

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

THIRTEENTH ANNUAL REPORT

FY 2019– 2020

(As mandated under Section 105 of the Electricity Act 2003)



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ANNUAL REPORT
Financial Year 2019-20

1. INTRODUCTION

The Meghalaya State Electricity Regulatory Commission which was notified by the Government of Meghalaya under the provisions of Section 82 of the Electricity Act 2003 on 26th March 2004 became functional on 6th of June, 2006 on which date the first Chairperson, assumed charge.

Since the time it was set up, the Commission has always endeavoured to set up a fair, transparent and objective electricity regulatory process in the state of Meghalaya. As mandated by law, the Twelfth Annual Report relating to the financial year 2018-19 was placed on the Table of the Meghalaya Legislative Assembly in March 2020. This is the Thirteenth Annual Report prepared by the Commission and it relates to the financial year 2019-20.

2. THE COMMISSION

- (a) The Commission was constituted under the provision of the Electricity Act 2003, and is a quasi-judicial body having perpetual succession and common seal with power to acquire, hold and dispose of property both movable and immovable.

Initially, beginning 6th June 2006 this Commission was a one member Commission. In recognition of the need for multi-disciplinary approach while addressing issues related to independent regulation. The law prescribes that the chairman shall be person of ability, integrity and standing who has adequate knowledge of, and who shown capacity in dealing with problems relating to engineering, finance commerce, economics, law or management. The Chairman is appointed by the Government of Meghalaya from a panel recommended by Selection Committee constituted as prescribed under the statute. The statute also provides for the appointment of a Secretary to the Commission whose powers and duties are defined by the Commission.

- (b) Notification No. POWER-110/97/Pt.II/125 dated the 5th November, 2018, in partial modification to this Department's notification PE.110/97/580, dated 26.03.2004, the Governor of Meghalaya is pleased to change the Meghalaya State Electricity Regulatory Commission (MSERC) into a Two Member Commission, with one member being person of law with requisite qualification prescribed.

3. MISSION OF THE COMMISSION

The mission of the Commission is to:

- 3.1. Promote reforms in the electricity sector;
- 3.2. Encourage transparency, competition and economy;

3.3. Regulate the power purchase and procurement process of the distribution utilities.

3.4. Secure the legitimate interests of all stakeholders including the consumers.

4. FUNCTIONS OF THE COMMISSION

The Commission is vested with the responsibility of discharging the following statutory functions:

- 4.1. determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be within the State;
- 4.2. regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- 4.3. facilitate intra-State transmission and wheeling of electricity;
- 4.4. issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- 4.5. promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of distribution licensee;
- 4.6. adjudicate upon the disputes between the licensees and generating companies and to refer disputes for arbitration where considered appropriate;
- 4.7. levy fee for the purposes of the Electricity Act, 2003;
- 4.8. specify the State Grid Code;
- 4.9. specify or enforce standards with respect to quality, continuity and reliability of service by licensee;
- 4.10. fix the trading margin in the inter-State trading of electricity, if considered necessary;
- 4.11. discharge such other functions as may be assigned to it under the Electricity Act, 2003, as amended from time to time;
- 4.12. advise the State Government on all or any of the following matters, namely:-
 - 4.12.1. Promotion of competition, efficiency, and economy in the activities of the electricity industry,
 - 4.12.2. Promotion of investment in electricity industry,
 - 4.12.3. Reorganisation and restructuring of the electricity industry in the State including, more particularly, matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by the State Government.

4.13. The State Commission shall ensure transparency while exercising its powers and discharging its functions.

4.14. In discharge of its functions the State Commission shall be guided by the National Electricity Policy, National Electricity Plan and Tariff Policy issued under Section 3 of the Act.

5. CHAIRPERSON

The present Chairperson of the Commission is Shri. P W Ingty, IAS (Retd), who tookcharge of the office on the 25th September 2019.

6. MEMBER

Shri. Roland Keishing, retired District Session Judge from Manipur joined the MSERC, Shillong as Member on 27 September, 2019. Notification No. POWER-110/97/Pt.II/125 dated the 5th November, 2018, in partial modification to this Department's notification PE.110/97/580, dated 26.03.2004, the Governor of Meghalaya is pleased to change the Meghalaya State Electricity Regulatory Commission (MSERC) into a Two Member Commission, with one member be person of law with requisite qualification.

7. CONSULTATIVE BODIES

The Chairman of the Commission is a member of the Forum of Regulators (FOR), a statutory body established in accordance with the provisions of sub-section 2 of section 166 of the Electricity Act, 2003.

During the period under review several meetings of the Forum and its sub-committees were held. These meetings helped in coordinating and aligning regulatory matters, policies and practices followed by different States.

The Chairman is also a member of the Forum of Indian Regulators (FOIR). This is a registered society which predates the Forum of Regulators. The membership of this body is not confined only to regulators in the Power sector but to other sectors also. Several members of this forum have a wealth of experience of regulatory processes and procedures and the deliberations provide an opportunity for wide ranging in-depth examination of technical, legal and implementation issues.

8. HUMAN RESOURCE.

Under the Electricity Act 2003, the Secretary of the Commission assists the Chairperson in all statutory matters and in personnel, administration, account and finance. Besides full time employees, the Commission has been utilising the need based services of consultants in the disciplines of law, finance and electrical engineering.

9. OFFICE ACCOMODATION

State Government had allotted one wing of the 1st floor of the New Administrative Building at Lower Lachumiere, Shillong, and the Commission has been functioning from the above premises since December, 2007.

10. LAN& WEBSITE:

The computers in the Commission's office are connected through networking to local area network (LAN). The system is useful for access of any information. The commission has its own website, www.mserc.gov.in, which is regularly maintained and updated. The website is used for publicising hearing schedules, news, updated, tariff related issues, meetings, inviting comments on concept papers, regulations, petitions, tenders, job vacancies, etc. It also provides information on the Consumer Grievances Redressal Forum and Ombudsman and guides the consumer for redressal of their grievances. Further information such as notified Regulations, Orders and Reports are also available and can be downloaded from the website.

11. REGULATIONS

During the FY 2019-20the Commission has published the following regulations:-

- 11.1. The Meghalaya State Electricity Regulatory Commission (Intra-State Essential Reliability Services Operations) Regulations, 2020.

