connection I request you to kindly refer to may letter dated 25.03.2010 wherein I have relied upon the judgement in 148 STC Pg 419 in the case of Sree Murugan Engineering products VS CTO Coimbatore wherein it has been held as follows:*

*" It is not the case of the revenue that the seller has produced false bills, vouchers, declaration certificates or other document with a view to support or to make any claim that the transactions not liable to be taxed or liable to be taxed at a lower rate. Thus Sec.110 (3) would not be applicable to the facts of the case. The issue involved is covered by several judgments of High Court and the Supreme Court and it has*

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been consistently held that for the contravention of condition of Form XVII, tax and penalty could be imposed only against the purchasing dealer and not against the seller as per section 3(3) of the Act. Therefore the impugned order of the assessing authority is clear without jurisdiction.

I submit that the clear finding has been laid out in the aforesaid judgement wherein in the case of any discrepancies of C forms, the tax and penalty must be imposed only against the purchasing dealer and not against the seller. Hence by relying on the above judgement, your course of action in this matter shall lie only against the buying dealer who has issued such C forms. WE are the bonafide sellers and accordingly, we have also received the C forms from our various buyers of our commodity across the nation from various states.

For the above reasons your course of action is only against the purchasing dealer only dealers only and not against us. We stand by our reply dated 25.03.2010 and our submissions made therein. Further, we state that the Revision of Assessment made by you is time barred since the Assessment relates to the year 2004-05 and after a lapse of 10 years, no legal liability shall lie against us and we are in no way responsible for the discrepancies visible in the alleged defective C forms cited in your notice.

Further we state that our original assessment was completed based on the C forms produced along with the necessary documents. Now you have proposed to revise the Assessment under sec 19 of the KGS/ Act i.e. Sec 9 (2) of the CST Act. In these circumstances, the responsibility lies with the department to prove that the C forms so produced are not genuine. Further, we request you to pass any orders in this connection without cross examining the third party i.e. buyers, who have issued the alleged defective C forms which is now under dispute in the revised assessment. Being the revision assessment order, it is your duty to issue summons to the third parties and arrange for cross examination. Accordingly, you are hereby requested to exercise your powers and issue summons to our buyers who are available within other states in India and also to conduct the necessary cross examinations before passing any order.

Under such circumstances and however having stated our stand as above, since you have advised us to appear before you on 07.03.2013, we are appearing before you and are filing these objections. We request you to kindly consider our submissions stated herein and take appropriate penal action against all other dealers for such erroneous C forms issued and to drop all actions against us as stated in your proposal and render justice.

Further, in case of any discrepancies in the 'C' forms submitted for claiming concessional rate, it is for the department to take action against the person who has issued 'C' forms from the other end. The assessee has accepted the 'C' forms under the bonafide belief that the same are genuine and accordingly the assessment office has asked to accept the same at the time of the original assessment made. Your kind attention is brought to the judgements in 148 STC Pg 419 in the case of "Sree Murugan Engineering Products Vs CTO Coimbatore" wherein it has been held that

It is not the case of the revenue that the seller has produced false bills, vouchers, declaration certificates or other documents with a view to support or to make any claim that the transactions not liable

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to be taxed or liable to be taxed at a lower rate. Thus Sec 110 (3) would not be applicable to the facts of the case. The issue involved is covered by several judgements of High Court and the Supreme Court and it has been consistently held that for the contravention of condition of Form XVII, tax and penalty could be imposed only against the purchasing dealer and not against the seller as per section 3(3) of the Act. Therefore the impugned order of the assessing authority is clearly without jurisdiction."

A fresh the notice was issued to the assessee vide this office letter No.31129303/2004-05 dated 14.03.2017 giving 7 days time to file any further reply and also offered personal hearing on 21.03.2017. Sri. Kannan, Accounts Manager of the firm appeared on 21.03.2017 and reiterated the contention stated in the previous replies and also filed a fresh reply in which they have stated that the 'C' form received from the purchasing dealers are in bonafide faith that the same would be proper and genuine. Other contention are same as in the earlier objections.

I have verified all the replies filed by them with respect to the connected records. In the reply the assessee highlighted several decisions of various High Courts. Also requested to exercise powers and issue summons to their buyers who are available with outside the State and conduct necessary cross examination before passing final order.

In this connection the following points are noticed.

On verification of assessment records revealed that the 'C' forms declaration filed by the assessee, for the concessional rate claim for interstate sales, were found defective and has resulted short levy of tax and a huge loss of revenue.

The various courts decisions highlighted in the reply are entirely different case and not related to defective declarations. The decisions of Honourable High Court of Madras in M/s. Sree Murughan Engineering Products VS CTO, Coimbatore is entirely different from the instant case.

Another contention pointed out by the assessee is to conduct cross examinations of office buyers by the department. The contention cannot be accepted since section 12 of KGST Act 1963 stipulates that "The burden of proving that any transaction of dealer is not liable to tax under this Act shall be lie on such dealer".

In addition to this, the Honourable High Court of Kerala in its very recent Judgement dated 21.12.2016 in OT Rev Nos. 178, 179 & 180/2016 (M/s. Beepath Custings Pvt Ltd Vs State of Kerala) observed that "ON the contrary, as has been correctly noticed by the Tribunal, the burden is completely cast upon the assessee to establish its case by placing before the Assessing Authority all the documents and materials that they intend to rely on in defence".



