



**THIRTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2011-2014)**

**SECOND REPORT**

(Presented on 21st June, 2012)

SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2012

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**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2011-2014)**

**SECOND REPORT**

**On**

**Kerala State Electricity Board based on the Report of the Comptroller  
and Auditor General of India for the years ended 31-3-2005,  
31-3-2006 and 31-3-2008 (Commercial)**

826/2012.

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Smt. Lima Francis, Under Secretary.

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings 2011-2014 having been authorised by the Committee to present the Report on their behalf, present this Second Report on Kerala State Electricity Board based on the Reports of the Comptroller and Auditor General of India for the year ended 31st March 2005, 2006 and 2008 (Commercial) relating to the Government of Kerala.

The Reports of the Comptroller and Auditor General of India for the years ended 31-3-2005, 31-3-2006 and 31-3-2008, were laid on the Table of the House on 13-2-2006, 28-3-2007 and 23-6-2009. The consideration of the audit paragraphs included in this Report and the examination of the departmental witness in connection thereto was made by the Committee on Public Undertakings constituted for the years 2008-2011.

This Report was considered and approved by the Committee at the meeting held on 9-2-2012.

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

The Committee wish to express their thanks to the officials of the Power Department of the Secretariat and Kerala State Electricity Board for placing before them the materials and information they wanted in connection with the examination of the subject. They also wish to thank in particular the Secretaries to Government, Power and Finance Department and the officials of Kerala State Electricity Board who appeared for evidence and assisted the Committee by placing their considered views before the Committee.

Thiruvananthapuram,  
21st June, 2012.

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

## REPORT

### KERALA STATE ELECTRICITY BOARD

#### AUDIT PARAGRAPH

#### **Non-recovery of claims**

Indsil Electrosmelts Limited, Palakkad (IEL) an EHT consumer of the Board, was allowed (December 1994) to construct a 21 MW captive hydro electric power plant at Kuthungal in Idukki District. The construction of the project was in the final stages in August 2000.

IEL had been availing of the concessional rate of tariff for a period of five years from October 1994 based on the Industrial Policy of the State Government. This concession was further extended till 20th August, 2000 and IEL had to remit current charges at ruling tariff thereafter. The firm refused to remit the current charges at ruling tariff since August 2000 and approached the High Court contending that the captive project was completed in August 2000 and they could not draw power free of cost from the plant due to failure of the Board to construct allied transmission lines.

The Court issued (November 2000) directions to the Government to take immediate decision in the matter. The Government did not extend concessional tariff beyond 20th August, 2000. The Government, however, allowed IEL to remit the electricity charges initially at the concessional tariff up to February 2001 and the difference with reference to the ruling tariff in 48 monthly instalments commencing from March 2001. IEL declined to remit the dues of ₹ 14.27 crore (billed as per ruling tariff) pertaining to the period up to May 2001 and petitioned Government against charging of ruling tariff. Due to inaction on the part of Government to decide the issue, IEL again approached the Court and the Court again directed (August 2001) the Government to dispose of the petition within a period of three months. The Government should have taken a decision in the matter by December 2001. Although the arrears of current charges due to the Board involved a significant amount (₹ 14.27 crore), Government had not taken a decision in the matter so far (May 2005). The Board also did not take any follow-up action for obtaining a decision from Government in the matter even though the private consumer had been retaining huge funds of the Board.

Thus, the inaction on the part of the Government in taking a decision in respect of claims recoverable by the Board from a private consumer firm, even after Court directions, and failure of the Board to follow-up the matter with Government resulted in non-realisation of ₹ 14.27 crore and interest loss of ₹ 6.39 crore (at the rate of 12.5 per cent per annum) for the period from November 2001 to May 2005.

The matter was reported to Management/Government (June 2005); their replies have not been received (September 2005).

(Audit paragraph 4:13 contained in the Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March, 2005.)

(Notes on the Audit paragraph furnished by Government is given in Appendix II.)

