



THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2014-2016)**

**FIFTY SIXTH REPORT
(Presented on 11th December, 2014)**

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2014

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FIFTY SIXTH REPORT

on

**The Action Taken by Government on the Recommendations contained in the
Seventy Second Report of the Committee on Public Undertakings
(2008-2011) relating to Kerala State Electricity Board based on the
Report of the Comptroller and Auditor General of India
for the year ended 31st March 2000 (Commercial)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2014-2016)

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Smt. M. R. Maheswary, Deputy Secretary

Shri P. S. Selvarajan, Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to present the Report on their behalf, present this fifty sixth Report on the Action Taken by Government on the Recommendations contained in the Seventy Second Report of the Committee on Public Undertakings (2008-2011) on the working of the Kerala State Electricity Board based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2000 (Commercial).

The Statement of Action Taken by the Government included in this Report was considered by the Committee constituted for the year (2011-2014).

This Report was considered and approved by the Committee at the meeting held on 3-9-2014.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General (Audit), Kerala, in the examination of the statements included in this Report.

Thiruvananthapuram,
11th December, 2014.

K. N. A. KHADER,
Chairman,
Committee on Public Undertakings.

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the Seventy Second Report of the Committee on Public Undertakings (2008–2011) relating to Kerala State Electricity Board based on the report of the Comptroller and Auditor General of India for the year ended 31st March, 2000 (Commercial) which had been laid on the Table of House on 2nd July, 2001.

The report contains 21 recommendations. Government have furnished replies to all recommendations. The Committee (2011–2014) considered the replies received from the Government at its meeting held on 8-11-2013.

The Committee accepted the replies to the recommendation 1(78), 3(80), 4(81), 5(82), 6(83), 7(84), 8(85), 9(86), 10(87), 11(88), 12(89), 13(90), 14(91), 15(92), 16(93), 17(94), 18(95), 19(96), 20(97) and 21(98) without any remark. These recommendations and their replies form Chapter I of the Report.

The reply to the recommendation No. 2(79) was accepted by the Committee with remarks. This recommendation, its reply and the remarks of the Committee form Chapter II of the Report.

The Committee conclude this report with certain general recommendations and these general recommendations form Chapter III of the Report.

CHAPTER I

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

(1)	(2)	(3)	(4)	(5)
Sl. No.	Para. No.	Department concerned	Conclusions/Recommendations	Action Taken by Government
1	78	Power	<p>The Committee finds that neither the Government nor Kerala State Electricity Board had formulated specific principles or rules governing tariff fixation for different classes of consumers and that revisions were adhoc. The Committee observes that the three revisions in 1994, 1997 and 1999 were ensuring only a minimum surplus of 3 per cent and despite tariff revisions the revenue gap increased.</p>	<p>During the period under audit (year 1997 to 2000), KSEB has been functioning as per the provisions of the Electricity (Supply) Act, 1948, Indian Electricity Act, 1910 and Electricity Rules, 1956.</p> <p>Section 19 of the said Act stipulates the powers of the Board to supply electricity. As per Section 26 of the Act the Board has been statutorily conferred with all the powers and obligations of a licensee under the Indian Electricity Act 1910. Section 49 of the Act authorizes the Board to fix uniform tariffs for the sale of energy to consumers and the terms and conditions of such supply subject to the provisions of the Act and the regulations made by the Board under Section 79. Sub-section 3 of Section 49 permits the Board to frame different tariffs for any consumers or consumer groups with due regard to</p> <ul style="list-style-type: none"> (i) geographical position of any area. (ii) nature of supply (EHT, HT, LT etc.) (iii) the purpose for which the supply is made (domestic, industrial, commercial, agricultural, public lighting, drinking water, charitable homes etc.) (iv) any other relevant factors.

Hence the Committee recommends that Government should formulate specific norms regarding fixation of tariff for different classes of consumers.

The Committee understands that fixation of domestic tariff is a sensitive issue as it directly affects the public. The Board should consider its social commitment when it comes to revision of domestic tariff structure. Hence the Board should reduce the revenue gap by reducing excessive transmission and distribution loss and remove deficiencies in billing and collection of revenues etc.

As per Section 59 of the Act the Board has to ensure a minimum Rate of Return (RoR) of 3% over its net fixed assets. It has been held in KSEB Vs Govindaprabhu (1986) 4.SCC 198, AIR 1986 SC 1999 that as per section 59 Board should adjust its tariff so that after meeting the various expenses properly required to be met, a surplus of 3% RoR on its net fixed assets is ensured. Under the provisions of the section the Board is under statutory obligation to carry-out its operations and adjust its tariffs in such a way as to ensure that total revenues earned in any year of account, shall after meeting all expenses chargeable to revenue, leave surplus as the State Government may specify. During the period, the tariff proposed by the Board has to be approved by the Government and tariffs were regulated for various categories of consumers depending up on the Socio-economic importance and policies of the Government. Accordingly, KSEB has been providing electricity to the Agriculture, orphanages etc. at highly subsidized rates.

Similarly, the domestic consumers were charged at progressively increasing rate depending upon the consumption in such a way that economically weaker sections were given energy at subsidized rates. Industries also were given concessions and incentives such as pre-82 tariff and pre-92 tariff for accelerating the industrial growth in the State.

Further, domestic consumers with monthly consumption up to 20 units are exempted from payment of electricity charges.

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The Committee also finds that no action has been taken on the audit objection stating that there was an overpayment of ₹ 40 crore in basic pay alone due to erroneous fixation of pay of the Boards' employees from 1993 onwards and recommends that speedy action be taken to rectify the anomalies.

Such concessions used to result in revenue gap. In view of the section-59 of the Electricity (Supply) Act, 1948, which stipulate that the Board should work and regulate its tariff in such a way that 3% return over its net-fixed assets shall be ensure. The Government had also undertaken to make good the deficit in order to make up for 3% RoR.

After the enactment of the Electricity Regulatory Commissions Act, 1998, State Government has constituted Kerala State Electricity Regulatory Commission (KSERC) in November-2002.

Central Government has notified the Electricity Act, 2003 (356 of 2003) on 10th June, 2003. As per the various provisions of the said Act, KSEB has been continuing as the State Transmission Utility and deemed Distribution Licensee.

Broad outline relates to supply of electricity and fixation of tariff have been provided under section 44, 45, 46, 61 and 62 of the Electricity Act 2003. Further, National Electricity Policy and National Tariff Policy notified by the Central Government in compliance with the section 3 of the Electricity Act 2003 also provides guidelines for ensuring industrial growth, social and economic development among weaker sections of the society, extending supply to rural and other backward areas, mandates for providing subsidized tariff to consumers below poverty lines etc.

It may be noted that, since October 2003, there was no major revision of electricity tariff to the consumers of the State. However, KSEB was able to reduce the revenue gap consistently during the period from 2001-02 to 2007-08 as detailed below:

**DETAILS OF REVENUE GAP DURING THE PERIOD FROM
2001-02 TO 2011-12**

Year	Total ARR (Rs. Cr)	Revenue incl. Non tariff income (Rs. Cr)	Gap (Rs. Cr)	Remarks	
2001-02	3358.28	2041.85	1316.43	As per C & AG audited accounts	
2002-03	3722.53	2706.97	1015.56		
2003-04	4068.18	3060.75	1007.43		
2004-05	3599.77	3256.99	342.78		
2005-06	3837.31	3692.73	144.58		
2006-07	4558.40	4416.17	142.23		
2007-08	5227.71	5136.43	91.28		
2008-09	6098.98	5349.81	749.17		
2009-10	6411.37	5183.87	1227.50		
2010-11	6925.05	5695.43	1229.62		As per provisional accounts
2011-12	6512.73	5624.92	887.81		Approved ARR

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KSEB was able to reduce the revenue gap through following measures:

- (1) Reduction of T&D loss. T&D loss within the KSEB system has been reduced from 30.76% in the year 2001-02 to 16.09 during the year 2010-11.
- (2) Faulty meter replacement. KSEB had replaced about 55 lakh of faulty and electro mechanical meters with electronic meters.
- (3) Swapping of high cost loans.
- (4) Optimization of Generation and Power purchase.
- (5) Improving HT-LT ratio.

The Committee may please appreciate the efforts taken by the Board on reducing the revenue gap without making any tariff increase.

The explanation of the audit on the overpayment of Rs 40.00 crore on erroneous fixation of pay is detailed below:

- (i) All the Class IV employees in service up to 1-9-1992 were allowed to continue up to the age of 60 years.
- (ii) As per the long-term settlement of 1972, certain places of Senior Office Attendants (Class III) were created and their retirement age was fixed as 55 years. The persons from the last grade service (Class IV) were promoted to these posts. However, the promotees from Class IV to Class III lost their chance to continue in service till the age of 60 years.

(iii) As per the pay revision effected in 1983, the system of time bound promotion on completion of 10 years/20 years was introduced for all workmen category. As a result several last grade employees who were junior to those who were earlier promoted as Class III got grade promotion to the scale of Class III and also allowed to continue in service till completion of 60 years of age.

(iv) This lead to an anomalous situation that, the Class IV employees earlier got promotion to Class III had to retire at the age of 55 years, but the Class IV workmen junior to them but got grade promotion to Class III getting same salary and benefit as that of earlier promotes are allowed to continue till the age of 60 years.

(v) To rectify the anomaly, the employees who earlier promoted as Class III category were given an option to relinquish their promotion and to continue till the age of 60 years with appropriate grade promotions by remitting back the amount received by them in the higher post. The remittance of pay drawn in the higher post was later waived for following reasons:

- As almost all the Class IV employees were actually got grade promotion to Class III, the remittance of excess pay had become infructuous.

- The excess pay drawn was for actually carrying out the duties and responsibilities attached to the higher post.
- Since the difference of excess pay drawn was negligible, remittance of excess pay was waived.

The scheme of earned leave surrender was introduced in KSEB since the year 1967, at that time there was no such scheme in Government, but later extended to Government employees as well. During the period from 18-8-1995 to 15-11-1998, the EL encashment was limited to 15 days to the Government employees, but 45 days EL encashment was allowed to Board employees. In this matter the following points also may be noted:

- (i) The fixation of/re-fixation of pay of KSEB employees has been regularized in line with the long-term settlement executed by the Board with the trade unions under the provisions of ID Act which is in deviation from the provisions of KSR in some cases. Provisions in the long-term settlement cannot be unilaterally changed by the Board to suit the conditions prevalent in the Government. Any deviations from the side of the Board will result in violation of the provisions of the settlement and will be protested by the trade unions.
- (ii) Further, it will be impractical to adjust the EL encashment already availed by the employees and make corresponding changes in the service book of each employees

3 80 Power

The Committee found that common rate was being charged for all educational institutions and hostels functioning both in private and public domain and recommend that all self-financing and unaided educational institutions should be brought under the commercial tariff structure.