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In this case the assessee could not place any documents in support of their contentions even after years have passed. In the circumstances, considering all the factors, I cannot deviate from the proposal already issued and complete the CST assessment for the year 2004-05 under section 19 of the KGST Act read with section 9(2) of the CST Act 1956 as under.

Total and taxable interstate sales	: Rs.	4,45,55,013.00
CST due @ 12%	: Rs.	53,46,612.00
AST due @ 15%	: Rs.	8,01,992.00
Total	: Rs.	61,48,604.00
Less tax paid @ 4%	: Rs.	17,82,211.00
Balance CST due	: Rs.	43,66,393.00
Interest @ 144%	: Rs.	62,87,606.00

Due shall be paid as specified in the Demand Notice issued.

**Assistant Commissioner (Assmt),  
Special Circle, Commercial Taxes, Palakkad**

To  
M/s. Bagrecha Enterprises,  
Kanjikode, Palakkad

Ss/-

Annexure - 3

455

**PROCEEDINGS OF THE ASSISTANT COMMISSIONER (ASSESSMENT),  
SPECIAL CIRCLE, PALAKKAD  
(Present: Vijayalakshmi.V)**

Sub: CST Act-1956 - Rule 6(9) of the CST Rules - M/s Bagreecha Enterprises, Kanjikode, Palakkad - assessment for the year 2004-05- rectified- Orders issued-reg.

Read: 1. This office Order No: 31129303/2004-05 dated: 25.03.2017.

**Order No. 31129303/2004-05 DATED 11.08.2017.**

The assessment of the dealer for the year 2004-05 under CST Act 1956 was completed as per order read 1<sup>st</sup> above, assessing interstate sales turnover of Rs.4,45,55,013/- wherein 4 'C' Forms were rejected and assessed at higher rate of CST. On further verification of the assessment order read above, it is noticed that there is an error occurred in the date of C Form mentioned in the order read above. Hence the mistake occurred on apparent on the face of records is rectified U/s 6(9) of the CST (Kerala) Rules 1957 as under:

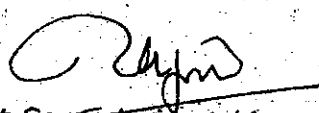
Sl No	C Form No/Date	Consignee/Purchaser	Amount (Including CST)
1	TCK 2692824/04-12-2005	Krishna Glasses & Plywoods, Bangalore	1,22,91,465.00
2	AA494805/20-08-2005	Madhukar Glass Trader, Pondichery	1,07,67,876.00
3	TCK1896889/21.07.2005	Mysore Trading Co., Bangalore	1,19,94,982.00
4	TCK 2398620/14.06.2005	Mayura Palace, Mysore	1,12,82,901.00
<b>TOTAL</b>			<b>4,63,37,224.00</b>

In the circumstances, the order referred above is rectified to the above extent.



To

M/s Bagreecha Enterprises, Kanjikode, Palakkad.

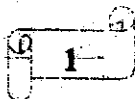
  
Assistant Commissioner (Assmt)

Special Circle, Palakkad (Assessment)

Special Circle, Pkd.

Dept. of Commercial Taxes.

Govt. of Kerala.



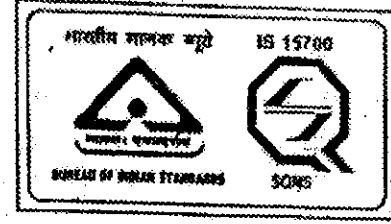
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Annexure IV

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ANNEXURE-I

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Government of Kerala  
Department of Electrical Inspectorate  
Office of the Chief Electrical Inspector  
Housing Board Buildings, Shanthi Nagar  
Thiruvananthapuram 695 001  
Phone: 0471 2331104, 0471 2331159  
Email : cei@ceikerala.gov.in



An IS 15700 : 2005 Certified Department

No.H2-3954/2014/CEI

Date: 24/10/2014

From

Chief Electrical Inspector

To

The Secretary  
Power Department,  
Government Secretariat,  
Thiruvananthapuram.



Sir,

Sub:- Electrical Inspectorate – Study of revised limit of the quantum of transmission loss allowable to the Distribution Licensees - regarding.

Ref:- 1. G.O. (Rt) No.13/14/PD dated 15.01.2014 of Power Department.  
2. Letter No.6474/C2/10/PD dated 25.07.2014.

I am hereby forwarding the report of study conducted by the committee on the revised limit of the quantum of Transmission losses allowable to the Distribution Licensees as per the reference (1) cited.

Yours faithfully

Chief Electrical Inspector

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**Study on**

**"Revision of limit of the quantum of transmission**

**loss allowable to the Distribution Licensees**

**in the State"**

**Department of Power**

**Govt. of Kerala**

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**Study on**  
**"Revision of limit of the quantum of transmission loss allowable to the Distribution Licensees in the State"**

Ref: G.O (Rt) No.13/14/PD dated, Thiruvananthapuram, 15/01/2014

**Background**

The Committee on Public Accounts (2011-2014) as para of its 9<sup>th</sup> report recommends follows:

"The quantum of transmission loss of electricity allowable to licensees should be ascertained by the department by the fresh study and that the limit should be revised accordingly. The committee recommended to deduct the outstanding amount with interest from the government grant extended to their licensees".

Vide Ref: G.O (Rt) No.13/14/PD dated, Thiruvananthapuram, 15/01/2014, Power (D) Department had issued a Government Order to form a Technical Committee for the purpose of ascertaining the question of transmission loss of electricity allowable to the distribution licensees in the State, other than K.S.E.B, as recommended by the Committee of Public Accounts, with in the following composition

1. Additional Chief Electrical Inspector – Team Leader
2. One Electrical Inspector / Deputy Electrical Inspector who possess accreditation in Energy Audit.
3. A technical Officer from Energy Management Centre.
4. Resident Engineer of the Licensee concerned.