1. The Committee sought explanation regarding the non recovery of claims amounting to ₹ 14.27 crore and interest thereon ₹ 6.39 crore despite the Court direction dated November 2000, to settle the dispute immediately. The Principal Secretary informed the Committee that four cases were pending in the court with Indsil Electrosmelts Limited and though the court had given directions to issue orders in respect of all these four cases, Government could issue orders only in respect of two cases.

2. The Board Chairman further explained to the Committee that in previous years a few projects had been given to private companies, ICL Palakkad being one among them. ICL had been entrusted to construct a 21 MW captive hydroelectric power plant at Kuthungal in Idukki District, the work of which was completed in August, 2000.

3. The witness admitted that there was a delay, of three months in providing allied transmission line from the stipulated time as per the agreement.

4. It was also admitted that due to the delay in constructing the transmission line, for which Indsil had already made payment, the company was deprived of the benefit they ought to have received on commissioning the project. This was the reason for filing case by the Indsil. The possibility of the Kerala State Electricity Board winning the case was remote, since there was obvious delay on the part of the Board in constructing the transmission line.

#### **Conclusions/Recommendations**

**5. The Committee observes that though Indsil Electrosmelts Limited had completed the construction of 21 MW captive hydro electric power plant at Kuthungal in August 2000, the K.S.E.B. failed to construct allied transmission lines within the stipulated time, as per the agreement. The Committee wants to know the reason for the delay of three months in providing the allied transmission line. The Committee also recommends that in future the Board should take steps to get works done within the stipulated time and as per the terms and conditions of agreement.**

**6. The Committee further observes that inordinate delay had occurred on the part of Government in settling the dispute between K.S.E.B. and**

**Indsil. Despite repeated direction from the High Court to Government to settle the dispute before December 2001, the Government did not take any decision till May 2005. Such an unpardonable delay on the part of the Government to settle a dispute involving a claim of ₹ 14.27 crore and interest thereon, had resulted in heavy loss to the Board. The Committee therefore recommends that if the dispute still remain unsettled, immediate steps should be taken to settle the dispute so that further delay in recovering the dues could be avoided. The Committee also desires to know the position of the two cases after their hearing held on 31-8-2010. A detailed report in this regard should be furnished to the Committee without delay.**

AUDIT PARAGRAPH

**Avoidable loss of interest**

In order to ensure payment of monthly current charges and for safe custody of installation in the premises, the consumers of the Board had to deposit amounts with the Board. In the case of Extra High Tension (EHT) consumers such security deposit was stipulated in clause 14(d) of the Condition of Supply of Electrical Energy as equal to two times the probable monthly current charges. The Board was also at liberty to enhance such deposit [Clause 14(d)] and to review every year the deposits at the credit of the consumers.

Based on the above, the Board issued (August 2000) orders stipulating payment of additional security deposit by its EHT consumers, 50 per cent in cash and the balance in the form of Bank Guarantee. As per orders (January 2002) the amount of security deposit was to be based on the average of 12 months' maximum demand charges and energy charges immediately preceding the month in which the additional security deposit was demanded.

A review of the collection and adequacy of such cash deposit of 50 per cent from 32 non-seasonal consumers\* was conducted in audit. It was noticed that due to absence of proper internal control, the Board did not raise demand for an aggregate amount of ₹ 2.17 crore due from two consumers (Binani Zinc Limited and Travancore Rayons) since March 2002. In the case of five EHT consumers, though the bills were raised the deposit amount aggregating ₹ 2.97 crore was collected after delays ranging between 19 and 30 months. Failure to raise the demand for the additional cash deposit of ₹ 2.17 crore resulted in avoidable payment of interest of ₹ 82.46 lakh for the period from March 2002 to April 2005 at the rate of 12 per cent per annum.

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\* Represents consumers who used power supply during all seasons of the year.



The matter was reported to the Board/Government in June 2005; their reply is awaited (September 2005).