Considering the reasons as cited above, it is not practical to recover the amount of EL cashment already availed by the Board employees.

Considering the importance for providing education to all, all the educational institutions including self-financing educational institution has been charging under LT-VI (A) tariff till 30-11-2007.

However, as recommended by the PUC, the self-financing and educational institution (including hostels) had been brought under the commercial Tariff w.e.f. 1-12-2007 as per the Tariff notifications-published by KSERC vide Kerala Gazette Notification dated 27-11-2007. However, Government and aided private educational institutions are charged under LT-VI (A) Tariff.

A comparisons of the prevailing LT-VI (A) tariff and LT-VII (A) tariff is given below:

LT-VI (A) GOVERNMENT AND AIDED EDUCATIONAL INSTITUTIONS

Fixed charge (Rs./kVA/month)	40.00
Energy charge (Rs./unit)	
0 to 500 unit	3.85
Above 500 unit	5.20

LT-VII (A) SELF FINANCING EDUCATIONAL INSTITUTIONS

Fixed charge (Rs./kVA/month)	
Single phase	50.00
Three phase	100.00
Energy charge (Rs./unit)	
Up to 100 units	5.45
Up to 200 units	6.05
Up to 300 units	6.75
Up to 500 units	7.30
Above 500 units	8.05

4 81 Power

The Committee understands that the number of domestic consumers increased due to socio-economic factors. During the five years up to 1998-99, though the share of consumption by domestic consumers

The category-wise number of consumers, consumption and revenue from different categories of consumers for the years 1998-1999, 2003-04, 2007-08 and 2010-11 is given below:

CONSUMER DETAILS AS ON 31-3-1999 (YEAR 1998-99)

Category	No. of consumers as on 31-3-1999 lakhs	% of total consumers	Consumption in MU	% total Consumption	Revenue in crores	% of total revenue
Domestic	42.90	76.07	4212.00	47.05	326.61	28.00
Commercial	8.99	15.94	785.00	8.77	233.99	20.06

ranged from 33 to 48 per cent, the revenue received was only in the range of 22 to 30 per cent. The Committee desires to be furnished with the details of the arrears to be recovered and details of employees' cost from 2003 onwards. The committee recommends to take effective steps to recover the arrears from private consumers.

LT	1.00	1.78	722.23	8.07	110.53	9.47
Industrial						
Irrigation and dewatering	3.47	6.16	354.00	3.95	21.38	1.83
Public lighting	0.01	0.02	140.00	1.56	16.50	1.41
HT&EHT Industrial	0.02	0.03	2739.00	30.60	457.56	39.22
Total	56.39	100.00	8952.23	100.00	1166.56	100.00

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AS ON 31-3-2004 (YEAR 2003-04)

Category	No. of consumers (lakhs)	% of total consumers	Consumption in MU	% total consumption	Revenue in crores	% of total revenue
Domestic	57.52	78.80	4003.88	45.90	703.72	26.08
Commercial	10.37	14.21	878.63	10.07	578.61	21.44
LT Industrial	1.08	1.48	750.51	8.60	305.51	11.32
Irrigation and dewatering	3.99	5.47	201.98	2.32	19.68	0.73
Public lighting	0.02	0.03	165.68	1.90	28.17	1.04
HT & EHT Industrial	0.02	0.03	2721.79	31.20	1062.44	39.38
Total	73.00	100.00	8722.47	100.00	2698.13	100.00

AS ON 31-3-2008 (2007-08)

Category	No. of consumers (lakhs)	% of total consumers	Consumption in MU	% total consumption	Revenue in crores	% of total revenue
Domestic	71.38	79.01	5602.85	47.92	962.92	26.29
Commercial	13.28	14.70	1378.33	11.79	921.00	25.15
LT Industrial	1.22	1.36	984.18	8.42	408.19	11.14
Irrigation and dewatering	4.41	4.88	230.55	1.97	24.31	0.66
Public lighting	0.02	0.03	248.56	2.13	47.26	1.29
HT&EHT Industrial	0.02	0.03	3248.76	27.78	1298.93	35.46
Total	90.34	100.00	11693.23	100.00	3662.61	100.00

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AS ON 31-3-2011 (YEAR 2010-11)

Category	No. of consumers (lakhs)	% of total consumers	Consumption in MU	% total consumption	Revenue in crores	% of total revenue
Domestic	80.92	79.90	6877.83	48.78	1363.44	27.85
Commercial	14.56	14.37	1951.74	13.84	1410.84	28.82
LT Industrial	1.27	1.26	1053.45	7.47	460.54	9.41
Irrigation and dewatering	4.46	4.41	231.56	1.64	26.66	0.54
Public lighting	0.03	0.03	265.68	1.88	56.28	1.15
HT&EHT Industrial	0.03	0.03	3719.53	26.38	1577.29	32.22
Total	101.28	100.00	14099.79	100.00	4895.03	100.00

The Board has always been taking relentless efforts to collect the arrears. The electricity charge arrears in respect of various categories of consumers as on 31st March, 2003 to 31st March, 2011 and the arrear amount collected during each year are given below:

**DETAILS OF ELECTRICITY CHARGE ARREARS AND COLLECTION
(2002-03 TO 2010-11)**

Arrear as on	Arrear (Rupees in crore)	Collection
31-3-2003	365.46	126.59
31-3-2004	518.71	160.78
31-3-2005	1345.03	148.72
31-3-2006	1477.37	155.84
31-1-2007	1670.91	214.88
31-3-2008	1875.36	156.75
31-3-2009	1929.16	668.35
31-3-2010	1096.55	665.93
31-3-2011	1191.01	555.39
Total		2853.23

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During the period from 2002-03 to 2010-11, the Board could collect ₹ 2853.23 crore. The arrear from domestic consumers who contribute about 79% to 80% of the total consumer is very much less. The electricity charge arrears from State Public Sector Undertaking and Co-operative Sector Consumers as on 30-6-2011 comes to ₹ 432 crore.

THE MAJOR DEFAULTERS IN THIS CATEGORY WITH ARREARS ABOVE 10 LAKH AS ON 30-6-2011 IS GIVEN BELOW:

Sl. No.	Name of Department	Total in Rupees
1	2	3
1	KERALA WATER AUTHORITY	1,997,815,076
2	TRAVANCORE COCHIN CHEMICALS	800,569,250
3	STEEL COMPLEX LIMITED	613,121,362
4	AUTOKAST LIMITED	274,623,021
5	CO-OPERATIVE SPINNING MILLS, KOLLAM	78,209,840
6	KHRWS	57,338,817
7	KERALA CERAMICS (OLD)	50,073,130
8	INTEGRATED COCONUT PROCESSING COMPLEX	42,386,783

9	TRANSFORMERS & ELECTRICALS KERALA LIMITED	41,057,010
10	KERALA AGRICULTURAL UNIVERSITY	34,962,790
11	KERALA CERAMICS (NEW)	28,705,835
12	MILMA	27,326,173
13	MALABAR STEEL RE-ROLLING MILLS LIMITED	26,023,350
14	THRISSUR CO-OPERATIVE SPINNING MILLS	25,582,798
15	CANNANORE CO-OPERATIVE SPINNING MILLS LTD.	24,199,256
16	KERALA ELECTRICAL & ALLIED ENGG. COMPANY	23,655,457
17	VITAMIN A PLANT, KSDP	19,545,724
18	MILMA DAIRY PROJECT (ALAPPUZHA & KOLLAM)	17,665,466
19	ASPIRIN PROJECT	15,335,982
20	ALIND, KUNDARA	13,209,821
21	ERNAKULAM DAIRY	11,296,021

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1	2	3
22	ALIND STEEL PLANT	10,834,441
23	KERALA CO-OP. MILK MARKETING FED.	8,242,179
24	MALABAR CEMENTS LIMITED	8,084,014
25	STEEL INDUSTRIES KERALA LIMITED	7,758,290
26	KERALA STATE CO-OP. HOSPITAL	7,470,232
27	MILK PROCESSING PLANT, KOZHIKODE	7,164,894
28	KELTRON RECTIFIERS LTD.	6,967,756
29	KERALA STATE DETERGENTS & CHEMICALS LTD.	6,554,041
30	RUBBER PARK INDIA PVT. LIMITED	5,074,418
31	RUBCO, KUTHUPARAMBA	4,127,619
32	KELTRON POWER DEVICES LIMITED	3,766,231
33	KUNNATHARA TEXTILES	3,056,407
34	CHITRANJALI STUDIO (KSFDC)	2,727,286
35	MRCMPU LTD. (MILK CHILLING PLANT AT KANHAD)	2,396,604
36	KERALA STATE RUBBER CO-OPERATIVE	1,868,848

37	THRISSUR DIST. PADDY MARKG.CO.SOCIETY LTD.	1,547,124
38	CO-OPERATIVE SUGARS LIMITED	1,321,457
39	MALAPPURAM CO-OPERATIVE SPINNING MILLS LTD.	1,313,955
40	KERALA STATE HOUSING BOARD	1,085,816

The electricity charge arrears due from State Government Departments as on 30-6-2011 comes to ₹ 144 crore. The major defaulters of State Government Departments with arrears above 10 lakh is given below:

Sl. No.	Name of Department	Total in Rupees
1	2	3
1	(a) AGRICULTURAL DEPARTMENT	1,169,223
	(b) FREE SUPPLY OF ELECTRICITY TO ELIGIBLE FARMERS	537,541,034
2	HOME DEPARTMENT	762,946,645
3	HEALTH DEPARTMENT	51,013,935
4	IRRIGATION DEPARTMENT	33,355,232
5	REVENUE DEPARTMENT	15,496,929

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1	2	3
6	PUBLIC WORKS DEPARTMENT	3,985,079
7	JUDICIARY	3,681,019
8	EDUCATION DEPARTMENT	2,319,158
9	SC & ST DEVELOPMENT DEPARTMENT	2,133,111
10	PANCHAYATH DEPARTMENT	1,307,004
11	DAIRY DEVELOPMENT DEPARTMENT	1,053,919

The electricity charge arrears due from private HT/EHT consumers as on 30-6-2011 comes to ₹ 502 crore which includes the following consumers with arrears above ₹ 1 crore:

Sl. No.	Consumer Code No.	Name of Firm	Outstanding Amount in Rupees
1	2	3	4
1	7/701	BINANI ZINC LTD.	558,489,779
2	32/3459	HI-TECH ELECTROTHERMICS & HYDROPOWER LTD.	455,315,760
3	6/601	TRAVANCORE RAYONS LTD.	395,168,923
4	3/325	INDIAN ALUMINIUM COMPANY	373,120,751

5	1/153	INDSIL ELECTROMELTS LTD.	258,311,681
6	21/2113	SILCAL METALLURGIC LTD.	213,969,485
7	10/1040	TECIL CHEMICALS & HYDROELECTRIC POWER	151,489,934
8	24/3288	PEEKAY RE-ROLLING MILLS	136,675,891
9	31/3312	SREE LAKSHMI ELECTROSMELTERS	131,347,671
10	31/3315	KOYENCO BAZAR PVT. LTD.	112,441,129
11	10/901	PUNALUR PAPER MILLS	99,306,618
12	6/627	EXCEL GLASS FACTORY	62,063,125
13	13/1327	SUN METALS & ALLOYS (P) LTD.	55,553,924
14	24/3287	MET-ROLLA STEELS LTD., RE-ROLLING DIVISION	55,445,613
15	9/950	LIBRA STEELS PVT. LTD.	47,483,972
16	31/3306	COCHIN KAGAS LTD.	45,429,465
17	27/3254	SURABHI STEELS (P) LTD.	43,921,479
18	2/258	KANYAKUMARI POLYMERS (P) LTD.	40,136,070

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1	2	3	4
19	2/259	PREMIUM FERRO ALLOYS LTD.	40,136,070
20	24/3267	MET-ROLLA STEELS LTD. MELTING DIVISION	39,592,667
21	1/154	A.P. STEEL RE-ROLLING MILLS	35,277,448
22	5/544	MOLIKEM ALLOYS	34,505,963
23	18/3255	S.M.M. STEEL RE-ROLLING MILLS (P) LTD.	32,835,014
24	12/1254	AMRITHA INST. OF MEDICAL SCI. & RES. CENTRE	31,540,163
25	1/124	GTN TEXTILES	30,122,421
26	31/3308	AGNI STEELS (P) LTD	28,831,390
27	31/4734	MPS STEELS	28,441,384
28	30/3088	UTILITY ALLOYS (P) LTD.	27,694,522
29	29/2968	AGNI RE-ROLLERS PVT. LTD.	27,692,531
30	4/438	PREMIER TYRES LTD.	27,368,044
31	19/4025	PARAGON STEEL (P) LTD., UNIT II	25,935,682

32	9/333	CARBON & CHEMICALS (INDIA) LTD.	25,065,542
33	21/3379	PALODE PAPER MILLS	23,683,191
34	17/1757	BANNARIAMMAN STEELS PVT. LTD.	22,452,269
35	29/2961	PERIYAR FERRO ALLOYS (P) LTD.	22,413,935
36	31/3310	PERIYAR STEELS (P) LTD.	21,875,870
37	16/3262	SRI ARJUNA CARBIDES	21,534,979
38	28/2876	SUEERAA ALLOYS	20,826,286
39	18/1860	P.V.S. MEMORIAL HOSPITAL, KOCHI	20,737,096
40	5/553	KOYENCO IRON & STEEL COMPANY (P) LTD.	20,003,660
41	18/4037	SOUTH MALABAR STEEL AND ALLOYS (UNIT II)	19,900,462
42	12/3800	GASHA STEELS (PVT.) LTD.	19,060,735
43	28/2877	VEE YESSAR ELECTROTHERMICS	18,945,656
44	9/843	WEST COAST INDUSTRIAL GASES	18,921,006

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1	2	3	4
45	29/2965	S.V.A. STEEL RE-ROLLING MILLS LTD.	18,294,759
46	9/732	MADRAS SPINNERS LTD.	18,224,052
47	27/2765	LITTLE FLOWER HOSPITAL	18,096,004
48	19/2017	COCHIN ALLOY PRODUCTS (P) LTD.	17,472,228
49	16/3263	SRI VIGNESH CHEMICALS	16,519,706
50	8/1140	CARBORUNDUM UNIVERSAL LTD., KANJIKODE	15,665,940
51	17/1142	KERALA PRIMO PIPE FACTORY	15,335,982
52	6/3203	RAJ CHEMICALS	15,130,373
53	31/4492	PRINCE FORTIFIED STEELS PVT. LTD.	15,099,852
54	8/726	KOVALAM HOTELS LTD.	14,211,328
55	30/3103	ARUN LEKSHMI ALLOYS (P) LTD.	14,058,950
56	15/3474	VICTORY PAPER AND BOARDS INDIA LTD.	12,991,642

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57	10/1056	RASHTRADEEPIKA, KOCHI	12,864,942
58	5/5075	HAMSAVENI	11,725,703
59	13/1306	APPOLO TYRES LTD.	10,720,032

But the Private HT & EHT consumers could always manage to continue to avail power supply without getting disconnected by approaching various courts/other authorities. The arrears pending due to litigation comes to ₹ 302.03 crore and ₹ 59.45 crore respectively from HT/EHT & LT consumers.

Board had settled the arrears in respect of Kerala Water Authority up to 31-3-2008 by accepting ₹ 250 crore under One Time Settlement Scheme ordered vide G.O. (Ms.) No. 45/08/WRD dated 26-9-2008. Government has been requested to refund the concession of ₹ 524 crore granted to Kerala Water Authority as stipulated in Section 65 of the Electricity Act 2003. The Government vide Order G.O. (Ms.) No. 43/11/PD dated 3-11-2011 have ordered that an amount of ₹ 524 crore will be provided to K.S.E. Board through Budget allocation over a period of 10 years @ ₹ 52.4 crore per year, in order to compensate the loss sustained by K.S.E. Board on accounts of write-off of the electricity charge arrears of Kerala Water Authority. In view of the social obligation and public interest, Board could not effect disconnection of supply to Kerala Water Authority,

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Government hospitals etc. for realization of arrears. It has been requested to the Heads of Government Departments and Public Sector Undertakings to remit the electricity charge arrears as well as monthly electricity charges properly.

In order to block the accumulation of electricity charge arrears of State Government Departments, a proposal has been submitted to the Government for remitting the electricity charges in advance from the budget allocation. Board has conducted special adalath and offered One Time Settlement and instalment facility by reducing the interest rates. In the case of belated payments, Board has been realizing interest @ 12% per annum based on actual number of days of delay from the due date up to a period 30 days and thereafter @18% per annum for the entire period of default from the due date. But Board has allowed the consumers to settle the arrears under One Time Settlement with reduced surcharge @ 9% for one time payment. For settlement of arrears under One Time Settlement in respect of Government Departments, Public Sector Undertakings and Local Bodies, the interest was reduced to 3%. As a part of realization of arrears and revival of closed plantation and industrial units their minimum demand/fixed charges during the closed period has been waived.

COMPARATIVE STATEMENT OF ARREARS IN RESPECT OF VARIOUS
CATEGORY OF CONSUMERS IS SHOWN BELOW:

STATEMENT SHOWING ABSTRACT OF YEAR-WISE
CURRENT CHARGE ARREARS OF
LAST SEVEN YEARS

Sl. No.	Name of Department	Amount in crores						
		As on 31-3-2005	As on 31-3-2006	As on 31-3-2007	As on 31-3-2008	As on 31-3-2009	As on 31-3-2010	As on 31-3-2011
1	2	3	4	5	6	7	8	9
1	State Government Department	153.72	147.45	128.89	153.58	152.56	144.82	146.19
2	State Public Sector Undertaking & Co-operative Sector	514.09	618.16	833.17	1021.96	1140.69	334.18	407.89

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1	2	3	4	5	6	7	8	9
3	Local Bodies	40.93	31.86	14.82	16.40	12.88	12.06	7.70
4	Central Government Department	0.51	0.585	0.50	0.42	0.35	0.65	1.86
5	Central Public Sector undertakings	20.96	34.73	33.69	47.35	40.89	58.05	17.01
6	Interstate Energy	19.80	19.69	19.73	3.96	4.24	4.21	5.19
7	Private Sector	594.81	624.90	640.11	631.68	577.55	542.58	589.26
8	Licenses							15.91
Grand Total in crore		1344.82	1477.37	1670.91	1875.35	1929.16	1096.55	1191.01

The Board has taken all earnest efforts for collecting the arrears. We have been consistently monitoring the arrear and taking all efforts for realization of arrears.

EMPLOYEE COST FROM 2003 ONWARDS IS GIVEN BELOW:

Year	Employee cost in crore
2003-2004	788.31
2004-2005	789.64
2005-2006	862.52
2006-2007	898.09
2007-2008	904.87
2008-2009	1255.19
2009-2010	1451.53
2010-2011	1712.80
2011-2012	1910.62

(1) (2)	(3)	(4)	(5)
5	Power	<p>The Committee found that though the Board revised the rates of grid tariff along with general tariff revisions, these revisions were implemented only three months after the other revision and no reason was recorded for this. This resulted in a loss of ₹ 1.04 crore and ₹ 2.85 crore to the Board during the 1997 and 1999 revisions. At the same time, licensees such as Thrissur Municipality, Cochin Port Trust, and Tata Tea Limited charged the revised tariff immediately, on the consumers under their distribution net, which gave them an undue</p>	<p>During the audit period under consideration, K.S.E.B. has been providing electricity to other licensees as per the Grid tariff as per the section—46 of the Electricity (Supply) Act, 1948 with the approval of the Government.</p> <p>The licensees, procuring power from K.S.E.B. has been distributing power to the consumers within their areas of activities. The consumers of these licensees also include LT domestic, commercial categories etc. The retail tariff of the consumers of these licensees are same as that of the consumers of K.S.E.B. and also revised w.e.f. the date of revision effected by K.S.E.B. for its consumers.</p> <p>However there will be time delay for implementing the tariff revision to different categories of consumers of each licensee procuring power from K.S.E.B., during the period of audit, three months time was allowed to licensees and sanction holders to revise, implement and collect the revenue at the revised tariff from their consumers.</p> <p>In the tariff revision orders issued in 2001, the three months time was reduced to two months.</p> <p>However, in the tariff revision orders issued in September 2002, the date of effect of the Grid tariff to the licensees and sanction holders had made on the same date of implementation of the tariff revision to other categories.</p>

benefit of ₹ 3.14 crore during January 1997 and May 1999 revision. The Committee sees no justification for this. Government should have either collected the revised grid tariffs from the licensees from the date of notification or else extended the benefit of the delay in revision to the consumers. The Committee therefore directs the Board to take measures to claim the arrears with retrospective effect or to refund the additional amount collected from the public. The Committee should be informed of the action taken by Government in this matter.