12. ORDERS

The Commission has issued under mentioned orders during the period of report:-

- 12.1 MSERC Case No.1 /2020 : Approval of Final Capital Cost for (2x20=40 MW) New Umtru Hydel Electricity Project & Determination of Aggregate Revenue Requirement and Tariff for FY 2017-18 to FY 2020-21 for Meghalaya Power Generation Corporation Limited (MePGCL).
- 12.2 MSERC Case No. 2/2020 Aggregate Revenue Requirement & Generation Tariff for FY 2020-21 for Meghalaya Power Generation Corporation Limited.
- 12.3 MSERC Case No. 3/2020 Aggregate Revenue Requirement & Transmission Tariff for FY 2020-21 for Meghalaya Power Transmission Corporation Limited.
- 12.4 MSERC Case No. 4/2020 Aggregate Revenue Requirement & Distribution Tariff for FY 2020-21 for Meghalaya Power Distribution Corporation Limited.

13. STATE ADVISORY COMMITTEE

In exercise of the powers conferred under section 87 of the Electricity Act, 2003, the Commission, under a notification dated 5th February 2007, had first constituted the Meghalaya State Electricity Advisory Committee to advise the Commission on questions of policy, protection of interest of consumers, and other matters relating to supply and distribution of electricity in the State. This Committee has been reconstituted by the Commission from time to time, with the present Committee constituted on 22nd January, 2020 with the following members:

- Chairman
Ex-officio** 1 : The Chairman, Meghalaya State Electricity Regulatory Commission, Shillong
- Member
Ex- Officio** 2 : The Member (Law) Meghalaya State Electricity Regulatory Commission, Shillong.
- Ex-Officio
Member** 3 : The Principal Secretary/Commissioner and Secretary Food, Civil Supplies and Consumer Affairs, Government of Meghalaya
- Members** 4 : Dr. Anoop Singh, Coordinator, Centre for Energy Regulation (CER)
Associate Prof., Department of Industrial and Management Engineering, Indian Institute of Technology Kanpur, Kanpur – 208016.
- 5 : Chief Engineer, PHE, Government of Meghalaya, Lower Lachumiere, Shillong – 793001
- 6 : Chief Engineer (PWD), Building.
- 7 : CEO, Shillong Municipality, Shillong – 793001, Mobile: 9436115861
- 8 : Shri. E N Marak, MCS (Retd) Matchakolgre, New Tura Araimile West Garo Hills, Tura – 794101. Mobile: 9436103643
- 9 : Director Commerce & Industries, Shillong, Meghalaya.
- 10 : Dr. (Mrs) M.P.R. Lyngdoh, (Retd), Principal, Shillong College, Shillong – 793003
- 11 : Shri. Shyam Sunder Agrawal, CMD (Pioneer Carbide Pvt Ltd.), Byrnihat, Ri-Bhoi district, Meghalaya. Mobile: 7002162868
Email: pioneercarbide@gmail.com.
- 12 : Shri. Ramesh Bawri, President Confederation of Industries, Meghalaya, Bawri Mansion, Dhanketti
- 13 : Chairman/ Former Chairman, The Institution of Engineers (India), Meghalaya Centre, Barik Point, Lower Lachumiere, Shillong – 793001. Phone: 03642503203 Email: iemeghalaya@gmail.com
- 14 : Director (E&M) HQ, Shillong Zone, SE Falls, Shillong-793011, Phone: 03642534847

15 : Director(BD), 4 th Floor, TDI Centre, Jasela, IEX,
New Delhi – 110025. Email ID:
rajesh.medirata@iexindia.com.

16 : GM (Commercial) NEEPCO, Demseiniong
Shillong- 793003

Convenor 17 : Secretary, MSERC, Shillong.

The reconstituted Committee will function with effect from 1st February 2020 to 31st January, 2022.

The objective of the State Advisory Committee shall be to advice the Commission on:

- a. Major Questions of Policy
- b. Matters relating to quality, continuity and extent of service provided by the licensees.
- c. Compliance by the licensees with the conditions and requirements of their license.
- d. Protection of consumer interests
- e. Electricity supply and overall standards of performance by the Utilities
- f. Matter which the Commission may refer specifically.

It may be noted that the State Advisory Committee has a significant role in guiding the Commission on question of policy, protection of interest of consumers and other matters relating to supply of distribution of electricity in the State.

14. CONSUMER GRIEVANCE REDRESSAL FORUM

The MeECL constituted the Consumer Grievances Redressal Forum with Headquarter at MeECL corporate office, Lumjingshai on approval received from Meghalaya State Electricity Regulatory Commission with the following members:

- | | | |
|--|---|-------------|
| (i) Shri E P Kharbih, IAS (Retd) | - | Chairperson |
| (ii) Shri. J.L.Rumjang
Chief Engineer (Retd), MeECL | - | Member |
| (iii) S.K. Lato, Industrialist | - | Member |

A. Powers and function of the Forum:

- (i) The Forum shall examine and consider all complaints that it receives and pass orders for the corporation to remedy the fault or defect within such time as it may decide.
- (ii) In exercising its function the Forum shall have powers to call for information from the Corporation or any other person concerned and to hear him.
- (iii) In dealing with any matter, the Forum may engage or consult a person having special knowledge or skill in the field.

- (iv) A complaint shall be disposed of within a maximum period of fifteen days from the date of receipt and the complainant consumer and the Corporation shall be informed of the decision taken.

B. Under the said Regulations, the grievances may relate to:-

- (i) Voltage fluctuation.
- (ii) Erratic supply of Electricity.
- (iii) Defective billing.
- (iv) Defective meters.
- (v) Defective street lights.
- (vi) Default in attending to routine complaints.
- (vii) Any other fault or defect which the licensee is duty bound to attend and rectify.
- (viii) Not giving or delay in giving electricity connection to an applicant.

It may be mentioned that the Hon'ble Appellate Tribunal on Electricity (APTEL) has directed that, "all the State Commissions/ Joint Commissions and Licensees shall send quarterly written status report regarding the functioning and performance in the approved format (complaints received/adjudicated or settled) to the Secretary, Forum of Regulators who will comply and post the said information online. He would also file a status report in this Tribunal once in 03 months in the Format already approved through our order dated 15th April, 2010."

The monthly status is being conveyed by the MSERC to the Secretary FOR in the said Format by 15th of the first month beginning next quarter, so that APTEL can be apprised of accordingly.