(Audit Paragraph 4.15 contained in the Report of the comptroller and Auditor General of India for the year ended 31st March, 2005.)

(Notes on the Audit paragraph furnished by Government is given in Appendix II.)

7. The witness informed the Committee that the entire amount due from the Travancore Rayons had already been collected. Binani Zinc Ltd., which approached the court on a dispute related to tariff hike, had later paid their dues. It was also informed that all the other companies have already paid their dues including interest, though a delay had occurred due to confusion regarding the order dated January, 2002.

#### **Conclusion/Recommendation**

**8. The Committee recommends that the Board should evolve an effective internal control mechanism so that lapses like delay in raising demand from consumers and in collecting dues from them can be avoided.**

#### **AUDIT PARAGRAPH**

#### **Undue tariff concessions**

Under Section 46 of the Electricity (Supply) Act, 1948, the Board had been permitting licensees to distribute power to the General Public and separate Grid Tariff was being fixed for such licensees. Tata Tea Limited (TATA) was one such distributor licensee in the Munnar area. As per separate Grid Tariff orders issued (May 1999 and August 2001) as approved by the Government the 11 KV licensees/sanction holders who consume more than 50 per cent of the total energy themselves would not have the advantage of Grid Tariff. Normal HT-I industrial (HT I) rates would be applied in such cases for the entire consumption as well as the maximum demand.

The Board further modified (April 2003) the tariff classifying the licensees in two categories i.e. G1 and G2. The licensees consuming less than 50 per cent of total energy themselves fall under G1 category and others under G2 category. The G1 and G2 category licensees were allowed concession of 30 and 10 per cent respectively over the normal tariff applicable to HT-I consumers. This concessional rate was effective from October 2002.

Audit scrutiny revealed that TATA was a licensee having own consumption of energy above 50 per cent of that delivered by the Board and hence to be

charged at the then prevailing HT-I rate up to the introduction of separate Grid tariff rates in October 2002 and as per tariff applicable for G2 category with effect from October 2002. The Special Officer (Revenue) of the Board, however, ignored this fact and the licensee was billed at concessional grid tariff rates, reckoning own consumption of energy below 50 per cent for the period from September 1999 to November 2005. The actual billing amounted to ₹ 53.46 crore against the aggregate amount of ₹ 73.95 crore to be billed on the basis of HT-I tariff classification.

Thus, the failure of the Board to apply the correct tariff classification resulted in allowing undue tariff concessions amounting to ₹ 20.49 crore to a consumer.

The matter was reported to the Government/Board in May 2006, their reply is awaited (August 2006).

(Audit Paragraph 4.13 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2006.)

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

9. The Committee enquired the reason for allowing undue tariff concessions to Tata Tea Limited. It was explained that the Board had been permitting licensees to distribute power to the general public under Section 46 of the Electricity (Supply) Act, 1948. In Munnar area Tata Tea Limited, one such distributor, served about 15528 consumers by distributing power to its tea factories, workers and other consumers and also for street lighting. On splitting their power consumption, their own consumption was found to be 47.17%. This 47.17% was inclusive of 1174 LT consumers, 37.98% as LT internal consumption for 22 factories, 3.04% as HT commercial consumption and 1.97% for establishments. The witness reiterated that Tata's consumption was below 50% of the total supply. The witness further submitted that KSEB supplied power to many other consumers who are situated in that area by free wheeling through the network of the TATA. Pointing out that the KSEB did not make any payment to TATA for the service they provided and that on scrutinising records of 2003-2004, the TATA was found to have used for their own consumption only 47.17% of the total energy, the witness justified that the Tata has not been granted any undeserving concession.