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6	83	Power	<p>The Committee understands that Cochin Shipyard Ltd. a consumer drawing power in 11 KV system and consuming more than 50% of the total energy themselves was erroneously billed at grid tariff rates instead of HT I rates resulting a loss of revenue of ₹ 2.35 crore during the period from May 1997 to March 2000.</p> <p>The Committee recommends that timely action should be taken to avoid this kind of carelessness so that such instances are not repeated in future. The Committee finds that Cochin Shipyard Limited had filed a writ appeal against the</p>	<p>HTB-21/845 – M/s COCHIN SHIPYARD</p> <p>M/s Cochin Shipyard Limited had filed 2 O.Ps viz., 31000/01 and 31729/01 for which decision was taken by the Board vide proceedings No. LA III-14803/01 dated 31-8-2002 of the Chairman, K.S.E. Board as per judgement dated 24-1-2002.</p> <p>Details of arrears are shown below:</p>
			(1) OP 31000/01- 5/97-7/01	₹ 3,39,40,650
			Remittance made	<u>- ₹ 50,00,000</u>
			Balance	₹ 2,89,40,650
			(2) OP 31729/01- 9/01-11/01	₹ 1,19,34,399
			Remittance made	<u>- ₹ 49,55,725</u>
			Balance	₹ 69,78,674
			Penal interest charged	- ₹ 29,913
			Total due	₹ 14,49,210
			Grand Total of Arrears	₹ 84,57,797
				₹ 2,89,40,650
				<u>₹ 84,57,797</u>
				<u>₹ 3,73,98,447</u>

judgement in its case against K.S.E.B. when supplementary bill was issued by the Board after treating the consumer under HT-1 tariff. The Committee wishes to be informed of the present position and whether the amount of Rs. 119.34 lakh being the additional charges for the months 9/2001 to 11/2001 has been remitted in full by Cochin Shipyard Limited.

Another OP 36476/02 was filed by the consumer and an interim stay was ordered on 4-12-2002 with a direction to remit 50% of the amount. Accordingly M/s CSL remitted ₹ 1,86,99,224 on 20-12-2002. The balance amount of ₹ 1,86,99,223 was remitted by the consumer on 18-6-2007.

Later, it was found that the bill for 5/97 to 9/01 was issued under EHT tariff instead of HT-I. Hence the arrear bill was revised and after adjusting the remittance, the balance amount of arrear outstanding is ₹ 25,65,768.

The present position of arrears outstanding against M/s CSL is as follows:

Principal	-25,65,768
Interest charged	
For the balance 50%	
i.e. of Rs. 1,86,99,223	-2,14,85,509

Up to the date of remittance
i.e. 18-6-2007

Total

2,40,51,277

M/s CSL filed a W.A 811/06 against the arrear due to revision before the Honourable High Court of Kerala, and it is still pending.

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7	84	Power	<p>The Committee understands that when compared to the other Southern States, the rates of high tension consumers and of railway traction is low here. The Committee concludes that tariff of railway traction can be raised and can be brought at par with that of the neighbouring states. The Committee may be informed of the present state of the proposal submitted to the Regulatory Commission for upward revision of tariff.</p>	<p>Necessary steps will be taken for an amicable settlement with CS Limited to settle the arrear amount of ₹ 25,65,768 and its applicable interest.</p> <p>Extension of railway lines to Kerala and its electrification are assessed to be not financially viable by Railway authorities. State Government used to give various concessions to railways including free sleepers etc.</p> <p>In order to make the electrification activity financially viable, concessional tariff was allowed to traction by the State Government during the period when the power situation was comfortable. There after, in various discussions K.S.E.B. has raised the issue to enhancing the traction tariff in tune with the increase in cost. However, traction tariff could be revised only with the concurrence of the State Government and also without affecting the developmental activities in this sector.</p> <p>As recommended by PUC, K.S.E.B. vide its tariff petitions dated 23-5-2007 has proposed to increase the traction tariff during the year 2007-08 as follows:</p> <p>(i) Demand charge ₹ 230/kVA/month to ₹ 300/kVA/month. (ii) Energy charge from ₹ 2.25/unit to ₹ 3.50 per unit.</p>

The Committee finds that failure of the Board to include a clause permitting increase in rated of railway traction at the time of general revision caused a loss of ₹ 1.60 crore for the period from June 1999 to July 2000 in respect of three railway traction consumers. If a clause enabling the Board to revise the tariff for railway traction was included in the agreement which was signed on April 1999, the revenue loss of ₹ 1.60 crore could have been avoided.

However, KSERC vide the order dated 26-11-2007 has approved a marginal increase on the traction tariff w.e.f. 1-12-2007 as follows:

- (i) Demand charge ₹ 230/kVA/month to ₹ 245/kVA/month
- (ii) Energy charge from ₹ 2.25/unit to ₹ 2.90 per unit.

Further, K.S.E.B. vide its petition dated 16-5-2011 has proposed to enhance the prevailing traction tariff to the prevailing traction tariff of the neighboring state of Tamilnadu. The details are given below:

- (i) Demand charge ₹ 245/kVA/month to ₹ 250/kVA/month.
- (ii) Energy charge ₹ 2.90 per unit to ₹ 4.00 per unit.

K.S.E.R.C. is yet to take decision on the petition filed by K.S.E.B.

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Power

The Committee finds

that as per Court direction Government had considered the request of Indian Aluminium Company (INDAL) for relief from adjustment of the excess electricity consumed, in the quota for subsequent months and had declined it on valid grounds. Being Public undertakings the Board has also given concession to FACT and Malabar Cements. The Committee desires to be informed why the Board had failed to adjust

M/s INDAL

M/s Indian Aluminium Company had availed 3 HT connections (11 KV) of different voltage class viz., 11 KV, 66 KV and 110 KV. Power cut was introduced vide G.O. (Rt.) No. 5/96/PD dated 6-1-1996 of Power Department, Govt. of Kerala with effect from 7-1-1996. Board had allowed clubbing of monthly quota for industries in the same management in different premises or connections of different voltage class in the same premises, subject to the condition that total consumption in all such cases should not exceed the total of individual quota allotted.

During the month of January 1996 consumption by Indian Aluminium Company exceeded the quota. O.P. No. 1175 of 1996-M filed by Indal against the G.O. dated 6-1-1996 prayed for fixing some scientific procedures in fixation of quota on the O.P. 1175/96 directed the petitioner to submit representation to Govt. of Kerala within a week from the date of judgement and Government to take decision within 10 days thereafter. If petition is declined by the Govt. of Kerala at least 12 days shall be given to petitioner to bring down the power consumption and directed the Government of Kerala and K.S.E. Board not to take a penal action for recovery of excess consumption till a decision is taken.

the excess consumption. The Committee also desires to be furnished with details of action taken to realize the dues from all public sector units and private consumers.

Both K.S.E.B. and Govt. of Kerala filed WA 199/96 and WA 214/96 respectively against the time given to the company on the contention that if the Govt. have to wait for ten days, the entire purpose of power cut introduced will be frustrated as power crisis was so grave.

Judgement dated 1-2-1996 directed the company to represent before Commissioner and Secretary, Power (C) Department on 10.30 a.m. on 3-2-1996 and allowed time up to 8-2-1996 for completing process of shut down if request is not allowed by the Govt. of Kerala. The judgement states that "If company happened to consume power in excess of the quota permitted to them on account of the provisions made by this court, they shall not be subjected to penal consequences".

The Court has also agreed to implement the G.O. (Rt.) 23/96/PD dated 12-2-1996 allowed to adjust the excess consumption of 8006232 units during 1/96 in 4 months period from 2/96 to 5/96. O.P. 3182/96 filed by Indal for not to adjust the 25% of excess

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consumption of 1/96 i.e. 2001559 units from the quota of 2/96. Interim order dated 23-2-1996 granted the prayer of Indal and directed K.S.E.B. not to disconnect the consumer and not to adjust the excess consumption 1/96 from the quota of 2/96.

K.S.E.B. filed WA 384/96 against the judgement dated 23-2-1996. Judgement dated 27-2-1996 directed the Commissioner and Secretary (Power) to hear the appeal of the company and take a decision.

Indal filed petition on 29-2-1996 and hearing was conducted on 4-3-1996. The reliefs sought for by the company were declined vide G.O. (Rt.) No. 30/96/PD dated 8-3-1996.

Accordingly excess consumption in 01/96 had been adjusted as follows:

February ..	328259 Units
March ..	4540277 Units
April ..	656801 Units
May ..	531501 Units

Total adjustment made up to 5/96 .. 6056838 Units
 Excess consumption in 1/96 .. 8072157 Units
 Balance to be adjusted .. 2015319 Units

There was no excess consumption over the quota during the period February-May 1996. The details are given below:

Month	Quota	Consumption
2/96	14247082	13886480
3/96	7795574	3237600
4/96	2017042	1037260
5/96	2017042	1162500
Total	26076740	19323840

10 87 Power
 The Committee expressed anxiety over the increasing casualties due to broken lines. The Committee criticized those authorities in substations who are responsible for repairing and maintaining the power supply system,

Board is the greatest loser due to the electrical accidents on account of loss of trained employees, loss of trained workforce, loss of property as well as of money. Therefore Board is taking most serious and earnest efforts to reduce accidents.

To avoid accidents due to conductor snapping, all existing old AAC (All Aluminium Conductor which is more prone to snapping) are being replaced with Aluminium Conductors with Steel Reinforcement (ACSR) in a phased manner. 18789 k.m. of AAC Conductors have already been replaced. Steps have been initiated for replacing the

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for their failure to attend phone calls and for not taking prompt action in case of accidents.

balance quantity of 31211 k.m. also.. Nowadays AAC conductors are not being used.

All Electrical Sections are re-organized into model Sections from 1-1-2011. Enquiry counters have been set-up in all offices for attending phone calls. In Model Sections, maintenance works are entrusted with separate functional unit called Maintenance and Capital works wing. Preparation of maintenance schedule, periodical maintenance of HT/LT lines and touching clearances are the major functions of this unit. In addition to the routine maintenance works, pre-monsoon maintenance works are also carried out twice every year to avoid accidents likely to occur during the rainy seasons. In the Annual Plan 2011-12, a separate maintenance plan with a budget provision of 166.53 crore has been prepared and being carried out giving due consideration to maintenance and safety aspects. During the past four years Board had spent 395.17 crore for maintenance works under Distribution wing.