15. OMBUDSMAN

Powers and function

- (i) If the licensee fails or neglects to remove or set right the fault or defect complained of by the consumer or if the Forum neglects or is otherwise unable to deal with the complaint made to it the aggrieved consumer may, within ten days from the last day of the time set for under sub-regulation (1) of regulation 6 or from the date of seeking redress from the Forum under sub-regulation (1) of regulation 4, as the case may be, make a representation to the Ombudsman for redresses of the grievance.
- (ii) On receiving a representation, the Ombudsman shall after due examination and consideration settle the grievance of the consumer.
- (iii) In exercising its function the Ombudsman shall have the powers to call for reply, information date, records and other related documents from the licensee or from any other person who may be concerned with and to hear them.

- (iv) The Ombudsman may, if necessary, engage or consult a person having special knowledge or experience in the matter under consideration for this opinion or advice.
- (v) Notwithstanding anything contained in his regulation the Ombudsman may *suo-moto* take up any matter which is a subject of general grievance by consumers relating to supply of electricity in any area in the State.

In exercise of the power under section (2) of section 181 read with sub – section (5) and (7) of section 42 of the Electricity Act 2003 and the regulations framed there-under, the Meghalaya State Electricity Regulatory Commission appoints the Ombudsman during the period. Shri S.J. Laloo is the Electricity Ombudsman.

In this regard, it may also be mentioned that the Hon'ble APTEL has directed that, "all the State Commissions/ joint Commissions and Licensees shall send quarterly written status report regarding the functioning and performance in the approved format (complaints received/adjudicated or settled) to the Secretary, Forum of Regulators who will comply and post the said information online. He would also file a status report in this Tribunal once in three months in the Format already approved through our order dated 15th April, 2010."

The monthly status is being conveyed by the SERC's to the Secretary FOR in the said Format by 15th of each specified month so that APTEL can be apprised of the position.

16. FINANCIAL RESOURCES

Section 103 of the Electricity Act, 2003 provides for the creation of a State Electricity Regulatory Commission Fund. Section 102 of the Act provides for grants and loans to be extended to the Commission by the State Government. In addition any revenue arising out of collection of fees by the Commission is also to be credited to this fund. Against this background the situation for the period under review is as follows:-

16.1. This Commission has not received grants-in-aid from State government for 2019-20. In terms of fees, the Commission has so far received Rs.35,65,000 from the MeECL& others for the tariff applications/petitions filed by them during the period.

17. REGULATORY PROCEDURES

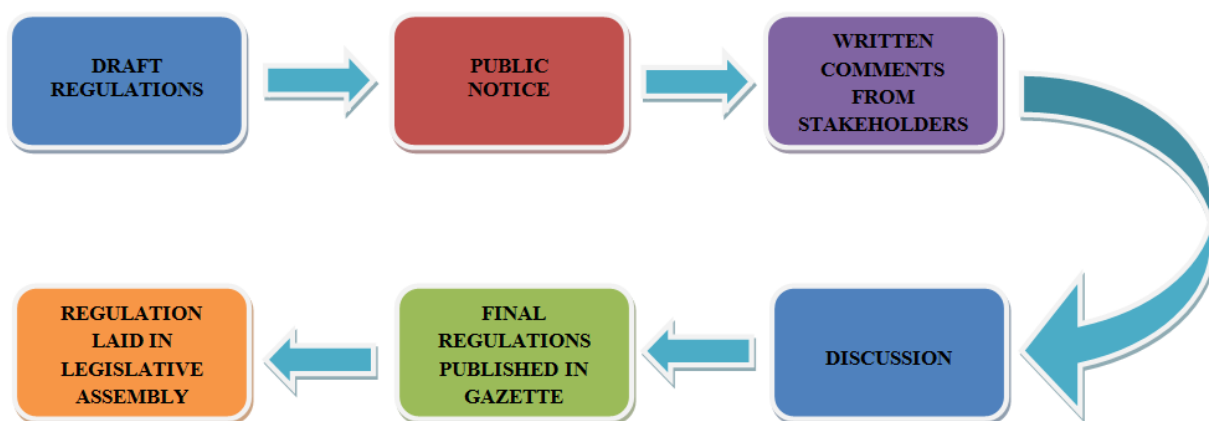
The Commission in discharging its functions under the provisions of the Electricity Act, 2003, undertakes the following:

- a. Notifies Regulations
- b. Issues order on petitions relating to
 - i. Determination of different tariff of electricity.
 - ii. Grant of license
 - iii. Review and miscellaneous petitions.

18. PROCEDURE FOR REGULATIONS

The Commission follows a detailed and transparent process before issuing a Regulation. To start with a draft regulation is developed on the issue on which it is proposed to be made.

The draft regulation is then given wide publicity through electronic and print media inviting comments and suggestions from stakeholders. On receipt of the comments, the issues are discussed threadbare. As per the requirement of the Act, the drafts Regulations then undergo the process of 'Previous Publication'. This implies that the draft Regulations are published for comments from the stakeholders. It is only after receipt and consideration of the comments that the Regulations are finally published / notified in the Gazette of Meghalaya.



19. PROCEDURE FOR ORDERS ON PETITIONS

Petitions/Applications are made before the Commission primarily for

- (i) Retail Tariff determination
- (ii) Tariff determination for generation and transmission;
- (iii) Grant of license for intra-state trading in electricity.

Apart from the above, the following petitions/applications can also be filed before the Commission:-

- (i) Miscellaneous Petition
- (ii) Review Petition

The applicant files petitions before the Commission along with prescribed fee. The applicants are also required to publish a summary of their application on their website and gives notice in newspapers inviting objections and suggestions from the public. Thereafter, public hearings are held where the petitioners and the respondents argue their case before the Commission. The Commission passes final orders on the petition after hearing all concerned. The petitioners and the respondents are allowed under the

law to file for review before the Commission or appeal against the orders of the Commission before the Appellate Tribunal for Electricity within a specified period.

20. PROCESS AND PRINCIPLES OF TARIFF DETERMINATION

Prior to the creation of the Commission, the tariff were being determined by the Government of Meghalaya through specific notification. As per the requirement of the Act, the determinations of tariff inter-alia are now entrusted to its Commission. In order to discharge this task, the Commission was required to finalize terms & conditions of tariff. After going through transparent process of views and comments of all stakeholders, the Commission finalized and notified Terms & Conditions of Tariff.