10. The Committee invited attention to the remark in the report of the Assistant Engineer, KSEB that the TATA consumed more than 50% of total energy for their own use and further asked to explain the reason for the

contradiction in the report of AE and the evidence given by the witness. The witness's reply was that the AE has prepared the report without conducting a deep study on the matter. The witness proceeded to clarify that the TATA had been utilising more energy during peak production season for processing tea, while in the remaining period their own consumption was very low. The Committee was informed that the average of their overall consumption has not crossed the benchmark of 50%.

11. The witness informed that no decision had been taken on installation of industrial meter. The witness further disclosed that an accurate measurement had not been taken the peak power consumption by TATA was always during the 3 months in the rainy season for the purpose of drying the leaves and in the remaining period the factories do not work so much. When the Committee suggested the need for a separate meter to measure their consumption the witness replied that considering TATA to be a geographical supplier rather than a licensee and such a system has not been adopted so far. The witness further informed that the classification of licensees into G1 and G2 categories had been discontinued, the witness added.

#### **Conclusions/Recommendations**

12. **There is no data seen available with KSEB on the actual quantum of power consumption by TATA. It is surprising to note that no meter had been installed to measure the consumption of power for own use by TATA, a licensee who distributed power to the public also. The Committee therefore recommends that the Board should take action to measure separately the power consumed by such licensees. So that their eligibility for separate Grid Tariff can be ascertained properly. The action taken in this regard should be intimated to the Committee.**

13. **The Committee takes note of the fact that an Assistant Engineer of KSEB had reported that TATA consumed more than 50% of total power for their own use. But the justification of the Board, that the reply of Assistant Engineer was made without a detailed study on the matter shows how the Board Authorities are indifferent, inactive and inefficient in respect of Board's, routine affairs like classifying the licensees according to the power consumption. Such irresponsible reporting by officials of the Board cannot be accepted by the Committee. The Committee would like to be intimated whether any departmental action had been initiated against the AE for misreporting the facts and if not the reasons thereon. The Committee directs that such reporting without proper study and understanding of issues should not be repeated in future and such officials should be given appropriate punishment.**

## AUDIT PARAGRAPH

**Undue benefit**

As a part of the Government decision (December 1989) to allow private captive hydel generation of power, the Board entered into (December 1994) an agreement with Indsil Electrosmelts Limited (IEL), a private entrepreneur, for the generation of power at Kuthungal Hydro Project in Idukki District. The project was commissioned by IEL in June 2001. The monthly energy generated from the project and fed into the Board's grid was to be metered and the Board had to deliver this energy less 12 per cent towards wheeling charges and transmission and distribution loss, free of cost to IEL and its nominated associate. By virtue of the contribution of the power into the Board's grid, the Board should grant relief in maximum demand to IEL as per the prescribed formula under clause 14(a) of the agreement.

As per the formula the relief had to be worked out by taking 30 days as base for all the months and the number of days to be reckoned for granting relief should not include the days on which generation of power could not be made by IEL due to unavoidable reasons. Further, if there was no generation continuously for a period exceeding 15 days, no relief in maximum demand should be granted.

It was noticed in audit that IEL had not generated power continuously for 27 days each in March and April 2005 and the actual production was for four days and three days respectively. The Special Officer (Revenue) of the Board, however, deviated from the above contractual provisions relating to continuous non-generation for a period exceeding 15 days and extended ineligible maximum demand relief for 5368 and 5355 KVA respectively during these months. The undue benefit extended to IEL on this account worked out to ₹ 27.88 lakh.

It was further noticed that relief was extended to the generating Company on maximum demand of 0.32 lakh KVA due to reckoning the maximum number of days in the month as actual generating days instead of 30 days prescribed as base in the formula included under the agreement. The excessive relief granted on account of this for non-generating days at ₹ 260 per KVA (as per latest tariff revision of October 2002) for the period from December 2002 to June 2005 worked out to ₹ 83.90 lakh.

Thus, granting of rebate in contravention of the provisions of the agreement and in violation of the formula prescribed for maximum demand relief resulted in extending of undue benefit of ₹ 1.12 crore to a private party.