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The technical committee undertook the study of Transmission losses in the Distribution Licensees of the state namely:

1. Cochin Port Trust, Willington Island, Cochin
2. Cochin Special Economic Zone Authority (CSEZA), Kakkanad, Kochi.
3. Rubber Park India (P) Ltd, Ernakulum.
4. KINESCO Power Utilities, Kakkanad, Cochin.
5. TechnoPark, Technopark Campus, Thiruvananthapuram.
6. Thrichur Corporation, Thrissur.
7. Kannan Devan Hill Plantations (P) Ltd, (KDHP), Munnar, Idukki.
8. Cochin Shipyard, Cochin. (As per the KSERC, at present they are not a licensee. Cochin Shipyard, Cochin is a EHT consumer)

#### **The Technical team**

1. Shri. Premachandra Bhas. E.R.,  
Chief Electrical Inspector to Government of Kerala.  
( Previous Additional Chief Electrical Inspector at the time of  
constitution of the committee).
2. Shri. Cherian Paul, Deputy Electrical Inspector, Electrical Insectorate.  
Govt. of Kerala. Certified Energy Auditor
3. Shri. Johnson Daniel, Energy Technologist,  
Energy Management Centre - Kerala  
Dept. of Power, Govt. of Kerala.  
Certified Energy Auditor
4. One Resident Engineer of the Licensee concerned.

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**Objective of the Study:**

The study focused on the following areas:

1. Whether they have a systematic distribution system.
2. Whether they carry out periodical technical evaluation.
3. Whether their distribution system is overloaded and the loss in the system is due to inadequate size of conductors and consequent overloading of feeders.
4. Whether there is any unaccounted portion of energy.
5. Whether they have adopted measures to implement the distribution automation etc.
6. Whether they have adopted universally accepted system for reducing line loss.
7. Whether adopted metering of distribution transformer.

**Mode of Study:**

The details of annual consumption purchased from KSEB and the actual consumption billed on individual consumers in the financial year 2013-14 were obtained from the Licensees. A perusal of the consumption difference between the purchased units and the billed units were made and an approximate commercial loss was calculated. These calculated losses indicate the peripheral losses in the system of the Licensees. On the basis of this the efficiency of the distribution and the metering system was evaluated. These losses were seen high in the case of three Licensees namely

1. KDHP (P) Ltd. (13.11%)
2. Thichur Corporation (8.75%) .
3. Technopark, Tvm (6.17%).

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Losses for the other licensees were below 2% and may be considered as within limits.

Detailed studies were conducted on these three licensees and the reasons for this high value of losses were considered. They may be as follows:

1. Kannan Devan Hill Plantations (P) Ltd, (KDHP (P) Ltd).

The area of electrical supply of this licensee mainly pertains to Munnar and related areas of Devikulam, Marayoor, Munnar Town, Kannan Devan Hills etc. They purchase electrical supply from K.S.E.B from the Pallivassal Sub Station which is situated around 4 Kms away. They purchase supply at 11 kV and distribute from their only Sub Station at Munnar. The terrain through which they obtain this supply is through forest area and the voltage at which this supply is availed (11 kV) inherently leads to a higher Transmission loss. Also the area of supply is 170 sq:Km. which is through plantations and leads to higher losses. They have 174 Km of HT lines and 184 Km of LT lines.

KDHP (P) Ltd also supplies to areas where KSEB provides services like Devikulam Town, Marayoor town, and some colonies. As the geographical area is such that supply cannot be obtained separately for the KSEB supply areas without installing a parallel distribution system by KSEB at very high cost, the supply is availed from KDHP and is metered at the point of dedicated lines for the KSEB services. There are such 14 points where this supply is availed by KSEB and the units consumed by this mode of supply is referred to as Feedback units in the KDHP system. There are 12 HT metered points and 2 LT metered points. The units consumed by these feedback points constitute around 14% of the total consumption of KDHP. The T & C losses thus computed for KDHP comes to about 13.89% which also includes the losses in the KSEB system from the Feedback points. A loss for 4% of the energy consumed from the Feedback points by the KSEB is discounted in the accounts of KDHP thus the loss for



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KDHP is higher, as the actual loss in the KSEB system might be higher than this 4% adjustment in the KDHP calculations. A study of the KSEB system after the feedback points is called for to ascertain the actual loss of KDHP.

## 2. Thrissur Corporation .

A study of the purchased units and the billing units were done and the result obtained showed wide disparity with the actual metered units. Thrissur corporation purchases supply through two Sub Station at 110 kV and 66 kV. For the year 2013-14 the units purchased through 110 KV substation was 8,32,11,000 units and through 66 kV substation was 4,88,68,000 units, totalling 13,20,79,000 units. They have 7 outgoing 11 kV feeders, and 2 nos 33 kV outgoing feeders from 110 kV substation. They also have 5 nos 11 kV outgoing feeders including the Auxilliary supply feeder from the 66 kV substation. For the year 2013-14 the consumption from the outgoing feeders of the 110 kV substation was 7,13,35,096 units and from the 66 kV substation was 1,84,30,100 units as per the log maintained at the Substation. This totals to only 8,97,65,196 units which gives a deficit of 4,23,13,804 units. The deficit is 32% of the purchased units. This might be due to inaccurate metering and monitoring. The corporation has accepted a project to replace the Electro-mechanical meters with Digital meters for high accuracy and for monitoring the feeder consumption.