The tariff is determined as per the Regulations on Terms and Conditions of Tariff as applicable from time to time. The terms and conditions contain both the financial norms and technical norms. The tariff is usually called the cost plus tariff because the capital cost of the project is the starting point for tariff calculations. It would be more appropriate to call it regulated tariff because other than actual capital expenditure, most of the financial & technical parameters adopted for tariff are normative and not actual.

The tariff calculation exercise is quite elaborate, with various elements going into the tariff being computed individually before arriving at the full tariff. The retail tariff shall be different for different categories of consumers based on the subsidy provided by the State Governments and other factors. The tariff shall also be different for each generating station, depending on its admitted capital cost and applicable norms of efficient operation. The exercise is quite elaborate and time consuming but essential to ensure that the distribution, transmission and generators function in an efficient and economic manner while not misusing their dominant position to extract high prices from the buying utilities and consumers.

21. Directives :

21.1. Directives for MePGCL.

1. Filing of Tariff Petition for FY 2019-20

There has been a gap in the incumbency of the competent Commission. The Petition filed by the Licensee for approval of the ARR and Tariff order for FY 2019-20 was not admitted. Therefore, the Licensee had to implement the tariff orders passed on 31.03.2018, till 31.03.2020. The Licensee shall render the regulatory accounts for FY2019-20 duly audited by C&AG for true up of business.

2. Filing of Petition for New Umtru and Lakroh

MePGCL shall file the petition for approval of capital cost and final tariff with all the required data for Lakroh project.

Commission's Review:

MePGCL has submitted petition for approval of final Tariff for New Umtru Project. The ARR after approval of final Tariff has been factored in the ARR of MePGCL for FY 2020-21. The Licensee shall file the true up petitions for FY 2017-18 to FY 2019-20 along with C&AG report. The Licensee shall maintain Regulatory accounts and asset wise fixed assets record and shall file along with next True up and Tariff petitions.

The Petition for final Tariff of Lakroh HEP is not filed so far. The Licensee has stated that the COD of Lakroh HEP has been declared as March 2019. MePGCL shall expedite the petition along with full data and information required as per the Regulations.

3. Financial statements of Accounts:

The Commission directs MePGCL to get the accounts audited by C&AG up to FY 2019-20 as per the Schedule without subjecting the carrying cost claim.

Commission's Review:

The Licensee has submitted C&AG reports up to FY 2016-17.

MePGCL has not filed true up petition for FY 2013-14 and FY 2014-15 after receipt of the C&AG audit report. Commission considers **Suo-Moto** action as per the Regulations. The Licensee had failed to comply with the EA 2003 and MSERC Regulations.

4. Assets Records and Project wise Breakup

The Licensee was directed to maintain Assets records for each project, since all the Old plants have served their life, allowing RoE and depreciation on those assets would result in excess recovery of costs and tariffs. The asset records shall be duly verified as per the Regulations and ensure to delete the value of assets from the asset base in the Regulatory books for the purpose of calculation of RoE and Depreciation. MePGCL has not complied with the Directive. The Licensee shall submit a report by June 2020.

MePGCL is directed to maintain separate asset records of MLHEP and submit to the Commission by June 2020.

New Directives

The ARR for MYT period FY 2018-19 to FY 2020-21 was approved based on the projected business plan. The Licensee has not been presenting the

audited accounts to the Commission as stipulated in the Regulations. The Commission is constrained to adopt the MYT ARR provisions for want of the audited financial statements upto FY2018-19.

There has been a flaw in the filing of the petitions for approval of the expenses for the past periods of FY 2013-14 and FY 2014-15 where in certain heads of accounts show excess over the admissible expenses in the provisional true up orders.

Commission took up **Suo-Moto** action for Regulatory analysis, and the resultant gaps/surpluses in the **Suo-Moto** true up exercise has been appropriated in the present Tariff Order. The Licensee is directed to comply with the Regulatory provisions without giving room for public objections in claiming the Gaps of the previous years.

Regulatory Accounts

The Licensee shall maintain and file Regulatory accounts along with Tariff Petition and for True up petition as mandated in Regulation 4.2(c) of MYT Regulations 2014.

21.2 Directives for MePTCL.

1. Filing of Tariff Petition for FY2019-20

There has been a gap in the incumbency of the competent Commission.

The Petition filed by the Licensee for approval of the ARR and Tariff order for FY 2019-20 was not registered. The Licensee was to implement the tariff orders passed on 31.03.2018, till 31.03.2020. The Licensee shall render the Regulatory accounts for FY 2019-20 duly audited by C&AG for true up of business.

2. Regulatory Accounts

The Licensee shall maintain and file Regulatory accounts along with Tariff Petition and True up petition based on the Regulatory accounts as mandated in Regulation 4.2 (c) of MYT Regulations 2014.

3. Audited Accounts

The Commission directs the Licensee to get C&AG certificate of statement of accounts for FY 2017-18, FY 2018-19 and FY 2019-20 before filing of the next ARR Petition.

4. The MePTCL is required to maintain separate Account Books for SLDC and file the expenditure and income alongwith Transmission ARR without fail.

Status: - MePTCL has not filed separate ARR for SLDC. Licensee shall maintain separate books of accounts before filing next petition along with SLDC data.

5. MePTCL shall maintain Assets records and arrange for audit, post restructuring of the MeSEB.

Status: - MePTCL has not complied with the directive. Commission directs the Licensee to arrange for audit of books post restructuring of the MeSEB and retirement of assets values whose life term has been completed, shall be brought into books in order to reduce the cost and Tariff.

6. Open Access Procedure:

Commission directs the transmission company to study the open access procedure, evaluate the spare capacity, demand of the state while allowing NOC to Open Access consumers. MePTCL is directed to adhere to the Commission's Regulations and orders while recovering the charges from such Open Access consumers strictly.

While allowing open access, the STU shall ensure that the availability / capacity of the line on which open access shall take place is sufficient. In no case it should hinder the power flow to the distribution licensee. It is further directed that STU, while computing the spare capacity in the Transmission lines, shall include the evacuation of power from new central generating stations that are being allocated to Meghalaya in the ensuing Tariff period. Any failure of the grid on account of over utilization of the present capacity by Open Access consumers shall be investigated and suitable action shall be taken to plug the Revenue loss.

7. STU shall also ensure the compliance of principles of Grid Code, CERC Regulations while allowing open Access and shall recover the charges as allowed by the Commission as per Regulations.