The matter was reported to the Government/Board in May 2006, their reply is awaited (August 2006).

(Audit Report 4.14 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2006.)

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

14. The witness informed that there were 14 cases on various issues filed by M/s Indsil against the Board, which were pending in the court. The dispute under discussion was the excessive relief offered to Indsil as per the agreement in connection with the commissioning of Kuthungal Hydal Project. The witness informed that the ineligible rebate granted in contravention to the provisions of the agreement and in violation of the said formula has been fully realised from the Company. The Company had challenged this move of the Board in the Honourable High Court and the case was under pending adjudication of the court.

#### **Conclusion/Recommendation**

**15. The Committee wants to be informed of the latest position of the case filed before the court by Indsil on the issue.**

AUDIT PARAGRAPH

#### **Loss of revenue**

The Board has been collecting electricity charges from its consumers as per tariff notification issued from time to time. As per the tariff revision orders (October 2002), the tariff applicable to commercial establishments and business houses shall be High Tension (HT-IV) Commercial.

In the above tariff orders Airports which were undertaking commercial activities were, however, classified under High Tension-II (HT-II) tariff applicable to non-industrial/non-commercial category. Being commercial organisations airports should have been billed under High Tension-IV (HT-IV) Commercial, a tariff higher than HT-II. As per the tariff revision orders (October 2002) issued by the Board, the monthly contract demand charge and the unit energy charge for HT-IV consumers was ₹ 350 per KVA and ₹ 3.20 respectively as against ₹ 300 and ₹ 3 respectively under HT-II. The short billing in respect of the three airports in Kerala at Thiruvananthapuram, Kochi and Kozhikode, due to wrong classification under lower tariff during the period from October 2002 to June 2006 worked out to ₹ 95 lakh, ₹ 97.37 lakh and ₹ 37.78 lakh respectively.

Thus, the wrong classification of airports as non-industrial/non-commercial under HT-II category instead of as commercial consumer under HT-IV, resulted in loss of revenue of ₹ 2.30 crore to the Board for the period October 2002 to June 2006.

The matter was reported to the Board/Government in October 2006, their replies are awaited (October 2006).

(Audit paragraph 4.17 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2006.)

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

16. The witness informed that the Board had treated even Kochin Airport as a Government institution and hence classified all the 3 airports under non-industrial/non-commercial HT-II category. However as per the decision of Kerala State Electricity Regulatory Commission on 1-12-2007, airports have been categorised under HT-IV commercial tariff and now this single rate of tariff is applicable to all airports.

#### **Conclusion/Recommendation**

##### **17. No Comments.**

AUDIT PARAGRAPH

#### **Short realisation of revenue**

As per the general tariff revision notified (May 1999) by the Board and applicable from May 1999, High Tension consumers falling under the category of cold storage and freezing units were classified under 'HT-IV—commercial'. The tariff prescribed for such consumers consisted of demand charges at the rate of ₹ 230/KVA per month plus energy charges of 215 paise per unit. The tariff was revised (August 2001) to ₹ 290/KVA and 265 paise per unit and further (October 2002) to ₹ 350/KVA and 320 paise per unit respectively.

Audit noticed that Royal Overseas Private Limited (ROL), Aroor and Euro Marine Products Limited (EMP) Puthenthope (HT Consumers) were engaged in processing/cold storage of marine products and accordingly should have been assessed under 'HT-IV—Commercial'. The Board, however, while issuing the invoices for the period from May 1999 onwards to ROL omitted to apply the HT-IV commercial tariffs and the billing was done on the basis of the HT-I Industrial tariff. In respect of EMP, even though the billing was initially made (May 1999) under HT-IV commercial, it was changed (September 1999) to HT-I category as the consumer complained against the changes and excess billed under HT-IV was adjusted against subsequent bills. The billing was later (April 2005) recommenced under HT-IV from EMP. Due to short billing arising from incorrect application of tariff, there was under realisation of revenue aggregating ₹ 16.08 lakh (ROL ₹ 5.27 lakh and EMP ₹ 10.81 lakh.)