A Deputy Chief Engineer has been posted as Safety Commissioner exclusively for monitoring the safety practices under Generation, Transmission and Distribution wings and for taking innovative steps to improve safety standards in K.S.E. Board. Also 3 Nos. of Executive Engineers have been posted as Regional Safety Officers under Southern, Central and Northern region. Moreover Assistant Executive Engineers of Generation, Transmission and Distribution Subdivisions are assigned with the duty of Safety Officers of that particular Subdivision.

In case of fatal electrical accidents occurring to public from Board's installation, the Board is giving 100000 as ex-gratia to the dependents of the deceased and in case of non fatal accidents, proportionate amount up to a maximum of 100000 is paid based on the Medical Certificate issued by the District Medical Board. Board Staffs who meet with fatal accidents while working on Board's installations are eligible for compensations as per Workmen Compensation Act, 1923, Group Personal Accidents Insurance Scheme and Employees Welfare Fund. For Contract workers, compensation is given as per Workmen Compensation Act, 1923. In case of non fatal accidents, eligible compensation is given depending on the disability occurred based on Medical Certificates.

K.S.E. Board vide order dated 12-12-1997 had withdrawn the 30% power cut inforce on HT/EHT consumers with effect from 8 hrs. on 15-12-1997 which was enforced on 7-1-1996.

The monthly quota already allowed to the consumers had been revised to 14 days quota on prorata basis. As per B.O.No. 1601/97 (Fig. Com. 2920/96) dated 25-7-1997, it had been ordered to charge the excess over unauthorized consumption and proportionate increase in Maximum Demand at three times the prevailing tariff. But certain consumers who have consumed energy in excess of the quota for 14 days refixed on prorata basis has raised objections of the invoice for 12/1997. The EHT consumers viz., FACT, TCC, PACT, MCL, Binani Zinc, who were assessed as per the above principle have arranged payment excluding the penal charge for the excess consumption. Hence the matter regarding the billing for the month of December

The Committee found that the Board had taken 22 days instead of 31 days for calculating 70% of average consumption of power during the time of lifting of power cut, which resulted in an undue benefit of Rs. 2.95 crore to five HT/EHT consumers. The Committee expressed

Power

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the view that the Board did so with the dubious intention of favouring some EHT/HT consumers. The Committee wants to be given a detailed report of the conditions that led to the issuance of Board Orders No. 345/98 dated 11-2-1998 and 1670/98 dated 5-8-1998.

1997 had been examined by the Full Board meeting held on 24-1-1998 had decided as follows:

- (1) Having withdrawn the 30% power cut in force on HT/EHT and deemed HT consumers with effect from 15-12-1997 the consumption of these consumers from 1-12-1997 to 14-12-1997 shall be computed as

$\frac{\text{normal monthly quota} \times 14}{70\% \text{ of the total number of days in the month}}$

The excess consumption and proportionate increase in maximum demand shall be billed at 3 times the ruling tariff.

- (2) From 1-12-1997 to 14-12-1997 eligible rebate in recorded maximum demand be allowed and beyond 15-12-1997 the rebate will be disallowed.

The above billing procedure was issued vide the B.O. No. 345/08 (Pig. Com.2920/96) dated 11-2-1998. At 70% power availability the allocated quota of power is sufficient to operate the plant continuously for 21.7 days (31x0.7) rounded to 22 days.

12 89 Power Under the differential pricing system introduced in December 1998, different rates were to be applied for EHT consumers during normal,

The peak load demand in the State is almost twice the demand during off-peak hours. To meet the increase in demand during peak hours, heavy investments are needed for enhancing the system capacity or for procuring energy at high cost. Due to the wide variation in peak and off-peak demand, the generation as well as the transmission capacity created to meet peak demand is being kept idle for most of the part of the day.

peak and off-peak hours using Time of Day meters. The Committee finds that delay in implementing the system for more than four years led to great revenue loss to the Board. The Committee opines that it is a serious fault and recommends to fix responsibility and to take necessary steps against the officers concerned. The Committee desires to be informed of the steps taken by Government in this matter.

Time of Day (ToD) metering is an important Demand Side Management (DSM) measure, which is used as a means of incentivizing consumers to shift a portion of their loads from peak times to off-peak times, thereby by reducing the demand on the system during peak period. Due to the higher energy rates charged for the consumption during peak hours, most of the consumers who opt for ToD metering and billing system tend to shift their consumption to off-peak hours for getting the benefit of lower energy rates charged during the period. By introducing this system, Board also would benefit due to reduced demand during peak hours that help in flattening of our system load curve. Hence it cannot be interpreted that the delay in introduction of differential pricing system led to great revenue loss to the Board.

Now all EHT/HT consumers are billed under differential pricing system except cinema theatres, drinking water supply pumping stations of KWA and local bodies. ToD scheme has also been introduced to LT industrial consumers with effect from 1st April, 2010 as an optional scheme.

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1. HTB-7/701-BINANI ZINC LIMITED

The Honourable High Court disposed the OP No.9565/1996 filed by M/s Binani Zinc Limited in connection with the granting of Pre-82 concessional tariff by directing the K.S.E. Board to reconsider the claim for concessional tariff for the plants concerned above by a competent authority of the K.S.E. Board.

As part of policy decision, Government had allowed concessions to industrial consumers in the form of reduced tariff, incentives and

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rebates. But the Board granted ineligible concessions to some consumers and the loss incurred by the Board due to the extension of ineligible concessions to some consumers like M/s Binani Zinc Limited, M/s Indsil Electrosmelts Ltd., M/s MRF Ltd. Etc. was ₹ 4.77 crore. The Committee recommends that necessary steps be taken to recover the amounts from the companies at the earliest and desires to be given a detailed report from the Government on the consumers for whom date of energisation was taken as date of commissioning. The Committee may also be

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Accordingly the petitioner was heard on 4-5-2007 in the chamber of Chief Engineer (C&T). During the course of hearing the representatives of the consumer stated that the entire plant except the smelting plant was progressively modernized and commercial production actually commenced well prior to the cut-off date. But they failed to produce any supporting authentic documents as ordered in G.O. dated 6-10-1986.

On perusal of the files, records and relevant orders it is observed as follows:

As per Clause (iii) of G.O. (P) 40/20/86/PD dated 6-10-1986, modernization of an existing unit is defined to have occurred if the technology in manufacturing process/products/design etc. is improved wherein the fixed capital investment of the existing industrial unit is enhanced by not less than 25% and commence commercial production after modernization between 1-9-1982 and 2-9-1987. It is also ordered in the above G.O. that "The eligibility for concessional tariff to new industrial units as well as cases of expansion and modernization of existing units which commence commercial production between 1-9-1982 and 2-9-1987". It is also ordered in the above G.O. that "The eligibility for concessional tariff to new industrial units as well as cases of expansion and modernization of existing units which commence commercial production between 1-9-1982 and 2-9-1987 shall be certified by the Kerala Financial Corporation or the KSIDC in respect of the units promoted or financed by them and in other cases by the General Manager of the District Industries Centre on their responsibility".

informed about the reasons that led to the Director of Industries and Commerce to take a decision that the date of commission of substation be taken as the date of commercial production, contrary to the Board's view and how the legal cell of the Board could give advice contrary to Government orders. The Committee expresses anger at the way K.S.E.B. is violating rules to grant undue concessions to some HT and EHT consumers, while it grants no concession to domestic consumers.

Further opportunity was given to the consumer vide letter dated 3-8-2007 and fax dated 7-9-2007 to produce relevant documents as above. The Consumer having failed to produce authentic documents to support their claim even after giving ample time, it is decided to reject the claim of the petitioner for concessional tariff.

The Board therefore has every reason to withdraw the concessional tariff granted as per order dated 21-3-1987 of the Chief Engineer (Electrical General & MM).

In view of the above it was ordered as follows:

- (1) The Concession of pre-82 tariff granted to M/s Binani Zinc Limited as per order dated 21-3-1987 of the Chief Engineer (Electrical General and MM) stands cancelled.
- (2) The Special Officer (Revenue) shall take immediate steps to realize the amount due to K.S.E. Board from M/s Binani Zinc Limited with surcharge as per rules. Accordingly the Special Officer (Revenue) has issued demand-cum-disconnection notice for an amount of ₹ 9,57,57,761 with surcharge amounting to ₹ 33,89,21,718 (as on 30-11-2007) with last date for remittance as on 7-12-2007. The consumer filed WA No. 981/2007 against the demand notice issued before the Honourable High Court of Kerala. Interim order granted extended until further orders on 10-8-2007. Now the case is pending before the Honourable High Court for disposal.

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2. INDSIL-ELECTROSMEELTS

M/s Indsil Electrosmelts Limited, Palakkad is an EHT Industrial consumer availing power at 66 KV supply. This power intensive unit energized on 12-8-1994 with an initial Contract Demand of 12000 KVA that is, the consumer can consume power up to 12000 KVA. (Agreement No. 32/94-95 dated 30-6-1994). The firm started commercial production on 1-10-1994. Based on the eligibility certificate issued by KSIDC (Certificate No. CER/27 October, 1994 of General Manager (projects) and as per G.O. (Ms.) No. 4/92/PD dated 6-2-1992 the consumer was eligible for pre-92 concessional tariff for 5 years from the date of commercial production and thereby enjoyed concessional tariff from 1-10-1994 to 30-9-1999.

The firm entered into an agreement on 30-12-1994 with Board for a CPP with installed capacity of 21 MV.

Later in November 1995, it is informed that the consumer was sanctioned additional load to the extend of 2000 KVA. And the same was cancelled in 4/97 as the firm failed to execute revised agreement with enhanced Contract Demand. Subsequently in August 1997 consumer remitted the required Security Deposit for the additional load and revised agreement was executed on 27-11-1997. Only after the execution of revised agreement their Contract Demand became 14000 KVA. Though their Contract Demand became 14000 KVA, it is obvious that the firm is eligible for concessional tariff only to 12000 KVA.

Pre-92 concession in power tariff is applied to those consumers who are engaged mainly in manufacturing nature. As per billing principles and guidelines highest of 75% of Contract Demand or Recorded Maximum Demand usage in normal/peak is considered. The concession in power tariff was allowed to the firm for the entire demand of 12000 KVA and not to the 75% of Contract Demand i.e. 9000 KVA.