MePTCL has proposed transmission losses at 4 %. Accordingly Commission adopted. In no case the transmission losses shall be allowed in excess of 4%. The Licensee shall ensure the network availability at 98% without any interruptions for the contracted capacity with the distribution Licensee. The losses are to be examined voltage wise by conducting energy audit.

8. Fresh Directives

The ARR for MYT period FY 2018-19 to FY 2020-21 was approved based on the projected business plan. The Licensee has not been presenting the audited accounts to the Commission as stipulated in the Regulations. The Commission is constrained to adopt the MYT ARR provisions for want of the audited financial statements up to FY 2018-19.

The Licensee has not disclosed the grants and contributions for implementation of the new investment for the MYT control period FY2018-19 to FY2020-21, whereas capitalization of assets has been projected for the entire value of proposed capital investment during the control period in the business plan. As the ARR is considered on the basis of estimates, Commission considers that the grants and contributions data maybe made available during the course of project execution.

9. Huge investments are proposed for improving the transmission system during second control period and it is possible to reduce the losses below 4%. Smart meters shall be provided on both ends of each transmission lines and losses worked out on each line.

10. Transmission system availability

Transmission system availability is stated to be 98% without adequate data. Commission accepted the proposal. To assess the system availability MePTCL should maintain record of performance of each transmission line voltage wise by showing details of interruptions, break downs with duration.

Based on monthly reports maintained, system availability should be arrived and shown in the next tariff petition for accepting the system availability.

21.3 Directives for MePDCL.

1. Filing of Tariff Petition for FY 2019-20

There has been a gap in the incumbency of the competent Commission.

The Petition filed by the Licensee for approval of the ARR and Tariff order for FY 2019-20 was not registered. The Licensee had to implement the tariff orders passed on 31.03.2018, till 31.03.2020. The Licensee shall render the Regulatory accounts for FY 2019-20 duly audited by C&AG for true up of business.

2. Compliance of Directives

- 1) The ARR for MYT period FY 2018-19 to FY 2020-21 was approved based on the projected business plan. The Licensee has not been presenting the audited accounts to the Commission as stipulated in the Regulations. The Commission is constrained to adopt the MYT ARR provisions for want of the audited financial statements up to FY 2018-19.

2) **Computerized billing**

It is submitted that the consumers in Shillong, Jowai, Nongpoh, Sohra, Mairang and Nongstoin can deposit at any collection centre where SAP billing system is being implemented. Also with the opening of the collection centres through CSC-SPV the consumers can make payment from any of these counters throughout the State.

Commission directs that Licensee shall further strengthen the facility and implement 100% computerised billing to avoid manual interference.

Commission's Review:

Licensee has not filed any progress report. Commission observed that the licensee has not been able to ensure 100% billing as per the Tariff rates. This has been pointed out in the true up orders for FY 2015-16 & FY 2016-17. The Licensee shall expedite action taken report by 30.06.2020.

3) **Energy audit**

As per the MOU entered for implementation of UDAY scheme, energy audit upto 11Kv level has been made mandatory; licensee shall ensure energy audit as contemplated in the MOU and report progress of loss levels to the Commission every month.

Commission's Review:

Licensee has not complied with the directive.

4) **Submission of audited accounts**

Commission directs the Licensee to expedite the process of obtaining the C&AG report on the statement of accounts and submit the same along with true up petition for previous years.

Commission's Review:

Licensee has not filed true up petitions for FY 2017-18 and FY 2018-19 along with C&AG report as per the Regulations.

5) **Energy conservation and DSM**

MeECL submitted that in fact the Government has observed that CFL is to be phased out and consumers are encouraged to use LED bulbs for lighting purpose. It may be mentioned that the M/s Energy Efficiency Services Limited

is being engaged as consultant to assist MePDCL to implement energy conservation and DMS. The Licensee shall advise the local Government to avoid use of fluorescent, Mercury, sodium vapour, CFL fittings, incandescent lamps by replacing existing street lights with LED lamps and fittings in order to ensure implementation of energy conservation and DSM. Commission had not considered the tariffs for public lighting with CFL fittings in the Tariff Order for FY 2018-19, proposals for Tariff rates for CFL fittings in the petition for FY 2020-21 is not considered.

Commission directs the licensee to advise EESL to strengthen their publicity efforts in local media to increase the number of outlets/ agencies for sale of LED lamps and fittings to the consumers in general and authorities of public lighting.

6) **Man power utilization study**

Licensee submitted that the Manpower mapping is being done by Corporate Affairs wing of the MeECL.

Commission directs the Licensee to expedite submission of report for optimum utilisation of manpower, which would not affect efficiency while at the same time reducing costs. Report to be made available to the Commission by 30/06/2020.

Commission's Review:

Licensee shall submit the status report.

7) **Energy Accounting Under UI/Swapping**

The Commission directs the Licensee that payables/receivables towards UI/Swapping are properly scrutinized so that any excess allowed in the power purchase cost, due to difference in scheduling and actual drawl, by the open access consumer is not collected twice.

Commission's Review:

Licensee shall submit findings of the scrutiny along with true up petitions.

8) **Restructuring of MeSEB/Functioning of the Trust**

The Commission directs the Licensee to place the details of transaction of pension, terminal liabilities and status of the functioning of Trust made for disbursement of the retired employees in its next ARR so as to make necessary adjustments, if any, in accordance with the Regulations.

Commission's Review:

Licensee has not complied with the Directive; the status report shall be filed before 30.06.2020.

9) **Independent Audit of Power Purchase Cost**

The Commission directs the Licensee that there should be an independent audit of power purchases from FY 2011-12 to FY 2014-15 where in the study should be made on current bill for each year, the delayed payment surcharge, and supplementary bills because of revision of tariffs separately. These reports should be submitted to the Commission along with C&AG audit report in the next true up petitions.

Commission's review:

Licensee has not complied with Directive; the status report shall be filed before 30.06.2020.

10) **Technical & Commercial Losses**

The Commission directs the Licensee to segregate the Technical & Commercial losses and submit the report to the Commission, in so far as it relates to the revenue yielding areas. This report should be submitted latest by 30.06.2020. The Commission advises the management to go for third party verification in Industrial areas.

11) **Reduction in AT & Closses**

- a. Reduction in T & D losses
- b. Reduction in commercial losses
- c. Improvement in metering, billing and collection

Status:

MePDCL had entered into Tripartite MOU for implementation of UDAY Scheme (UJWAL Discom Assurance Yojana) on 09.03.2017.