Thus the omission on the part of the Special Officer (Revenue) in applying the correct revised tariff in accessing the energy consumption of two HT consumers resulted in short realisation of revenue of ₹ 16.08 lakh.

The Government stated (June 2006) that tariff of the consumers had been changed to HT-IV and revised bills were under issue.

The Board further issued (May 2006) bills for ₹ 16.24 lakh (EMP— ₹ 10.20 lakh and ROL—₹ 6.04 lakh). ROL has filed writ petition in the Honourable Court and based on court orders ₹ 1 lakh has been remitted. EMP has not remitted the amount (September 2006).

(Audit paragraph 4.22 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2006.)

(Notes on the Audit paragraph furnished by Government is given in Appendix II.)

18. The witness informed that Royal Overseas Private Limited (ROL) which was still functioning had already remitted the full amount including interest, while the amount due from Euro Marine Products Ltd., which had been declared a sick unit, was not realised as the case in this regard was still pending before the Honourable High Court of Kerala

#### **Conclusion/Recommendation**

**19. The Committee desires to know the latest position of the case in respect of the Euro Marine Products Ltd., filed before the Honourable High Court challenging the claim of the Board. The Committee also wants to know if the amount due to KSEB from EMP had since been realised.**

AUDIT PARAGRAPH

#### **Undue benefit to TATA Tea Limited**

TATA Tea Limited (TTL), a distribution licensee, executed (January 1990) an agreement with the Board for distribution of electricity in Munnar area at the grid tariff rate fixed by the Board. The agreement was for a period of five years and thereafter would be in force until terminated by either party with three month's notice. As per clause 8(a) of the agreement the licensee had to make payment for power and energy supplied, within 15 days, failing which penal interest at the rate of 18 per cent per annum had to be paid on arrears due to the Board.

Audit observed that accumulated dues from TTL for the period up to November 2005 were ₹ 6.11 crore and the interest due thereon at 18 per cent

was ₹ 1.84 crore. The Board held discussions with TTL and it was decided (November 2005) to reduce the penal interest from 18 per cent to 12 per cent as a package of one time settlement for payment of dues within 15 days from the date of communication of dues. The Board issued invoice on 3rd May, 2006 for arrears and TTL remitted the amount in full including interest on 17th May, 2006. The undue favour, thus, extended to TTL by way of reduction in penal interest was to the tune of ₹ 61.32 lakh.

Since there was specific provision in the license agreement for payment of penal interest at 18 per cent per annum on arrears due and the amount collected by the TTL from consumers by way of current charges was also being retained by them, there was no justification for the Board to allow the undue concession of reduction in rate of penal interest to 12 per cent. This was also not justifiable when the Board itself was paying interest ranging from 6.5 per cent to 17 per cent on loans taken from banks/financial institutions. Thus the decision of the Board to allow reduction in penal interest outside the scope of the licensing agreement resulted in undue benefit of ₹ 61.32 lakh to a private licensee.

The matter was reported to Government/Management in March 2008, their reply was awaited (August 2008).

(Audit paragraph 4.9 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2008.)

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

20. The witness informed that as part of one time settlement, Board had realized by negotiating the long pending arrear by charging low interest rate from TATA. This was as per the instruction from KSERC to realize long pending arrears from defaulters of electricity charge by giving possible concessions.

#### **Conclusions/Recommendations**

**21. The action of KSEB in allowing undue concession to private licensees like TATA Tea Ltd., beyond the scope of the licensing agreement and considerable reduction of penal interest is, viewed by the Committee as sheer favoritism resulted in the loss to Board's exchequer.**

**When the Board pays a sufficiently high rate of interest on loans taken by it, granting of such concessions amount to misuse of money which is unwarranted under any circumstances. The Committee cannot but see this**



**as an unjustifiable relaxation given to TTL, when TTL had retained the current charges collected by it from consumers. Such concessions would send wrong signals to private licensees to retain huge amounts due to KSEB. Hence hereafter timely measures should be taken to collect the amounts due to Board which is retained by private parties and no undue concessions should be granted in such cases.**

Thiruvananthapuram,  
21st June, 2012.