The units consumed for street lighting is also not accurate in the context of lack of proper metering. Meters are provided but the frequency of recording the readings are not clear. Hence the accuracy of this consumption cannot be ascertained. From the recorded consumption for 2013-14 of 37,33,950 units this comes to 2.8% of the the total purchased units. Here it may also be noted that the consumption for the street lighting is not billed as the Corporation

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absorbs the cost. The length of HT lines is 81 Km and LT lines is 263 Km which shows high HT:LT ratio of 1:3.25 where as the ideal ratio is 1:1.

### 3.4. Techno Park, Thiruvananthapuram:

Techno Park receives supply at 110 kV from KSEB at the Kazhakoottam Sub station of the KSEB. The EHT supply is step down to 11 kV through transformers erected by Techno Park but installed inside the Kazhakoottam Sub station. From here the 11 kV lines are taken to the Techno Park service area of the Licensee through 4 nos of 11 kV cables through a distance of around 1 Km. The consumption for the purchase of energy from KSEB is metered at the 110 kV side of the Kazhakoottam Sub Station. Hence the losses in the 11 kV cables to the point of supply inside the Techno Park premises also gets compounded in the T & C losses computed. The losses computed for 2013-14 on average is 6.17%. Inside the Techno Park the 11 kV supply is taken through cables to the load centres and the total length of such cables comes to around 25 Km.

Comparative study of the Licensees as the objectives set out for the report:

1. Whether they have a systematic distribution system:

All the Licensees have a systematic distribution system.

2. Whether they carry out periodical technical evaluation:

All the Licensees are carrying out periodical technical evaluation either by themselves or through other agencies.

3. Whether their distribution system is overloaded and the loss in the system is due to inadequate size of conductors and consequent overloading of feeders:

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Except for KDHP (P) Ltd all other Licensees have adequate distribution system without overloading. Whereas KDHP (P) Ltd is concerned their system sometimes overshoot their contact demand thereby tripping the supply from the Pallivasal Substation. This is mainly because the KSEB service demand from the Feedback points cannot be ascertained accurately.

4. Whether there is any unaccounted portion of energy:

Metering of Street lighting is not proper for the following Licensees:

- a). KDHP (P) Ltd – Due to the terrain and the locality, street supply cannot be taken from separate street mains and the supply is taken from consumer lines/public joints at places isolated from the main lines. Hence only an appropriation can be done which may not be accurate.
- b). Thrissur Corporation – The frequency of meter reading not being scheduled and adhered to in a proper manner the recorded value cannot be accurate.
- c). Cochin Port Trust – Metering of the street mains is not complete.

5. Whether they have adopted measures to implement the distribution automation etc.

The following Licensees have adopted automation of metering arrangements:

- a). Cochin Special Economic Zone Authority.
- b). Rubber Park India (P) Ltd

6. Whether they have adopted universally accepted system for reducing line loss:

The universally accepted system for reducing Line losses by installing automated power surveillance through digital monitoring and power factor

correction has not been implemented by any of the Licensees. The automated metering system and prepaid card systems have been installed by two of the Licensees namely

- a). Cochin Special Economic Zone Authority
- b). Rubber Park India (P) Ltd.

7. Whether adopted metering of distribution transformer:

Distribution Transformers are being metered by all Licensees but proper recording and monitoring of the readings are not being done.

**Constraints faced in conducting a detailed study of the losses :**

1. Lack of Instruments in Power monitoring to collect data in the field.
2. Proper keeping of records by the Licensees.
3. Lack of adequate instruments to calibrate the Energy Meters and Power Factor meters.
4. Lack of verification of length of HT OH and LT OH lines.
5. Lack of number of staff to collect data.
6. Lack of adequate time to verify the study parameters in the field.

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**Conclusion:**

Based on the study conducted on the Licensees, the transmission losses for the various Licensees are as follows .

The losses for the three Licensees : Thrissur Corporation, KDHP (P) Ltd and Technopark, Thiruvanthapuram have a value above 5%. Losses KINESCO is 2.97%. All the rest of the Licensees have losses below 2%.

**Transmission losses for the various Licensees**

Name of the Licensee	Total Losses (%)
TechnoPark, Technopark Campus, Thiruvananthapuram.	6.17
Kannan Devan Hill Plantations (P) Ltd, Munnar, Idukki.	13.11
Thrichur Corporation, Thrissur.	8.75
Rubber Park India (P) Ltd, Ernakulum.	1.47
Cochin Port Trust, Willington Island, Cochin	1.55
KINESCO Power Utilities, Kakkanad, Cochin.	2.97
Cochin Special Economic Zone Authority (CSEZA), Kakkanad, Kochi.	0.045

**Shri. Premachandra Bhas. E. R,**  
Chief Electrical Inspector to Government of Kerala.  
(Previous Additional Chief Electrical Inspector at the time of constitution of the committee).

# Annexure V

GOVERNMENT OF KERALA  
Abstract

Taxes Department - Measures to improve the functions of the  
Commercial Taxes Department - Orders issued

Taxes (D) Department  
G.O(MS) No. 59/2010/TD. Dated, Thiruvananthapuram, 11/03/2010

Read:- Letter No. A1/10751/09/CT dated 08.06.2009 and  
12.06.2009 of Commissioner of Commercial Taxes,  
Thiruvananthapuram.