The following are the activities targeted to be implemented.

- a) Among other performance parameters the licensee shall reduce the T&D losses to 12% for FY 2020-21 and AT&C losses to be brought down to 15%.
- b) Metering of DTRs, energy audit upto 11Kv level, GIS mapping and consumer indexing for towns not covered under R-APDRP and smart metering of consumers with above 500 units.

- c) Commission has also approved capital investment to meet the capex for above activities in the business plan for FY 2018-19 to FY 2020-21
- d) MePDCL shall furnish monthly progress report on the above activities to the Commission in order to update the records and ensure cost- to- serve model Tariff.

Commission's Review:

Licensee shall submit status report on the above performance parameters by 30.06.2020.

12) Billing Efficiency

The licensee has furnished average billing rate lower than approved tariffs for the FY 2015-16 & FY 2016-17 vide letter dated 05.01.2018 at Rs.5.18/KWh and Rs.5.58/kWh as against the approved rate of Rs.5.78/KWh and Rs.6.23/KWh respectively. The licensee shall improve billing efficiency in order to achieve the targets set in UDAY Scheme as per MoU in the second control period.

Commission's Review:

The Licensee has not been able to bill the approved tariff rates, thus causing short fall in the Revenue billing, ultimately utility suffer losses substantially, and this has been resulting in non reduction of AT&C losses as well. The Licensee shall ensure to bill the consumers as per the approved Tariffs.

13) Power Purchase:

Licensee has been projecting high volume of power procurement without corresponding increase in the level of energy sales. As a result a huge quantum of energy is being surrendered to UI/exchange, IEX which at times does not even cover cost price. This results in high cost of procurement and ultimately resulted in substantial increase in tariffs. The Licensee shall properly estimate the demand and follow the procedure laid down for sale to the consumers in the licensed area. The Licensee shall invariably obtain prior approval from the Commission where it is proposed to purchase power from sources other than approved vendors bilaterally, as specified in Regulations.

Commission directs the licensee to ensure optimum level of energy procurement in order to reduce the costs& tariffs, since there is a surplus of about 1100 MU available for FY 2020-21.

14) **Filing of the True up Petitions**

Licensee has not filed True up petitions for FY 2017-18 to FY 2018-19 as per the schedule along with C&AG audit report. The Licensee shall expedite action.

15) **T&D Losses**

In view of the mandatory achievement of T&D losses prescribed in the UDAY Scheme, the licensee shall ensure reduction in T&D losses, as targeted therein.

16) **Metering, Billing and Collection Efficiency:**

The Licensee is directed to ensure 100% metering of all consumers. Similarly, all 33kV and 11kV feeders and distribution transformers in towns and urban areas, as this would enable the Licensee to conduct energy audit, and accounting for assessing the exact T&D losses. While no new unmetered connections shall be given henceforth, an action plan may also be formulated to meter all unmetered connections existing at present. Licensee shall send a status report and plan of action by 30.06.2020. The licensee shall also target 100% of billing every month by employing IT tools like hand held spot billing machines.

The Licensee should provide multiple options for bill payment by consumers in order to improve the collection efficiency. It is also to be ensured that disconnection of consumer is enforced for non-payment, as multiple facilities have been provided for the convenience of the consumer. All the consumer service centres at sub-division level should co-relate entire metering, billing and collections, so that errors like wrong billing etc are avoided.

17) **Un Billed Consumers**

An analysis of data submitted by the licensee gives rise to the suspicion that there are large numbers of metered consumers who have not been billed for years together. The Director Distribution shall constitute a Taskforce consisting of at least three senior officers of the level of Superintendent Engineer and above to confirm that all such consumers who have not been billed at least once in three months are identified, and to suggest systemic changes to ensure that such anomalies do not arise in future.

This issue has been raised in state advisory committee meeting held on 12.03.2020. Licensee shall expedite action taken on this aspect and report.

18) **Free Power (FPHS)**

Licensee is directed to avail the provision of free power from NEEPCO where entitled on highest priority and a detailed report submitted to the Commission by 30th June 2018, in order to reduce the power purchase cost.

19) **Regulatory Accounts**

The Licensee shall maintain and file Regulatory accounts along with Tariff Petition and True up petition based on the Regulatory accounts as mandated in Regulation 4.2 (c) of MYT Regulations 2014.

20) **Power Purchases Invoices**

Purchase invoices should be matched with the actual energy drawn. MePDCL shall ensure to file the purchase invoices with the energy details in the true-up petition.

21) **Electric Vehicle Charging Stations**

The Licensee has proposed a Tariff for electric vehicle charging stations vide table no.16 of the petition with fixed charges and energy charges under LT commercial category and HT commercial category without projecting the number of consumers and the connected load of the services. The Commission does not find it prudent to decide on the categorization of the proposed electric charging stations. The Licensee shall submit a status report as soon as the consumers registered their charging stations with the Distribution Company as per the IE rules and safety norms. Commission shall take suitable decision based on the status report.

22 UDAY

A majority of the states & their Discoms had signed MOU's with Power Ministry with the objective of operational and financial efficiency of State owned Discoms all over the country.

- (a) The UDAY scheme restructures the debt but also lays upon the Discom the responsibility to cut their losses and improve their financial performance. The scheme announced in November 2015, has been projected as a bailout for India's state owned Discoms that are almost bankrupt and which are weighed down by Rs 4.3 lakh crore of collective debt and Rs 3.8 lakh crore of losses some of which cannot even afford to buy electricity from power generators.

The scheme envisages the states to take over 75 percent of the debt held by their Discoms, and that the Discoms will sell bonds guaranteed by state governments to cover the remaining 25 percent of the debt.

a. State Government Role under UDAY

- I. Shall take over 75 pc of the debt of its Discom outstanding as on 30th September, 2015.
- II. Shall take over the future losses of Discom in a graded manner and shall fund the losses..
- III. Shall provide Operational Funding Requirement (OFR)-support to Discom till it achieves turnaround.
- IV. All outstanding dues from the state government departments to Discom for supply of electricity shall be paid by 15th March, 2016.
- V. Shall guarantee repayment of principal and interest payment for the balance debt remaining with Discom bonds issued.
- VI. Banks / FIs shall not advance short term debt to Discom for financing losses.
- VII. Shall ensure replacement of street lights with LEDs in all municipal towns through Municipal Corporations.
- VIII. Shall improve efficiency of State Generating Units.
- IX. Shall endeavour to ensure tariff hikes
- X. Will endeavour to ensure that all operational targets are met.
- XI. Shall review Discom's performance on monthly basis.

b. Discom Role under UDAY

For the 50 pc of the debt remaining with it as on 31st March, 2016, Discom to fully / partially issue state government guaranteed bonds or get them converted by Banks / FIs into loans or bonds with interest not more than the Banks base rate plus 0.1 pc.