The firm is considered as a single unit eligible for concessional tariff as they have started commercial production within the date stipulated by the Government and hence subsequent increase or decrease in Contract Demand does not change the status of the company. It may be noted that after enhancing Contract Demand from 12000 KVA to 14000 KVA for meeting the load for pollution control equipments, the Recorded Maximum Demand had never exceeded 12000 KVA to 14000 KVA for meeting the load for pollution control equipments, the Recorded Maximum Demand had never exceeded 12000 KVA. A list showing the Recorded Maximum Demand recorded from the date of enhancement of Contract Demand to end of concessional period. (i.e. from 12/97 to 9/99) is enclosed for ready reference.

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PRE-92 CONCESSION PERIOD FROM 01-10-1994 TO
30-9-1999

Month	Rmd in KVA	Month	Rmd In KVA
Dec. 97	9858	Nov. 98	10031
Jan. 98	9119	Dec. 98	10456
Feb. 98	9647	Jan. 99	10340
Mar. 98	9728	Feb. 99	10106
Apr. 98	10146	Mar. 99	9974
May 98	9996	Apr. 99	9799
June 98	9946	May 99	9883
July 98	10847	June 99	11457
Aug. 98	9977	July 99	9776
Sep. 98	10058	Aug. 99	9579
Oct. 98	10120	Sep. 99	10393

In the above circumstances, the observation may please be waived.

3. MRF LTD.

As per the Government order, an industrial unit under expansion/modernization will be eligible for concessional rate on energy and demand charges provided these exceeded the maximum limit prior to the date of commissioning. As per the legal opinion obtained from the LA&DEO of the Board, the date of energization and not the date of commercial production is to be taken as the date of commissioning.

In the case of M/s MRF Ltd., the date of energization was May 1995 and the maximum demand and highest consumption recorded prior to this date of commissioning of the expanded project were 4350 KVA and 8.72 lakh unit respectively. 4800 KVA and 18.18 lakh units mentioned in audit were the maximum demand and highest consumption recorded prior to the date of commercial production i.e. the period between the date of energization and date of commercial production i.e. 5/95 & 12/96 respectively. For that period the consumption related to the trial run was also included in the recorded consumption. Therefore the consumption and demand for these periods were not true representations of the base average of demand and consumption pertaining to the Pre-modernization period. Hence the base average demand and consumption of 4350 KVA and 8.72 units respectively were taken for the Pre-modernization period. The above decision was taken by the Board as per the legal opinion of the LA & DEO.

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14	91	Power	<p>The Board had extended ineligible concessional tariff of ₹ 77.32 lakh to various hotels, including Sakti Tourist Home, Kottayam, M/s International Hotel, Ernakulam etc. even though they failed to produce the required certificate from the Department of Tourism. It was extended for periods beyond the prescribed time span of three years. The Committee expresses the view that the reply of Government seems to be incorrect and recommends to make available all supporting documents regarding the issue.</p>	<p>15/13007—M/s International Hotel</p> <p>Subsidy for three years was granted to International Hotel based on the proceedings No. HTB-15/3007/96-97 dated 3-7-1996 by K.S.E. Board. Later Government have extended the Board subsidy from 3 years to 5 years [G.O. (Ms.) No. 537/2000/GAD dated 26-9-2000] of General Administration (Tourism B) Department and K.S.E. Board adopted the said G.O. vide B.O. No. 106/01 (Pig. Com. 923/86) Thiruvananthapuram dated 12-1-2001.</p>

The Committee finds that there was great delay on the part of the Board in replacement of faulty meters. The Board had failed to replace the faulty meters within six months and adjustment bill for additional consumption had to be limited to six months prior to the date of replacement. In 140 cases test checked by Audit the loss due to non-billing for increased consumption amounting to ₹ 1.24 crore for the period from January 1992 to April 2000. The Committee understands that out of 140 cases action had been taken only in 108 cases. The Committee recommends

Earnest efforts were taken by the Board to replace all the faulty meters in the system within a specified time limit with good quality meters. The table given below shows the faulty meters replaced during the last 10 years. It can be seen that considerable number of meters has been replaced during the last years:

Period	Meters Purchased (in lakhs)	Meters Utilised (in lakhs)	
		Service connections effected	Faulty meter replacement
2001-02	8.13	3.3	3.55
2002-03	9.8	3.56	4.27
2003-04	14.78	3.92	8.64
2004-05	12.53	5.48	4.19
2005-06	7.95	5.49	6.36
2006-07	3.3	4.79	2.7
2007-08	11.98	4.83	5.8
2008-09	6.88	4.45	6.47
2009-10	16.66	4.48	10.21
2010-11	8.05	4.43	7.08

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to take speedy action in the rest of the cases and in pending cases and to furnish details of the same. A test check in audit revealed short assessment due to incorrect application of tariff in 23 cases, involving ₹ 31.21 lakh during the period October 1999 to July 2000. The Committee desires to be informed of the action taken against the officials responsible for the lapse and of the arrears that have been collected so far in the cases pointed out by audit.

Due to the concerted effort taken by the Board, the percentage of faulty meter existing in the system could be reduced from 8.19% as on 31st March, 2009 to 4.33% as on 31st October, 2011. All the 3 phase faulty meters have been replaced. Board is aiming to replace the balance 1 phase faulty meters within a period of 6 months.

- 16 93 Power A test check in 14 cases revealed under assessment of ₹ 33.02 lakh due to omission to reckon Multiplication Factor while calculating the monthly consumption. The Committee deprecates the irresponsibility and negligence on the part of officers concerned which resulted in loss of crores of rupees, when cases all over the state were considered.
- 17 94 " The loss of revenue due to incorrect application of tariff in the case of public lighting, in eleven sections, from April 1994 to March 2000 led to a loss of
- In order to curb loss of revenue due to wrong application of multiplication factor, Board initiated several steps including the following:
 The Board vide Circular dated 5-3-2006, directed the officers and staff to check terminal connections of CT meter and to record the CT ratio and Multiplication Factor in the register kept for the purpose and in the computer system at the time of giving new connections. It was also directed to incorporate changes at the time of changing of Current Transformers (CTs) and Energy meter. The Board also directed the Assistant Engineers to take check readings of all LT consumers according to standing rules and to ascertain the accuracy of readings taken by the Sub Engineers/Spot Billers.
 Further, the Inspector General of Police (CVO, K.S.E. Board) directed the field officers to check CTs and meters properly before sealing for accuracy. The Anti Power Theft Squads of K.S.E.B. regularly inspect consumer premises for detection of such abnormalities.
- Board on various occasions allowed One Time Settlement Scheme to all consumers including local bodies to settle revenue arrears reducing surcharge to 9%, if the consumer is ready to clear all the arrears in one time and to 15%, if the consumer is ready to clear the arrears in six monthly installments.
 Further, the Board allowed reduced interest rate of 6% to local bodies for clearing their arrears in one time in the Adalath conducted during February 2009. From 3-2-2009 onwards, the interest was further

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₹ 38.21 lakh. The Committee opines that revenue recovery procedures should not be taken against the local bodies, in order to avoid inconvenience to public lighting. The Committee recommends that it would be better to implement One Time settlement Scheme and that a period of two or three years should be granted to local bodies in order to settle their dues by availing funds from plan fund or some other sources.

reduced to 3% and the benefit was continued till 30-9-2009. The reduced interest rate of 3% was allowed to local bodies also in the Adalath conducted during July 2010 and January and February 2011. Thus K.S.E.B. has extended all possible concessions to the local bodies for setting their dues.

18 95

Power

The Committee understands that the Board had collected normal charge only, from M/s Surabhi Movies, even after detecting

Service connection to Surabhi Theatre, Chalakkudy was provided on October 1979 under LT. As per Board's records the connected load of the consumer was only 65 KW. The premise was inspected by the Special Squad, Kozhikode during 3/1998 and it was noticed that two numbers CTs were in open condition. Hence the consumer was back assessed for the unrecorded quantum of energy. The connected load of the consumer was verified by the Assistant Engineer,

unauthorised consumption of connected load. The Committee opines that the Board was showing partiality in granting undue concession to one customer, while denying it to eleven other consumers. Other consumers filed petitions in court demanding the same concession and obtained favourable court orders. Consequently, Board was compelled to extend concessions to other consumers too which resulted in revenue loss of lakhs of rupees. The circumstances which compelled the Board to take such a decision

Electrical Division, Chalakkudy during 5/1998 and was found to be 150 KW.

In this regard, the consumer admitted vide letter dated 4-7-1998 that from the date of functioning of the theatre (i.e. October 1979) the connected load was 150 KVA and they had not added any additional load. The consumer had stated that they had been billed under LT tariff and they had remitted the bills up to March 1998 accordingly. Board had never directed the consumer to convert into HT till March 1998. The Consumer had requested to categorise them under deemed HT and bill in HT tariff avoiding penalty charges.

As per clause 42(d) of the Conditions of Supply, misuse of energy will be billed at three times the rate applicable to the respective tariff for previous six months from the date of misuse unless there are convincing reasons for adopting different periods.

Considering the arguments of the consumer and the report of the Deputy Chief Engineer, Electrical Circle, Irinjalakkuda Board vide Order No. 291/99 (Pig. Com. 3568/98) dated 2-2-1999 had issued order for regularization of additional load in respect of Surabhi Theatre.

The following methodology was ordered for regularization of the additional load: "The connected load of Surabhi Movies from the date of connection to 30-4-1998 shall be taken as 150 KVA. From 1-5-1998 the connected load shall be taken as 150 KW. The consumer shall be billed at the normal rate for the connected load on this basis. As the consumer has already paid the energy charge for

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and the grounds on which the undue concession was granted may be furnished to the Committee. The Committee also desires to be furnished with a copy of the Board Order, details of the action taken to recover the amount in the cases pointed out by Audit where there was loss to the Board due to non-billing/short billing.

the energy already consumed, no further energy charge in proportion to additional connected load need be collected. But as the two CTs were reported to be open at the time of inspection by the Special Squad, the consumer shall be billed during that period for the unrecorded consumption at normal rate".