## ORDER

In the Budget speech for the year 2009-2010 it had been announced certain measures for the reorganization of Commercial Taxes Department. As a part of that the Commissioner of Commercial Taxes has furnished proposals for the upgradation of existing posts and creation of new posts for improving the functions of the Commercial Taxes Department.

Government have examined the proposal in detail and are pleased to issue the following orders.

1. Two posts of Deputy Commissioners (Rs. 20700 - 26600) in the Commissionerate of Commercial Tax are upgraded to that of Joint Commissioner (Rs. 25400 - 33100).
2. 100 posts of Upper Division Clerks (Rs. 6680 - 10790) are upgraded to that of Commercial Tax Inspectors (Rs. 9190 - 15510).
3. Four posts Judicial Members are created in the four Tribunal benches to be formed.
4. Eight posts of Peons are created to the Tribunal benches to be formed.

The Commission of Commercial Taxes will take necessary steps to make further adjustments on the basis of the above appreciation and creation of new taxes.

By Order of the Government

**P. MARI PANDIYAN,**  
Principal Secretary to Government

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- The Commissioner of Commercial Taxes, Thiruvananthapuram
- The Chairman, Kerala Agricultural Income Tax and Sales Tax Appellate Tribunal, Ernakulam - 15
- The Accountant General (A&D), Kerala, Thiruvananthapuram
- The Principal Accountant General (Audit), Kerala, Thiruvananthapuram
- The General Administration (SC) Department
- The Finance Department (Vide U.O No. 14413/Exp. A3/10/Fin dated 24.02.2010)
- S/F, O/C

Forwarded By Order

Section Officer



Annexure VI

GOVERNMENT OF KERALA

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No. 6474/C2/10/PD

Power (C) Department,  
Thiruvananthapuram,  
Dated 18.08.2012.

U. O. NOTE

Sub : - Recommendation of the Committee on Public Accounts  
(2011-14) - 9<sup>th</sup> Report - Non levy of interest - Action Taken  
Report - Called for - Regarding.

- Ref : -1. U.O. Note No. 65614/FM2/2010/LSGD dated 16-08-11  
from LSG (FM) Department.  
2. This Department U.O Note of even No. dated 04-07-12.

In inviting attention of the LSG Department to the reference cited, a copy of the recommendation No. 32 of the Committee on Public Accounts (2011-14) in its 9<sup>th</sup> report may be forwarded to that Department. As the Committee has directed this Department to realise the amount of electricity and its interest from the grant extended to Thrissur Corporation by Government, the Local Self Government Department may also be requested to take immediate necessary action to get the amount deducted from the grant-in-aid payable to the Thrissur Corporation and intimate the Action Taken in the matter to this Department for furnishing reply to the Committee.

Susamma Mathai,  
Under Secretary.

To

Local Self Government Department.

Forwarded /By Order,

Section Officer.



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Annexure VII



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**GOVERNMENT OF KERALA**

No. 6474/C2/2010/PD

**Power (C) Department,  
Thiruvananthapuram,  
Dated 27-04-2016.**

**U. O. NOTE**

Sub:- Power Department - Recommendation of the Committee on Public Accounts (2011-14) - 9<sup>th</sup> Report - Action Taken Report - Called for - Regarding.

- Ref:- 1. U. O Note of even no. dated 14-07-2012 & 18-08-2012.  
2. D. O Letter of even no. dated 22-02-2013 from the Secretary, Power Department.  
3. D. O Letter of even no. dated 06-07-2013 from the Additional Chief Secretary, Power Department.

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A copy of each of the references cited may be forwarded to the Local Self Government Department and that Department may be informed that in compliance with recommendation of the Public Accounts Committee (2011-14) at Para No. 30 of its 9<sup>th</sup> Report, that Department was requested to realise the amount of electricity duty and its interest from the grant extended to Thrissur Corporation by Government, as per the U. O Note 1<sup>st</sup> cited. Even though several U. O reminders and D. O Letters 2<sup>nd</sup> and 3<sup>rd</sup> cited were issued, action taken in the matter has not been intimated to this Department so far.

The Local Self Government Department may therefore, be requested to take immediate necessary action in pursuance to the recommendation of the Public Accounts Committee and to furnish statement of Action Taken directly to the State Legislature under intimation to this Department, as expeditiously as possible.

**MINIMOL. D.,  
Under Secretary.**

To

Local Self Government Department.

Forwarded / By Order.

Section Officer.

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GOVERNMENT OF KERALA

Abstract

Power Department-Recommendation of the Committee on Public Accounts (2011-2014) at Para 30 of its 9<sup>th</sup> Report - Limit of quantum of transmission loss allowable to the Distribution Licensees in the State -- Revised - Orders issued.

Power (C ) Department

G.O (Rt.) No. 87 /16/PD

Dated, Thiruvananthapuram.

30 /04/2016.

- Read:
1. Govt. Letter No.13/A1/1994/PD dated 06/05/1994 addressed to the Chief Electrical Inspector and others.
  2. G.O.(Rt.) No. 122/2001/PD dated 21-06-2001.
  3. G. O (Rt) No. 13/14/PD dated 15-01-2014
  4. Letter No.H2/3954/2014/CEI dated 24-10-2014 from the Chief Electrical Inspector, Thiruvananthapuram.
  5. Minutes of the meeting held by the Secretary, Power Department on 06-08-2015.