- I. Discom shall pay interest to the state government in future, if any, on the outstanding loan in a financial year at the rate at which state government issued bonds.
- II. Discom to reduce AT&C losses to 15 pc level.
- III. Discom shall eliminate the gap between ACS and ARR after adjustment of subsidy from state government, if any, to any category of consumers.
- IV. Discom shall procure power through the transparent process of competitive bidding.
- V. Discom shall devise Key performance Indicators (KPIs) for each officer in charge on.

- VI. Areas of AT& loss reduction and improvement in meter / billing / collection efficiency.
- VII. Discom shall set up Centralized Customer Call Centre.
- VIII. Shall revise tariff quarterly particularly to offset fuel price increase
- IX. Shall undertake to provide LED for domestic and other category consumers under DELP program through EESL and replace at least 10 pc of existing agriculture pumps with energy efficient pumps by March 2019.
- X. Discom shall take the following measures for Loss Reduction
- XI. Prepare loss reduction targets at subdivision / division / circle / Area level and making concerned officers responsible for achieving them.
- XII. Implement performance monitoring and management system MIS for tracking meter replacement, loss reduction and day to day progress.
- XIII. Achieve 100 pc Distribution Transformer (DT) and Feeder metering.
- XIV. Undertake energy audit up-to 11 KV level.
- XV. Install Smart Meters for all consumers other than agricultural consumers consuming above 500 units per month by 31st December, 2017 and consumers consuming above 200 units per month by 31st December, 2019.

23 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) in the State of Meghalaya

The Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) for the rural areas with the following aims and objectives:

- Village Electrification.
- Feeder Separation in the rural areas.
- Strengthening and augmentation of sub-transmission & distribution network in rural areas.
- Metering at distribution transformers, feeders and consumers end in urban areas.

The existing programme of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for continuation in 12th and 13th Plans will get subsumed in this scheme as a separate rural electrification component.

The approved outlay under RGGVY for rural electrification is being carried forward to DDUGJY for completion of the targets laid down under RGGVY for 12th and 13th Plans by subsuming RGGVY in DDUGJY.

Under DDUGJY, the scope consists of the electrification works of Virgin Villages and Intensification, System Strengthening works in construction of 33/11KV Sub-Stations with 33KV & 11KV feeders and DT Metering in rural areas of the districts of Meghalaya.

1. Grid Phase-I Project

The first Approval amount of Rs.100.64 crores for electrification of 463 villages and 8 nos of villages to be taken up under SAGY (Sansad Adarsh Gram Yojana). The DDUGJY Phase-I Project for Virgin Village Electrification and intensification is overall 90 % completed. Presently, 100% Household connection is being provided in every village under SAUBHAGYA Scheme.

2. Grid Phase-II Project

Under the project, the item of works are:

i. Village intensification in electrified villages and issue of 100% HH under Saubhagya. The work is ongoing and which is target for completion by 31st December, 2018.

ii. 33 KV Village System Strengthening.

The project has been awarded for Khasi and Garo Hills Package. Presently the work is ongoing.

iii. System Metering.

This project consists of metering of 33KV and 11KV Feeder and Distribution Sub-Station Metering. This project is in the tendering stage.

3. Decentralised Distributed Generation (DDG)

The Decentralised Distributed Generation (DDG) scheme is a sub scheme of DDUGJY. The DDG scheme comprises of electrification works of rural remote villages through Solar Home Lighting Systems along with Solar Street Lighting, in rural areas of Meghalaya.

Under the project, 100% HH Solar Lighting System has been provided in 55 villages in Meghalaya.

With the completion of DDUGJY Project, every village as per 2011 census would be electrified either through Grid or through solar power.

24 Progress of Pradhan Mantri UJALA Yojana in Meghalaya

The UJALA (UnnatJeevan by Affordable LED's and Appliances for All) scheme aims at promoting the use of energy efficient lighting solutions in India by the sale of LED bulbs to domestic consumers of the Distribution Company.

Achievements:

District	9W Bulbs		20W Tube Lights	
	No. of Consumers	No. of Units Sold	No. of Consumers	No. of Units Sold
East Khasi Hills	94,864	1,06,357	1,845	2,653
West Garo Hills	25,657	46,678	320	361
East Jaintia Hills	18,342	31,091	-	-
North Garo Hills	48,794	69,854	264	278
RiBhoi	15,163	18,068	64	76
West Jaintia Hills	20,626	22,323	117	130
East Garo Hill	2,348	5,235	-	-
West Khasi Hills	1,273	2,876	-	-
South West Khasi Hills	946	1,840	-	-
South Garo Hills	15,349	2,543	-	-
Total	2,43,362	3,06,865	2,610	3,498

So far, Total 3,06,865 Bulbs and 3,498 Tube lights (Institutional sale included) have been sold in Meghalaya under the UJALA scheme and this figure is being updated frequently on the UJALA dashboard.(Available Report from MePDCL as on 1/12/2017 . Awaiting latest report)

The followings are the approx energy saving and cost savings through LED distribution:-

- a. Energy saved per year: 39,852 MWH
- b. Cost saving per year: 16 Cr
- c. Added peak demand: 8 MW
- d. Co₂ reduction per year: 32,280 t CO₂

25 Financial Discipline

In terms of sub-section (1) of section 104 of the Electricity Act 2003, the Commission is required to maintain accounts and other records and prepare Annual Statement of Accounts in such forms as may be prescribed by the State Government in consultation with Comptroller and Auditor General of India (CAG). Under the provisions of sub-section (2) of Section 104 of the Act *ibid*, such Accounts are to be audited by the CAG.

26 Audit Report

The Commission has engaged CAG empanelled statutory auditor for internal auditing of the Commission Accounts and submitted the report to concerned departments, CAG and also tabled the same in the State assembly as required under Section 105 of EA 2003. The Commission's accounts are up-to-date from FY 2006-07 to FY2018-19.Fund & Accounts Rule of MSERC as vetted by Controller & Auditor General of India was duly notified in the Gazette of Meghalaya on 10th April 2014.