Surabhi Movies, Chalakkudy has settled the arrears as given below:

Arrear from 4/1999 to 12/2002 .. ₹ 5,40,600

(Demand issued on 15-1-2003)

Remitted on 26-9-2003 .. ₹ 2,00,000

Balance outstanding .. ₹ 3,40,600 + interest

RECOVERY DETAILS OF ARREARS IN RESPECT OF OTHER CONSUMERS

Section	Cons. No.	Arrear details
Alleppey	GB.134	₹ 4,37,678 was remitted on 26-2-2002
Thalassery	3825, Doordarshan	Settled the arrears ₹ 70,337 on 17-11-2007
Chalakkudy	6697, Thomas PVC Pipes	Demand withdrawn vide proceedings No. GB.3/APTS/2000-01/1774 dated 6-6-2002 of the Dy CE.
Girinagar	11121	₹ 39,626 remitted on 12-5-1998

Girinagar	11164	₹ 81,411 remitted on 3-1-1997
Girinagar	11166	₹ 41,046 remitted on 12-3-1997
Girinagar	11167	₹ 66,036 remitted on 18-2-1997
Girinagar	11170	₹ 13,017 remitted on 6-8-1997
Erattupettah	1334, KWA	Arrear ₹ 19,53,899. Remitted ₹ 77,076 on 17-9-2010
Erattupettah	9063	Arrear ₹ 38,487. Remitted ₹ 15,087 on 26-9-2011. Remitted ₹ 23,400 on 8-11-2011.
Erattupettah	13270	Penal bill for ₹ 1,79,931 issued and collected in 10 instalments from 1/2011 to 10/2011
Pala	4158, KWA	Arrear ₹ 4,72,884

(1) **Bennari Amman Steels (HT Code: 17/1757)**

19 96 Power The Committee finds that regular checking of metering equipment was not exercised by the Board and there exist wide variation

A short assessment bill for ₹ 72,37,860 was served to the consumer on 2-1-2004 as per Audit Para. The consumer remitted ₹ 5,00,000 on 13-2-2004 and ₹ 20,00,000 on 19-7-2007. They filed WP(C) No. 10419/07 against the balance amount of ₹ 47,37,860 and is stayed till the final Disposal.

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between quantity of energy sent out from substations and that recorded at consumers end which resulted a loss of revenue of crores of rupees and huge loss of energy due to short assessment in respect of private industrial consumers. The Committee expresses anxiety at the growth in arrears due to the Board and wishes to be furnished with the details of the arrear amounts recovered as per court decision and the amounts pending recovery due to court cases.

(2) Agni Steels & Raj Chemicals (31/3308)

A short assessment bill for ₹ 21,52,022 was issued and consumer remitted an amount of ₹ 5,00,000 WP(C) 41024/03 is still year pending and the balance amount ₹ 16,52,022 has not been remitted.

(3) Agni Re Rollers, Cons. Code: 29/2968

M/s Agni Re rollers (P) Ltd., Nattukal, Chittoor, Palakkad has an arrear on account of current charge and penal bill in question and interest amounting to ₹ 6,30,21,335 (3,68,60,204 + 2,61,61,131) and a notice was issued on 30-11-2006 for the payment of the same. Since the consumer did not remit the amount the connection was disconnected and later dismantled on 24-4-2007. They filed W.A. 649/07 dated 29-3-2007, an amount of ₹ 1,49,18,394 being penal bill is under litigation which has been excluded from the amount to be recovered under the provisions of the Revenue Recovery Act and balance amount is under Revenue Recovery procedure dated 23-10-2007 for ₹ 2,63,96,203.

(4) Bhagavathi Textiles

The Consumer is fed from the 66 Substation, Kozhinjampara. The feeder to this consumer caters to distribution transformers of total capacity 323 KV also. As per the audit report the energy billed for the consumer is for 24.91 MU and energy sent out from Substation

is 37.33 MU. The resultant loss for the period 1/1998 to 6/2000 is assessed by audit as 170.58 lakhs. But as per K.S.E. Board records the energy sent out from the Substation is 11.56 MU excluding the months 4/99, 5/99 and 7/99 during which period the meter of the Substation was faulty. The energy billed for January 1998 to June 2000 period is for 24.7856 MU. Thus, the energy billed appears to be higher than the energy sent from the Substation. The Deputy Chief Engineer, Electrical Circle, Palakkad reported that this may be due to errors in the substation meter of the said feeder. The meter at the substation end was calibrated on 3-10-2002 and thereafter correct readings are recorded at the Substation meter. As the readings in the substation meter could not be relied upon for the purpose of computing energy sent out from the substation during the period 1/1998 to 6/2000, it cannot be inferred that there was short assessment.

(5) SVA Alloys (29/2965)

The Consumer is fed from the 66 KV Substation, Kozhinjampara. The same feeder feeds Sueera Steels also. The mismatch of reading noticed by the audit for the period from June 1998 to July 2000 was investigated by the Deputy Chief Engineer, Electrical Circle, Palakkad. Investigation revealed that the excessive harmonies present in the installation of the consumer caused short recording of the meters installed at consumer's premises. An additional bill for ₹ 14,75,364 has been issued to the consumer towards the short

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assessment of 3106030 units. The details of short assessment are given below:

The Substation meters for the period 6/1998 to 4/1999 were faulty and hence the difference in consumption for this period has been excluded.

Consumption based on Substation Reading .. 23360490 units
for the period 5/1999 to 7/2000

Consumption after allowing 4.5% for .. 22309269 units
distribution loss

Consumption already billed for the period .. 16491865 units
5/1999 to 7/2000 in respect of the
consumer SVA Alloys and Sueera Alloys

Short assessment .. 5817403 units

SVA Alloys .. 3106030 units

Sueera Alloys .. 2711373 units

Short assessment bill for ₹ 14,75,364 was issued to the consumer for 3106030 units. He challenged this bill vide WP(C) No. 1494/04 and the Honourable High Court of Kerala directed Special Officer (Revenue) to hear the case. Consumer remitted 2 lakhs. After hearing, SO(R) directed the consumer to remit the balance (₹ 12,75,364) before 2-8-2007. Consumer again filed

WP(C) No. 23623/07 Honourable High Court of Kerala stayed the disconnection Order on remittance of ₹ 2.5 lakh within one month and the consumer remitted ₹ 2.5 lakh on 4-9-2007. Total amount collected is ₹ 4.5 lakh. Balance to be collected is ₹ 10,25,364. It is reported from the Law Section that the WP(C) is still pending.

(6) M/s Excel Glasses

M/s Excel Glasses Ltd. is given Power Supply through a dedicated 11 KV feeder for 66 KV substation, Pathirappally. The total energy at the substation and for the period from 5/1998 to 6/2000 was 42630000 kWh and at the receiving and 40856480 and the difference (4.34%) is within the admissible limits of 4.5% distribution loss.

(7) Synthite Properties

The consumer HTB-32/3447 Synthetic Properties is fed from 110 KV Substation, Kadavanthra. Another HT consumer M/s Chakolas Habitat has also been fed from the same feeder from 8-4-1999 onwards. The above HT connection is for the common facilities of domestic apartments. LT individual service connections in the apartments are also connected to the same feeder. In addition to the above-mentioned connections two 160 KVA transformers and one 100 KVA transformer are also installed in this feeder. Hence there is no short assessment in respect of Synthite Properties.

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(8) Water Authority

Kerala Water Authority has 3 HT service connection fed from Aluva Substation. The total energy consumed by Kerala Water Authority from 7/1996 to 2/2000 and billed for is 87.75 MU and not 42.11 MU as stated by the audit. The consumption based on Substation reading is not fully dependable as No. 1 water works feeder was faulty several times during the period from 4/1998 to 1/1999, disrupting normal feeding arrangements. Also during 2/1999 due to some major modification works at Aluva Substation supply from Water Works No. III feeder was re-arranged from Water Works No. II feeder. When the energy meters at the Substations were calibrated during 9/1999 and 1/2001 they showed considerable error at low load and low power factor before adjustment. This is to submit that the cumulative assessment and comparison of readings at both ends over a long period lead to wrong conclusions.

A test study was conducted for the period from 7/1996 to 12/1997 during which all the three meters were working properly and the recorded consumption at the substation and that at the consumer's premises were compared. It was seen that the net difference was only nominal. Another sample was taken for the period 3/1998 to 5/1998 and compared and found that there is no considerable difference in the recorded consumption at both ends i.e. within 4.5%. Again a study was conducted during 1/2001 on the daily consumption recorded at both

ends. This also reflected that the average consumption assessed for billing is line with actual consumption. Thus, the cumulative difference is on account of faulty readings in Substation.

All the energy sent from the 110 KV Substations to Kerala Water Authority pump houses have been billed properly.

In the above cases, the meters in the Substation have been calibrated.

(9) Suceera Alloys: 28/2876

A short assessment bill for ₹ 21,72,197 was served to the consumer on 5-1-2004. Already the consumer remitted ₹ 3,00,000 on 29-1-2004 and on WP(C) 5082/2007 the consumer obtained order from the High Court to pay the balance amount of ₹ 18,72,197 in 10 equal instalments. The consumer remitted 10 instalments from 27-3-2007 @ ₹ 1,87,220

The details of the remittance furnished below:

26-3-2007	187220
26-4-2007	187220
26-5-2007	187220
6-7-2007	187220
26-7-2007	187220
30-8-2007	187220
5-10-2007	187220
29-10-2007	187220
29-11-2007	187220
27-12-2007	187200

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20 97	Power	<p>The Committee finds that there was a delay of two years in passing orders to recover the arrear amount from Kerala Agricultural University even after the court directed the Board to pass appropriate order to realize the amount within two weeks. The Committee recommends that the Board should take a decision at the earliest on the issue and inform the same to the Committee.</p>	<p>KERALA AGRICULTURAL UNIVERSITY (HTB-30/3067, 3068, 3069, 3070, 3071, 3072 & 3073)</p> <p>Kerala Agricultural University, Vellankkara & Mannuthy, Thrissur had availed Electricity under LT up to 2/1994. On 16-3-1994 and 18-3-1994, APTS conducted an inspection and the consumer was charged at penal rate for an authorized additional load. The consumer was charged at penal rate and an amount of ₹ 89,56,851 was demanded for the period up to 7/1995. The University filed an OP 15616/95 before the Honourable High Court of Kerala and the Court directed the University to remit ₹ 5 lakh and asked the Board to consider the representation. The University remitted the amount as directed by the Court. As directed by the Secretary, K.S.E. Board University had remitted another 5 lakh before the disposal of their representation. The representation of the University was examined by Secretary and the Secretary disposed the same vide Proceedings L.A.III/10114/95 dated 21-11-1997 by rejecting the request of the University and to revise the bills prepared by the Board.</p> <p>The University again filed another OP No. 52/1998 before the Honourable High Court of Kerala and Court ordered stay on 24-2-1998 which was extended until further orders on condition that the petitioner pay $\frac{1}{3}$rd of the bill amount within 2 weeks. University had remitted $\frac{1}{3}$rd of the bill amount. Subsequently University applied for power allocation and they placed orders on KEL for purchase of 2 transformers and hence they requested to withdraw the penal charges and interest.</p>