**ORDER**

The maximum line loss allowable to the Distribution Licensees in the State, except the Kerala State Electricity Board Limited was fixed to be 8% uniformly, as a preventive measure to control the exorbitant percentage of line loss claimed by the licensees in 1990s, as per Letter read as 1<sup>st</sup> paper above. As per Government Order, read as 2<sup>nd</sup> paper above, the line loss of energy in the distribution of M/s. Tata Tea Limited, Munnar was allowed to be 13.75%.

2. The Committee on Public Accounts.(2011-2014) at para 30 of its 9<sup>th</sup> report recommended as follows:-

" The quantum of transmission loss of electricity allowable to licensees should be ascertained by the department by a fresh study and that the limit should be revised accordingly. The Committee also recommends to deduct the outstanding amount with interest from the Government grant extended to these licensees."

3. In compliance with the recommendation of the Committee, Government constituted a Technical Committee, as per G.O., read as 3<sup>rd</sup> paper above, for the purpose of ascertaining the quantum of transmission loss of electricity allowable to the distribution licensees in the State, other than KSEB Limited. Accordingly, the study was

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conducted and the Chief Electrical Inspector submitted the technical study report to Govt., along with letter, read as 4<sup>th</sup> paper above. On the basis of the study conducted, the Chief Electrical Inspector submitted proposal regarding the maximum percentage of line loss that can be allowed to each of the licensees.

4. A copy of the study report was forwarded to the distribution licensees soliciting their remarks and a meeting of the representatives of the licensees was convened by the Secretary, Power Department on 06-08-2015 to afford them an opportunity to present their views so as to take a final decision regarding the maximum line loss permissible to each Licensee.

5. Government have examined the matter in detail. In view of the findings of the study report and the decisions taken in the aforesaid meeting, Government are pleased to order as follows:-

(i) The maximum transmission loss that can be allowed to the Distribution Licensees in the State, except KSEB Limited, stand revised, as follows, with immediate effect.

Sl. No.	Name of licensee	Maximum percentage
1	Techno Park	6
2	Thrissur Corporation	8
3	Rubber Park	1.5
4	Cochin Port Trust	2
5	KINESCO	1.5
6	CSEZA	2
7	Infopark	2

(ii) In the case of Kannan Devan Hill Plantations (P) Limited (KDHP (P) Ltd.) the allowable line loss proposed on the basis of the technical study was 13%. However, the limit will continue to be 13.75%, in view of the directions of the Hon'ble High Court in O.P. No. 34019/2002 filed by M/s. Tata Tea Limited, Munnar. Revision of limit, if any, shall be effected only after disposal of the said O.P. by the Hon'ble High Court, subject to the directions of the Court.

(iii) The aforementioned revision of limit of allowable line loss will be on provisional basis and applicable till a final decision is taken by Government.

(iv) The Chief Electrical Inspector will take necessary action to conduct a detailed

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study in the matter and to submit the report to Government in due course, so as to enable Government to take a final decision.

(v) In the case of KSEB Limited, projects for further reduction in Aggregate Technical & Commercial (AT&C) losses from the current level of about 16% shall be undertaken by the Board based on completion of the optimization study in the distribution network, proposed to be conducted by M/s. WAPCOS.

By Order of the Governor.

**M.SIVASANKAR,**  
Secretary to Government.

To

The Chief Electrical Inspector, Thiruvananthapuram.

The Chairman & Managing Director, K S E B Ltd Thiruvananthapuram.

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.

The Accountant General (A&E), Kerala, Thiruvananthapuram.

The Director (Transmission & System Operation ), K S E B Ltd  
Thiruvananthapuram.

The Director , Energy Management Centre, Sreekaryam, Thiruvananthapuram.

The Chief Executive Officer, Cochin Special Economic Zone Authority  
(CSEZA), Kakkanadu, Kochi-682 037

The Chief Executive Officer, Cochin Port Trust, Willington Island,  
Cochin 682 009

The Chief Executive Officer, KINESCO Power Utilities Ltd, ix/159A,  
Kusumagiri P.O, Kakkanadu, Cochin-30

The Chief Executive Officer, Kannan Devan Hill Plantations (P) Ltd. KDHP  
House, Munnar-685-612

The Chief Executive Officer, Rubber Park India (P) Ltd. 2 A Kautileeyam  
Rubber park campus, Valayanchirangara, Ernakulam-683 556.

The Chief Executive Officer, Technopark, Technopark Campus,  
Thiruvananthapuram.

The Secretary, Thrissur Corporation, Thrissur

The Chief Executive Officer, Cochin Shipyard Perumanoor, Kochi-682 015

The Information Officer, Web & New media Wing, I& PRD

Stock file/Office copy.

Forwarded / By Order.

*Rashmi T*  
Section Officer

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**KSEB**  
KERALA STATE ELECTRICITY BOARD LIMITED  
(Incorporated under the Indian Companies Act, 1956)  
CIN : U40100KL2011SGC027424, website: www.kseb.in  
**CORPORATE OFFICE (AUDIT)**  
**AUDIT REPORT INTERFACE SECTION**  
8<sup>th</sup> Floor, Vidyuthi Bhavanam, Pattom, Thiruvananthapuram - 695 004  
Phone No. : 0471-2514476 Office 0471-2514308. Fax : 0471-2558584  
Email : cin@ksebt.com; ar@ksebi.in

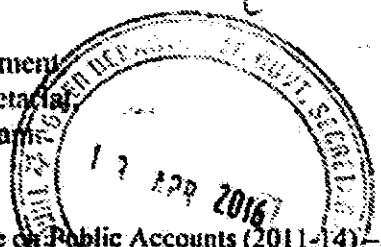
No:AUC.1/CoPU/9<sup>th</sup> Report/30&32/12-13/19

Date: 07-04-2016

From The Chief Internal Auditor.

