



FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2016-2019)**

TWENTY THIRD REPORT
(Presented on 9th March, 2017)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2017

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PUBLIC UNDERTAKINGS
(2016-2019)**

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On

**Kerala State Electronics Development Corporation Limited
(Based on the Report of the Comptroller and
Auditor General of India for the
year ended 31 March, 2012)**

CONTENTS

	<i>Page</i>
Composition of the Committee	.. v
Introduction	.. vii
Report	.. 1
Appendix II :	
Notes furnished by Government on the Audit Paragraph	.. 4

COMMITTEE ON PUBLIC UNDERTAKINGS (2016-2019)
COMPOSITION OF THE COMMITTEE

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Shri C. Divakaran.

Members:

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Shri C. Krishnan

Shri S. Rajendran

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Shri Raju Abraham

Shri Sunny Joseph

Shri C. F. Thomas

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Legislature Secretariat:

Shri V. K. Babu Prakash, Secretary

Smt. P. K. Girija, Additional Secretary

Shri P. B. Suresh Kumar, Deputy Secretary

Smt. Deepa V., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2016-2019) having been authorised by the Committee to present the report on its behalf, present this Twenty Third Report on Kerala State Electronics Development Corporation Limited, based on the report of the Comptroller and Auditor General of India for the year ended 31st March, 2012 relating to the Public Sector Undertakings of the State of Kerala.

The report of the Comptroller and Auditor General of India for the year ended on 31st March, 2012 was laid on the Table of the House on 18-2-2013. The consideration of the audit paragraphs included in this report and the examination of the departmental witness in connection thereto were made by the Committee on Public Undertakings constituted for the years 2014-2016.

This report was considered and approved by the Committee ((2016-2019) at its meeting held on 2-3-2017.

The Committee places on record its appreciation for the assistance rendered by the Accountant General (Audit) Kerala, in the examination of the audit paragraphs included in this report.

The Committee wishes to express thanks to the officials of the Industries Department of the Government Secretariat and Kerala State Electronics Development Corporation Limited for placing the materials and information solicited in connection with the examination of the subject. The Committee also wishes to thank in particular the Secretaries to Government-Industries and Finance Departments-and the officials of Kerala State Electronics Development Corporation Limited who appeared for evidence and assisted the Committee by placing their views before it.

Thiruvananthapuram,
9th March, 2017.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

REPORT
ON
KERALA STATE ELECTRONICS DEVELOPMENT
CORPORATION LIMITED (KELTRON)

AUDIT PARAGRAPH: 4.6 (2011-2012)

Avoidable expenditure on penal charges

Failure of the Company in regularising the Unauthorised Additional Load and subsequent delay in conversion to HT connection resulted in avoidable penalty of ₹ 0.53 crore.

The Corporate Office of Kerala State Electronics Development Corporation Limited (Company) was having a LT connection from Kerala State Electricity Board (KSEB) with connected load of 16 KW for meeting its power requirements. The Company ventured (1999) into software field by setting up an Information Technology Business Group (ITBG) in the premises of its Corporate office. With the expansion in operations over the years, new buildings were constructed and new electrical equipments were installed which led to increased power requirement and consumption.

The Company without enhancing the connected load as per Rules* continued to draw power with the existing connected load. KSEB officials inspected (April 2009) the premises and detected Unauthorised Additional Load (UAL) to the extent of 189 KW and levied (April 2009) penalty of ₹ 14.16 lakh with direction to regularise the UAL. But the Company obtained the High Tension connection only

* As per clause 51 of the Kerala Electricity Board and Conditions of Supply, 2005, where a Low Tension (LT) consumer exceeds the connected load and/or resorts to UAL and if the connected load exceeds 100 KVA, the UAL shall be disconnected by the consumer within twenty four hours of detection by the Board's Officers or take action to regularize the UAL. If the consumer fails to disconnect or regularize the additional load, penalty shall be levied at a rate equal to twice the tariff applicable (Section 126 of Electricity Amendment Act, 2007) for the entire period of unauthorized usage and if the period cannot be determined for a period of 12 months immediately preceding the date of detection of UAL. The penalty for UAL shall be levied till the said UAL is either removed or regularized as per Rules.

in April 2012 and as such KSEB continued to levy penalty up to March 2012. The inaction of the Company to enhance the connected load commensurate with increase in business requirements or to regularize the UAL immediately on its detection resulted in avoidable expenditure of ₹ 0.53 crore (Annexure 35) towards penal charges during the period from April 2008 to March 2012.

The Government stated (November 2012) that the increase in connected electrical load came into notice only in 2009 when KSEB pointed out the usage of UAL and though action was initiated to set up substation it could be commissioned only in April 2012 due to various technical reasons and procedures involved.

The reply is not acceptable since the Company was bound to comply with the Rules and terms and conditions of KSEB and inaction of the Company for three years after detection of UAL in regularising the load resulted in penal charges of ₹ 0.53 crore.

[Audit Paragraph 4.6 contained in the report of the Comptroller and Auditor General of India for the year ended March 2012]

Notes furnished by Government on Audit Paragraph is given in Appendix II.

1. To a query regarding the audit para, the witness replied that the unauthorised additional load of power had been regularised by the commissioning of 11 KV sub stations within the premises of the Corporation. He added that the Company also appointed a qualified Energy Manager to avoid such incidents in future.

2. When the Committee directed to furnish the details of officers concerned, the witness replied that those officers had retired from service and the Company had already rectified the issues relating to penal charges.

3. The Committee has pointed out that the inaction on the part of the company in regularising the load for three years even after detection of UAL which resulted in a penal charge of 0.53 crore was absolutely unjustifiable. The Committee expresses its displeasure on the irresponsible attitude of the officers and also exhorts to take necessary action to make sure that such reckless activities shall not be repeated in future.

Conclusions / Recommendations

No Remarks.

Thiruvananthapuram,
9th March, 2017.

C. DIVAKARAN
Chairman,
Committee on Public Undertakings.

APPENDIX II

NOTES FURNISHED BY THE GOVERNMENT ON THE AUDIT PARAGRAPH

Sl. No.	Audit Para No.	Reply Furnished by Government
1	2	3
1	4.6	<p>Keltron House, was having only an LT connection from KSEB with connected load of 16 KW. Later on, the power consumption increased over a period, with the addition of computer systems, peripherals, air conditioners etc. However the increase in load went unnoticed as the load got added over a period of more than 15 years, until in 2009, KSEB pointed out the usage of Unauthorized Additional Load (UAL). Immediate action for installation of 11 KV substation was initiated for regularization of UAL. The substation was commissioned only in April 2012 and UAL regularized. The delay in commissioning of the 11 KV substation was due to the unexpected changes in installation plan and schedule insisted by KSEB and Electrical Inspectorate during the course of the work. Company has subsequently positioned a qualified Energy Manager to avoid such incidents in future. Since delay in substation commissioning for regularizing the UAL was not due to any lapse from the part of the company.</p> <p>Hence it is requested that the para may please dropped from the Report of the Comptroller and Auditor General of India for the year ended 31-03-2012 (Commercial) under the title 'Kerala State Electronics Development Corporation Ltd.-Avoidable expenditure on penal charges' since there has been no willful negligence on the part of the Company.</p>



**Kerala Legislature Secretariat
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