After considering the representation of Agriculture University and the remarks of the Deputy Chief Engineer, APTS, K.S.E.B. The Board issued an Order (B.O. No. 1587/2000 Plg.Com. 4002/2000 Thiruvananthapuram dated 27-6-2000) which enunciate that the connected load of the consumers shouldn't be clubbed together and the conversion into HT should not be done. The Board informed the University that all the other matter contained in the above said B.O. will be subject to the University withdrawing the OP filed before the Honourable High Court of Kerala. Henceforth the University withdrew the case and on 16-11-2000. The Honourable High Court of Kerala ordered that the "original petition stands dismissed as not pressed" vide Letter No. HTB-30/3067/3004 dated 5-3-2001 gave instruction to the Assistant Executive Engineer, to issue the bills regarding Consumer No. 30/3667, 30/3070, 30/3072 and 30/3073, in LT tariff from 2/2001 onwards. Also intimated that all the monthly current charge invoices issued for the above, consumers in deemed HT tariff issued by the Board up to 2/2001 will be revised and the amount as per the revision of monthly invoices up to 2/2001 will be intimated to them. Accordingly, all previous issues were settled. Since Agriculture University withdrew case in OP 52/98, K.S.E. Board have to implement the Order dated 27-6-2000 by revising the bills from 9/1995 to 1/2001 and propose journal entry to effect the

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withdrawal of excess demand in order to clear a major portion of the arrear details as furnished below:

Invoice under deemed HT	₹ 2,93,64,359
Bill revised in LT VI-B tariff	₹ 61,35,644
Amount remitted by the University	₹ 61,36,524
Excess Demand difference for withdrawal	₹ 2,32,28,710

In the light of the above facts, taking the issue as a whole there is no loss sustained by the Board on account of interest of ₹ 13.62 lakh to the period from May 1996 to March 1998.

21 98

Power

The Committee wishes to be informed of the decision taken by the Ministers of the Power and Industries Departments in the matter of the arrears of ₹ 47.13 crore that the Travancore Electro Chemical Industries Ltd. (TECIL) has to pay to the K.S.E.B.

M/s TECIL

M/s TECIL Chemicals and Hydropower Ltd., Chingavanam, Kottayam, Consumer Code HTB-10/1040 was an E.H.T. consumer under Electrical Circle, Kottayam. A requisition for initiating Revenue Recovery action against the consumer has been submitted by this office to the District Collector, Kottayam on 21-4-1997 for realising sum of ₹ 3,03,36,512 due to non-remittance of Electricity surcharge from 2/1985 to 12/1995.

The Consumer again defaulted payment of Electricity charges and in such a situation the Service Connection was disconnected on 8-11-1999 and later dismantled and a second requisition for initiating

Revenue Recovery action for realising an amount of ₹ 17,92,68,711 has been submitted on 30-11-2001. However no amount has been recovered so far by the Revenue authorities towards electricity charges.

Meanwhile, the consumer filed a WP(C) No. 10396/09 before the Honourable High Court of Kerala, requesting to grant Stay Order against the Revenue Recovery action already initiated. Honourable High Court of Kerala vide Interim Order dated 6-4-2009 had directed that the Revenue Recovery Action may be kept in abeyance if the consumer remit an amount of ₹ 7 crore within one month from the date of Order. However no remittance has been made by the consumer in compliance of the said Order of Honourable High Court. The Legal Liaison Officer, K.S.E. Board, in his letter dated 29-8-2009 informed that the Interim Order of the Honourable High Court of Kerala dated 6-4-2009 is a Conditional Order of stay and if the condition is not complied with, the Board can proceed in accordance with law. Accordingly Revenue Recovery action has been intensified on 16-9-2009.

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As per the minutes of the meeting dated 4-12-2008 convened by the Honourable Minister for Industries for the purpose of examining the revival of the petitioner company, the Government had decided to cancel all the concessions granted to the firm as per G.O. dated 19-9-2005.

After that, the Principal Secretary to Government, Industries Department, vide letter No. 4254/J3/05/ID dated 1-6-2009 addressed to the Secretary, K.S.E. Board requested to withdraw all concessions granted to TECIL as per G.O. dated 19-9-2005 and to take immediate action to recover dues from the company.

Further as per the request of the District Collector, Kottayam dated 9-11-2009, a revised requisition for initiating Revenue Recovery action for realising an amount of Rs. 44,22,55,642 has been submitted on 19-1-2010 for both electricity surcharge and current charge arrears with interest.

The consumer has not remitted any amount towards arrears till date.

The actual arrear dues in respect of the consumer as on 31-7-2011 is furnished below:

Balance of supply surcharge (2/1985 to 12/1995)	₹ 1,78,08,348
CC arrear from 6/1998 to 4/2000 (including 6 months the MD charges)	₹ 11,35,47,658
Total Principal arrears	₹ 13,13,56,006
Penal interest @ 24% from 4/1997 to 31-5-2000	₹ 3,92,78,881
Less Cash Deposit available	(-) ₹ 76,93,500
Penal interest @ 24% from 1-6-2000 to 8-9-2006	₹ 19,78,76,128
Less encashment of B.G. on 8-9-2006	(-) ₹ 2,54,96,000
Penal interest @24% from 9-9-2006 to 31-10-2008	₹ 6,77,14,922
Penal interest @ 18% from 1-11-2008 to 31-7-2011	₹ 6,49,72,640
Total arrear as on 31-7-2011	₹ 46,80,09,077

(Rupees Forty six crore Eighty lakh Nine Thousand and Seventy seven only)

CHAPTER II

REPLY FURNISHED BY GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE WHICH HAS BEEN ACCEPTED BY THE COMMITTEE WITH REMARKS

Sl. No.	Para No.	Department concerned	Recommendation of the Committee	Action Taken by Government									
(1)	(2)	(3)	(4)	(5)									
2	79	Power	<p>The Committee learns that private hospitals with LT connection were being charged at lower tariff and that the loss to K.S.E.B. in the case of 103 private hospitals test checked by Audit was Rs. 2.43 crore for the period January 1997 to July 2000. The Committee pointed out that the concessions given to private hospitals, are not deserving since they are functioning with a profit motive and do not provide free treatment. Committee recommends that concession should be given only to the hospitals registered under</p>	<p>During the period of audit under consideration, the K.S.E.B. has been proposing the tariff for different categories consumers as per the provisions of Electricity (Supply) Act, 1948 (Sections 26, 49, 59 and 78A) policy directions of the State Government. Hospitals provide an essential service to the public at large. Considering their social service, hospitals cannot be treated as commercial and charged under LT-VII (A) Tariff.</p> <p>Private Hospitals registered under Cultural, Scientific and Charitable Societies Act and exempted from payment of income tax is charged under LT-VI (A) Tariff.</p> <p>Other Private Hospitals are being charged under LT-VI (B) Tariff. KSERC has also not changed the categorization till date. The details of the LT-VI(B) Tariff since the year 1997 is given below:</p> <p>LT-VI (B) Tariff</p> <table border="1"> <thead> <tr> <th>Tariff rev date</th> <th>Demand Charge (Rs./kw/month)</th> <th>Energy charge (Rs./unit)</th> </tr> </thead> <tbody> <tr> <td>29-1-1997</td> <td>20</td> <td>0 to 500 units Above 500 units</td> </tr> <tr> <td></td> <td></td> <td>1.75 2.30</td> </tr> </tbody> </table>	Tariff rev date	Demand Charge (Rs./kw/month)	Energy charge (Rs./unit)	29-1-1997	20	0 to 500 units Above 500 units			1.75 2.30
Tariff rev date	Demand Charge (Rs./kw/month)	Energy charge (Rs./unit)											
29-1-1997	20	0 to 500 units Above 500 units											
		1.75 2.30											

Co-operative Societies Act and all other hospitals including those registered under Cultural and Charitable Societies Act should be brought under commercial tariff structure.

14-5-1999	35	3.00	3.90
7-8-2001	45	3.75	4.90
24-10-2002	55	4.50	5.90
26-11-2007	55	4.50	5.90

However, the LT-VI(B) has been much higher than the prevailing LT-VI (D) tariff applicable to orphanages and other charitable institutions, however LT-VI(B) tariff is less than LT-VII(A) commercial tariff.

A comparison of the LT-VI(D) tariff and LT-VII(A) is detailed below:

LT-VI(D) Tariff

Tariff rev date	Fixed charge	Energy charge (Rs./unit)	
		0 to 500 units	Above 500 units
29-1-1997	Nil	0.60	0.70
14-5-1999		0.60	0.70
7-8-2001		0.60	0.70
24-10-2002	Nil	0.75	0.85
26-11-2007		0.85	0.85

(1) (2) (3) (4)

(5)

L.T-VII (A) Tariff

	1997	1999	2001	2002	2007
Fixed Charge (Rs./kVA/month)					
Single phase	14	25	30	50	50
Three phase	27	45	55	100	100
Energy charge (Rs./unit)					
Up to 100 units	2.80	4.50	5.60	5.65	5.45
Up to 200 units	3.10	5.00	6.25	6.25	6.05
Up to 300 units	3.40	5.55	6.90	6.95	6.75
Up to 500 units	3.70	6.00	7.50	7.50	7.30
Above 500 units	4.02	6.60	8.25	8.25	8.05

Considering the social service provided by the hospitals, it cannot be treated as a purely commercial institutions. Hence, audit may kindly drop its observation on charging private hospitals under L.T-VI (A) and VI (B) category.

Remarks of the Committee:

The Committee recommends the Board to formulate an action plan to recover maximum arrear in electricity charges due from various Government Departments, PSUs including KWA. As a measure to block the accumulation of arrears in electricity charges, an offer for One Time Settlement waiving the penal interest accrued on arrear may be given to defaulters so as to encourage them to settle their dues. Committee is of the view that the exgratia/compensation amount sanctioned in death/accident cases is inadequate. Therefore the Committee also recommends that a time bound hike should be made in the compensation amount sanctioned in death/accident cases.

CHAPTER III
GENERAL RECOMMENDATIONS

1. Immediate replacement of all the faulty electricity meters.
2. Review the present status of the steps taken in fixing tariff based on average power consumption.
3. Conduct detailed survey of large scale consumers including industrial and commercial institutions and based on this survey scientifically restructure the tariff rates based on power consumption.
4. To gear up the activities of APTSP so as to maintain a constant vigil against theft/pilferage of electricity.

Thiruvananthapuram,
11th December, 2014.

K. N. A. KHADER,
Chairman,
Committee on Public Undertakings.