CAG has also already audited the accounts of the Commission from 2006-07 to 2019-20 and the AG audit report has been received.

27 CONCLUSION

Commission will be monitoring the action taken on the directives issued to MeECL on submission of performance reports. During the period under review, the Commission received considerable support and encouragement from the State and Central Governments, the Meghalaya Energy Corporation Ltd., the utilities under it, and from all sections of the public of Meghalaya. It is hoped that this support will continue during ensuing years and the Commission would be in a position to consolidate the work done so far and take further strides towards establishing sustainable electricity regulatory and reform process in Meghalaya.

(R. Keishing)
Member
MSERC

(P W Ingty)
Chairman
MSERC

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT) MEGHALAYA, SHILLONG –
793001.

EPABX-0364-2228861/62/63; FAX- 2223494

Email:aguaMeghalaya.gov.in

Ltr. No.AGM-II/3-1/Accounts/MSERC/2020-21/492

Date: 18th December 2020

To,

The Secretary
Meghalaya State Electricity Regulatory Commission (MSERC)
Lower Lachumiere,
Shillong – 793001.

Sub: **Separate Audit Reports of the Comptroller and Auditor General of India on the accounts of the Meghalaya State Electricity Regulatory Commission for the years ending 31 March 2020.**

Sir,

I am forwarding herewith the Separate Audit Reports of the Comptroller and Auditor General of India on the accounts of the Meghalaya State Electricity Regulatory Commission for the year ending 31 March 2019.

1. The date of placing of the Separate Audit Report and annual accounts on the table of the State Legislature may please be intimated in due course and ten copies of the Report, placed before the Legislature, may please be sent to this office for record.
2. The Separate Audit Report may please be treated as **Confidential** till it is placed before the Legislature.
3. Receipt of the letter along with the enclosures may please be acknowledged.

Yours faithfully,

Encl: As stated above

Sd/-

Deputy Accountant General

AGM - II

**SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA ON THE ACCOUNTS OF MEGHALAYA STATE
ELECTRICITY REGULATORY COMMISSION (MSERC), SHILLONG FOR
THE YEAR ENDED 31 MARCH 2020**

We have audited the attached Balance Sheet of the Meghalaya State Electricity Regulatory Commission, Shillong as at 31 March 2020, the Income and Expenditure Account and Receipt and Payment Account for the Year ended on that date under section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act, 1971, read with Section 104(2) of the Electricity Act, 2003 and Rule 9 of the MSERC (Fund) Rules, 2013. These financial statements are the responsibility of the Commission. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This Separate Audit Report contains general comments of the Comptroller and Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms etc. Audit observations on financial transactions with regard to compliance with the Law, Rules and Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any, are reported through Inspection Reports/ CAG's Audit Reports separately.

3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

4. Based on our audit, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii. In our opinion, proper books of accounts and other relevant records have been maintained by the Commission as required under Rule 7(4) of the MSERC (Annual Accounts, Audit and Budget) Rules, 2013 so far as it appears from our examination of such books, subject to the observations made in subsequent paras.

iii. We further report that:

**A. Balance Sheet
Provisions (Schedule A) - NIL**

A1. The Commission has not framed/disclosed the accounting policy relating to provisioning towards 'gratuity' and 'leave encashment' payable to employees though they have adopted the National Pension scheme (NPS). The Commission had worked out the estimated liability of ` 52.24lakhtowards 'gratuity' (` 27.73 lakh) and 'leave encashment' (` 24.51 lakh) as on 31 March 2020 but has not made necessary provisions against these liabilities.

B. Grants-in-aid

B1: The Commission had an opening balance of Grant-in-aid of ` 32.28 lakh. During the year 2019-20, no Grant-in-aid was received from the Government. Out of the available Grants, ` 32.28 lakh had fully utilised leaving a Nil closing balance as on 31 March 2020.

iv. Subject to our observation in the preceding paragraphs, we report that the Balance Sheet, Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.

v. In our opinion and to the best of our information and according to the explanations given to us, and subject to the significant matter stated above the said financial statements, and other matter mentioned in **Annexure-I** to this Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India:

(a) In so far as it relates to the Balance Sheet, of the 'state of affairs' of the Commission as at 31 March 2020; and

(b) In so far as it relates to Income and Expenditure Account, of the 'Deficit' (Excess of Income over Expenditure' for the year ended on that date.

**For and on behalf of the Comptroller and
Auditor General of India**

Sd/-

**Place: Shillong
Date: 18 December 2020**

**(Shefali Srivastava Andaleeb)
Accountant General (Audit)**

Annexure I to Separate Audit Report

1. Internal Audit System.

The Commission does not have its own Internal Audit Wing. However, the Internal Audit for the year was outsourced to a Chartered Accountant Firm and the Scope of internal audit covered all the receipts and expenses of the Commission during the year.

2. Adequacy of Internal Control System.

The internal control system was found adequate in the sphere of activities relating to verification of cash transactions and reconciliation of cash balances with that of bank balances.

3. System of Physical Verification of Fixed Assets.

Physical Verification of Fixed Assets and Inventory has been conducted as on 31 March 2020.

4. Regularity in payment of statutory dues.

No instances of delay in remittance and payment of statutory dues were noticed in audit.

Sd/-

Sr. Audit Officer/AMG-II

Annexure I to Separate Audit Report

1. Internal Audit System.

The Commission does not have its own Internal Audit Wing. However, the Internal Audit for the year was outsourced to a Chartered Accountant Firm. The scope of internal audit covered all the expenses and receipts of the Commission during the year.

2. Internal Control System.

The following observations are made on the internal controls system of the Commission:

- . The cash balances were certified by the component authority
- . Bank Reconciliation Statement has been prepared.
- . Confirmations of balances maintained in the bank account (current account and MOD accounts as well as interest accrued on MOD (as on 31 March 2019) were not obtained.

3. System of Physical Verification of Inventory.

Physical Verification of fixed assets has been conducted as on 31 March 2019.

4. System of Physical Verification of Inventory.

Physical Verification of Inventory has been conducted as on 31 March 2019.

5. Regularity in Payment of Statutory Dues.

No instance of delay in remittance and payment of statutory dues were noticed in audit.

Sd/-

**Sr. Audit Officer
Economic Sector - II**