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

## APPENDIX I

## SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusions/Recommendations</i>
(1)	(2)	(3)	(4)
1	5	Power	The Committee observes that though Indsil Electrosmelts Limited had completed the construction of 21 MW captive hydro electric power plant at Kuthungal in August 2000, the KSEB failed to construct allied transmission lines within the stipulated time, as per the agreement. The Committee wants to know the reason for the delay of three months in providing the allied transmission line. The Committee also recommends that in future the Board should take steps to get works done within the stipulated time and as per the terms and conditions of agreement.
2	6	„	The Committee further observes that inordinate delay had occurred on the part of Government in settling the dispute between KSEB and Indsil. Despite repeated direction from the High Court to Government to settle the dispute before December 2001, the Government did not take any decision till May 2005. Such an unpardonable delay on the part of the Government to settle a dispute involving a claim of ₹ 14.27 crore and interest thereon, had resulted in heavy loss to the Board. The Committee therefore recommends that if the dispute still remain unsettled, immediate steps should be taken to settle the dispute so that further delay in recovering the dues could be avoided. The Committee also desires to know the position of the two cases after their hearing held on 31-8-2010. A detailed report in this regard should be furnished to the Committee without delay.

(1)	(2)	(3)	(4)
3	8	Power	The Committee recommends that the Board should evolve an effective internal control mechanism so that lapse like delay in raising demand from consumers and in collecting dues from them can be avoided.
4	12	„	There is no data seen available with KSEB on the actual quantum of power consumption by TATA. It is surprising to note that no meter had been installed to measure the consumption of power for own use by TATA, a licensee who distributed power to the public also. The committee therefore recommends that the Board should take action to measure separately the power consumed by such licensees. So that their eligibility for separate grid tariff can be ascertained. The action taken in this regard should be intimated to the committee.
5	13	„	The committee takes note of the fact that an Assistant Engineer of KSEB had reported that TATA consumed more than 50% of total power for their own use. But the justification of the Board, that the reply of Assistant Engineer was made without a detailed study on the matter shows how the board authorities are indifferent, inactive and inefficient towards boards, routine affairs like classifying the licensees according to the power consumption. Such irresponsible reporting by officials of the board cannot be accepted by the committee. The committee would like to be intimated whether any departmental action had been initiated against the AE for misreporting the facts and if not, the reason thereon. The committee directs that such reporting without proper study and understanding of issues should not be repeated in future and such officials should be given appropriate punishment.
6	15	„	The committee wants to be informed of the outcome of the case filed before the court by Indsil on the issue.
7	17	„	No comments.

(1)	(2)	(3)	(4)
8	19	Power	The Committee desires to know the present position of the case in respect of the Euro Marine Products Ltd., filed before the Honourable High Court challenging the claim of the Board. The committee also wants to know if the amount due to KSEB from EMP had since been realised.
9	21	,,	The action of KSEB in allowing undue concession to private licensees like TATA Tea Ltd., beyond the scope of the licensing agreement and considerable reduction of penal interest is, viewed by the Committee, as sheer favoritism resulted in the loss to Board's exchequer. When the board pays a sufficiently high rate of interest on loans taken by it, granting of such concessions amount to misuse of money which is unwarranted under any circumstances. The committee cannot but see this as an unjustifiable relaxation given to TTL, especially when TTL had retained the current charges collected by it from consumers. Such concessions would send wrong signals to private licensees to retain huge amounts due to KSEB. Hence hereafter timely measures should be taken to collect the amounts due to board which is retained by private parties and no undue concessions should be granted in such cases.