To The Secretary,  
Power (C) Department,  
Government Secretariat,  
Thiruvananthapuram.

E-551094-2



Sir,

Sub:- Committee on Public Accounts (2011-14) - 9<sup>th</sup> report - Recommendation nos. 30 & 32 - Fresh study on revision of limit of the quantum of transmission loss allowable to the Distribution licensees in the State - Appointment of external consultant - Action Taken Report - submitting - Reg

- Ref:-
1. Govt. Letter Nos.6474/C2/2015/PD dated 05.11.2015 & 19.01.2016 of Power Department.
  2. GO(Rt) No.13/14/PD dated 15.01.2014 issued by Power (C) Department.

Kindly refer to the above. Vide reference (2) cited the Government have directed the Chairman & Managing Director of K.S.E.B Limited to examine the proposal of the Chief Electrical Inspector (CEI) for appointing a consultant in conducting preliminary optimization study on the distribution system to reduce the transmission losses. Also, the Committee on Public Accounts directed K.S.E.Board to furnish a detailed report on the achievement/outcome of the work being carried out as part of R-APDRP Scheme. In this regard, the Action Taken Report pertaining to the recommendations duly approved by the Director (Finance) is submitted herewith for necessary action.

RECOMMENDATION	ACTION TAKEN REPORT
<p>Para 30 The committee recommends that the quantum of transmission loss of electricity allowable to licensees should be ascertained by the department by a fresh study and that the time should be revised accordingly. The committee also recommends to deduct the outstanding amount with interest from the Government grant extended to these licensees. (Vide Government order referred in (2) above, Government have directed the Chairman and Managing Director, K.S.E.Board Ltd; to examine the proposal of the Chief Electrical Inspector for appointing a consultant for</p>	<p>Considering the recommendations of the Committee on Public Accounts and the directions contained in the Government Order cited in (2), Board vide its order No. B.O(CMD) No. 2841/ 2014D (RE&amp;PY ESCOT/PAC/ 2014-15, TVM, Dated 31-10-2014 has accorded sanction to the following:-</p> <ol style="list-style-type: none"> <li>1. To appoint an external consultant for conducting preliminary optimization study on the distribution system for reducing the losses, as recommended by the PAC.</li> <li>2. To request M/s WAPCOS for submitting a preliminary report on the optimization of distribution system in the state based on their study in the RAPDRP project, and</li> <li>3. To seek co-operation from reputed Engineering Colleges like NIT - Kozhikkode, CUSAT - Kochi.</li> </ol>

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conducting preliminary optimization study on the distribution system with a view to reduce the losses vis-a-vis the recommendation of Committee on Public Accounts and the achievements/outcome of the work being carried out as part of Re-Structured Accelerated Power Development and Reforms Programme in the areas of establishment of base line data system, reduction of Aggregate Technical & Commercial loss etc and to furnish a detailed report in the matter to the Government).

CET - Thiruvananthapuram etc.

The actions taken by the Board in this respect are narrated hereunder.

- K.S.E.Board Ltd; has been undertaking earnest efforts to reduce Technical and Commercial Losses in its network, due to which the losses was reduced to 16.15% in 2014-15 from 30.34% in 2002-03, over a span of 12 years.

Further, KSEBL is targeting for a trajectory reduction of AT & C loss to 10.38% by the year 2021-22, as per the guideline of central government.

The reduction of loss to the current level of about 16% was achieved by KSEBL by undertaking various voltage improvement and System Improvement works. Projects for further reduction in loss can be undertaken based on the optimization study in the distribution network, for which preliminary discussion was already conducted with WAPCOS. On completion of study and submission of report action will be initiated for implementation of the same.

- Various system improvement works are now being undertaken in 43 towns under R-APDRP. In non R-APDRP areas, KSEB is undertaking own funded projects for enhancement of 11KV system which includes addition of new 11KV lines, installation of Distribution transformers etc. to maintain system voltage, there by reducing loss to the minimum extent possible. However, so far, assessment of quantum of loss due to capacity addition has not been done so far.

The major achievements/outcomes of the work being carried out as a part of Re-structured Accelerated Power Development and Reforms Programme Scheme are narrated here under.

Government of India sanctioned Re-structured Accelerated Power Development and Reforms Programme Scheme during 11<sup>th</sup> Five Year Plan with revised terms and conditions for implementation. The project focuses on actual demonstrable performance in terms of sustained loss reduction. The scheme includes collection of accurate base line data and adoption of Information Technology in the areas of energy accounting. This will enable objective evaluation of performance of utilities before and after implementation of the program, and will enforce internal accountability leading to better performance. M/s. Power Finance Corporation (PFC) Ltd; was appointed as the Nodal Agency for implementing the scheme.

The scheme covers urban areas, towns and cities with population more than thirty thousand. The project has 2 parts PART-A & PART-B. Under Part-A, IT and Supervisory Control Data Acquisition (SCADA) works are proposed. Distribution strengthening works are proposed under Part B. The major works include renovation, modernization and strengthening of 11KV level Substations, Transformer/Transformer Centres.

Re-conductoring of lines at 11KV level and below, Load Bifurcation, Feeder Separation, Load Balancing, Aerial Bunched Conductoring in dense areas, replacement of electromagnetic energy meters with tamper proof electronic meters, installation of capacitor banks etc;

Under Part-A Government of India has sanctioned 43 schemes for a project cost of Rs. 211.4 crore. For Supervisory Control and Data Acquisition (SCADA), three schemes viz. Thiruvananthapuram Kochi and Kozhikode with an outlay of Rs. 83.15 crores was sanctioned by Government of India. This will be converted to grant on completion of the project duly verified by the independent agency appointed by Ministry of Power.

Progress by the end of March 2016

- 43 Towns Declared Go-Live and Under Stabilization (Alappuzha, Mattanur, Aroor, Nedumangad, Attingal, Neyyattinkara, Chalakudy, Ottappalam, Changanacherry, Palakkad, Cherthala, Pappinissery, Chittur, Paravur, Chockli, Pathanamthitta, Kochi, Payyanur, Guruvayur, Perinthalmanna, Kanganad, Ponnani, Kannur, Punalur, Kasargod, Shoranur, Kayamkulam, Thaliparamba, Kodungallur, Thiruvalla, Kollam, Thiruvananthapuram, Kothamangalam, Thodupuzha, Kottayam, Thrissur, Koyilandy, Tirur, Kozhikode, Vadakara, Kunnankulam, Varkala, Malappuram).
- Data Centre and Customer Care Centre has been set up and both of them are functional.
- Hardware and software installation, test and inspection for Disaster Recovery Centre completed and Commissioning is in Progress.
- Consumer Services Applications (WSS,CCC,CCDB)-Live in more than 667 Section offices (including Non-RAPDRP).
- Network installation in all 228 Section offices under RAPDRP has been completed.
- BSNL has completed all 228 Section office MPLS links and Airtel completed 205 links under RAPDRP. Under Non -RAPDRP, BSNL completed 431 Section Office MPLS links and Airtel completed 302 links.
- Spot Billing Machine (SBM) rolled out in 37 towns. Roll out for the remaining towns are progressing.
- Installations of Non IT equipments (Table, Chairs, UPS, Printers, Barcode Readers etc.) in the office of KSEBL is nearing completion in all 43 towns.
- Entire Network asset survey data submitted for 43 towns. Network data has been approved for 43 towns. GIS Delta updates for already gone line towns is in progress.
- Modem installation is in progress in 38 towns

	<p>(for 13,647 modems) and almost completed in 23 towns. (for 8,108 modems). Around 3000 modems had been fully configured and started communicating with DC.</p> <ul style="list-style-type: none"> <li>• Phase-2 Phase-3 software applications are at various stages of implementation.</li> <li>• GIS network delta update has been completed in 4 towns and progressing in 7 towns.</li> <li>• As part of stabilization activities, the verification of border meters has been completed for 31 towns. The verification for all remaining towns will be completed shortly.</li> </ul> <p><b>Under RAPDRP Part B, Government of India sanctioned 43 schemes with a total outlay of ₹1078.3 Crore. Under the scheme, distribution strengthening works are undertaken. Works in 40 towns are being done departmentally. As on 29<sup>th</sup> February 2016, work amounting to ₹ 299.14 Crore against the target amount of ₹ 530.77 Crore has been executed.</b></p> <p>The work under the 3 schemes viz. Thiruvananthapuram, Kozhikode and Kochi are being done on turnkey basis. For Kozhikode scheme, work was awarded to M/s.L&amp;T Ltd; Chennai for a contract amount of ₹ 198.54 Crore. For Kochi sheme, work was awarded to M/s.NCC,Hyderabad for a contract amount of ₹ 243.97 Crore. For Thiruvananthapuram Scheme, work was awarded to M/s.Leena Powertech Engineers Pvt Ltd; Mumbai, for a contract amount of ₹ 201.09 Crore. The works in the three cities are progressing and work amounting to ₹ 236.71 Crore was completed as on 29<sup>th</sup> February 2016. Hence under RAPDRP Part B for 43 schemes, works amounting to ₹ 535.857 Crore were completed against a target of to ₹ 1078.30 Crore. As on 29<sup>th</sup> February 2016 the physical achievements in all the 43 scheme areas are as follows;</p> <p>1375 KM HT OH line has been constructed. 755Kms,HT UG Cable laid 480 Kms HT reconductoring was done. 2037 Nos distribution transformers were installed 208 Kms of LT new line was done and 10,17,195 Nos single/three phase faulty/mechanical meters were replaced with electrostatic meters.</p>
<p><b>Para 32</b> The committee recommends the power Department to realise the amount of electricity duty and its interest from the grant extended Thrissur Corporation by Government.</p>	<p>Reply may please be obtained from CEI as the recommendation pertains to Electrical Inspectorate.</p>

In the light of the above explanations, the Honourable Committee on Public Accounts (CoPA) may be apprised of the facts of the case and the recommendation may kindly be got dropped.

Yours faithfully,

*[Signature]*  
CHIEF INTERNAL AUDITOR

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Kerala High Court  
Case Status Information System

Case Status : Pending  
Status Of : WRIT PETITION (CIVIL 30260 OF 2013)  
Litigants : THRISSUR CORPORATION Vs. STATE OF KERALA  
Pet's Adv : SRI.K.P.VIJAYAN  
Res's Adv : GOVERNMENT PLEADER  
Last Date of Hearing : Monday, August 03, 2015  
Next / Final Date of Hearing : ---  
Case Updated On : Tuesday, July 28, 2015  
Category : Revenue Recovery Act

Connected Application(s)

CMAP 1570 2015

CMAP 2281 2014

CMAP 3138 2015

1A 7099 2015

1A 8512 2015

Connected Matter(s)

No Connected Cases

Back