

**GENERATION AND DISTRIBUTION OF POWER  
IN LAKSHADWEEP ISLANDS**

[Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their 46<sup>th</sup> Report (17<sup>th</sup> Lok Sabha)]

**PUBLIC ACCOUNTS COMMITTEE  
(2022-23)**

**SIXTY – FIFTH REPORT**

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**SEVENTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

PAC NO. 2294

# SIXTY-FIFTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (2022-23)

(SEVENTEENTH LOK SABHA)

### GENERATION AND DISTRIBUTION OF POWER IN LAKSHADWEEP ISLANDS

#### MINISTRY OF HOME AFFAIRS

[Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their 46<sup>th</sup> Report (17<sup>th</sup> Lok Sabha)]



Presented to Lok Sabha on:

05-04-2023

Laid in Rajya Sabha on:

05-04-2023

LOK SABHA SECRETARIAT  
NEW DELHI

April, 2023 /Chaitra, 1945 (Saka)

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*\*Not appended to the cyclostyled copy of the Report*

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**  
**(2022-23)**

**Shri Adhir Ranjan Chowdhury - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri Subhash Chandra Baheria
3. Shri Bhartruhari Mahtab
4. Shri Jagdambika Pal
5. Shri Vishnu Dayal Ram
6. Shri Pratap Chandra Sarangi
7. Shri Rahul Ramesh Shewale
8. Shri Gowdar Mallikarjunappa Siddeshwara
9. Shri Brijendra Singh
10. Shri Rajiv Ranjan Singh alias Lalan Singh
11. Dr. Satya Pal Singh
12. Shri Jayant Sinha
13. Shri Balashowry Vallabbhaneni
14. Shri Ram Kripal Yadav
15. Shri Shyam Singh Yadav

**RAJYA SABHA**

16. Shri Shaktisinh Gohil
17. Shri Bhubaneswar Kalita
18. Dr. Amar Patnaik
19. Dr. C. M. Ramesh
20. Shri V. Vijayasai Reddy \*
21. Dr. M Thambidurai
22. Dr. Sudhanshu Trivedi

**SECRETARIAT**

1. Shri T. G. Chandrasekhar - Additional Secretary
2. Shri Tirthankar Das - Director
3. Smt. Anju Kukreja - Deputy Secretary

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\* Shri V. Vijayasai Reddy elected w.e.f. 13.12.2022.

## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2022-23) having been authorised by the Committee, do present this 65<sup>th</sup> Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Forty-sixth Report (Seventeenth Lok Sabha) on "Generation and Distribution of Power in Lakshadweep Islands" relating to Ministry of Home Affairs.

2. The Forty-sixth Report was presented to Lok Sabha/laid in Rajya Sabha on 15<sup>th</sup> March, 2021. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the draft Report at their Sitting held on 28 March 2023. Minutes of the Sitting are given at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

4. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Forty-sixth Report (Seventeenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;  
03 March, 2023  
13 Chaitra, 1945 (*Saka*)

ADHIR RANJAN CHOWDHURY  
Chairperson,  
Public Accounts Committee

**CHAPTER - I**  
**REPORT**

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Forty-sixth Report of the Public Accounts Committee (17<sup>th</sup> Lok Sabha) on "Generation and Distribution of Power in Lakshadweep Islands".

2. The Forty-sixth Report (17<sup>th</sup> Lok Sabha) which was presented to Lok Sabha/ laid in Rajya Sabha on 15<sup>th</sup> March, 2021 contained twelve Observations/Recommendations. The Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Home Affairs and these are broadly categorized as follows:

i. Observations/Recommendations which have been accepted by the Government:

Para Nos. 1 to 12

**Total - 12**  
**Chapter - II**

ii. Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

NIL

**Total - NIL**  
**Chapter - III**

iii. Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

NIL

**Total - NIL**  
**Chapter - IV**

iv. Observations/Recommendations in respect of which Government have furnished interim replies/no replies:

NIL

**Total: NIL**  
**Chapter - V**

3. In their 46<sup>th</sup> Report (17<sup>th</sup> Lok Sabha), the Committee observed that in Lakshadweep, all the islands have excess installed capacity ranging between 47 per cent (Kiltan) to a maximum of 89 per cent (Bitra). Further, against the normal trend of increasing demand, some islands showed sharp decline in demand at certain times. The Lakshadweep Electricity Department did not maintain a centralized record of 'downtime' of DG sets owing to factors such as repairs, etc. The data in this regard is available only with the sub-divisions. Moreover, there is no system in place to ensure the procurement of DG sets as per actual requirement. The Committee also observed several issues like non-commissioning of bulk oil storage facilities and transit losses, diesel consumption in excess of norms, avoidable expenditure due to high transmission and distribution losses, unfruitful expenditure on Solar-Photovoltaic (SPV) Plants, non-collection of dues from NTPC, Energy Audit not having been conducted despite requirement and need to explore alternative methods for electrification, etc. The Committee had accordingly given the Observations/Recommendations in their 46<sup>th</sup> Report (17<sup>th</sup> Lok Sabha). Gist of important Observations/Recommendations as contained in this Report is given as under:

a) The Committee recommended that henceforth, the Lakshadweep Administration should follow a systemic planning and exercise effective

foresight by taking into consideration all variables like climatic conditions, availability of OEM (Original Equipment Manufacturer) Service Engineers/Spare parts, credibility of agency providing DG sets based on past performance, etc. at the planning stage.

b) As regards Bulk oil storage facilities and transit losses, the Committee emphasized the need to take effective steps for stricter monitoring and control over the commissioning of Bulk oil storage depots and retail outlets in all the islands at Lakshadweep so that these can be commissioned without further loss of time.

c) The Committee strongly deplored the delay in operation of the barge and desired that urgent measures be initiated for operationalizing the barge.

d) On the issue of consumption of diesel, the Committee desired that the Ministry constantly and regularly monitor and reconcile the figures of HSD Oil issued by the sub-divisions and consumption by power stations so that the HSD Oil is used for the purposes of power generation in Lakshadweep only and recommended for taking necessary measures to revamp the Lakshadweep Electricity Department (LED).

e) Since the installation of Smart Meters is an essential tool to control T&D losses, the Committee emphasized that the Ministry should closely monitor the procurement, installation and maintenance of Smart Meters in a time bound manner.

4. The Committee will now deal with the Action Taken by the Government on the Observations/Recommendations made in the original Report which either need reiteration or merit comments.



**I. Issue and Consumption of Diesel**  
**(Recommendation Para No. 6)**

5. The Committee noted that during the period, 2013-14 to 2015-16, there were discrepancies between the figures of HSD Oil issued by the sub-divisions and consumption of power stations resulting in a huge difference of ₹ 2.75 crore. In this regard, the Committee were informed that besides Power Generation, HSD Oil was utilized for other purpose which included usage by other Government Departments such as fisheries, ports, sub-division offices, etc. with the approval of competent authority for *bona fide* purposes on returnable basis. The Committee had desired to be apprised of the segregated figures of diesel issued for 'other purposes' to the Government Departments on loan basis and received back from them during the year 2013-14 to 2015-16. The Committee had also desired to be apprised of the corrective measures initiated by the Ministry to avoid such lapses so that the consumption of diesel is kept within the limits stipulated by the sub-divisions. The Committee had recommended the Ministry to constantly and regularly monitor and reconcile the figure so that the HSD Oil is used for the purposes of Power Generation in Lakshadweep only and urged for taking necessary measures to revamp the Lakshadweep Electricity Department (LED).

6. The Ministry of Home Affairs in their Action Taken Notes have stated as under:

“During the period 2013-14 to 2015-16, there were discrepancies between the figures of HSD oil issued by the sub-divisions and consumption by Power stations. The discrepancies were observed due to the usage of diesel for other purposes, which include usage by other Government Departments of the UT Administration such as Fisheries, Ports, Sub-division offices, etc. When there is a shortage of stock of HSD in the other Departments such as Fisheries, Ports etc.

they borrow HSD from the Lakshadweep Electricity Department on returnable basis with the approval of the competent authority. Similarly, when the Lakshadweep Electricity Department faces shortage of HSD Oil due to reasons such as delay in procurement and transportation of HSD to the islands etc., the HSD Oil taken by other departments from the Electricity Department is returned back to it, subject to the availability of HSD stock with the other departments. The aforesaid issue of diesel to other departments and vice-versa is done by the UT Administration after the approval of the competent authority. The following are the details of the other purposes for which diesel is/was issued:

1. To Department of Fisheries on loan basis: - Department of Fisheries, Lakshadweep distributes HSD Oil to fishermen, etc.
2. To Department of Ports on loan basis: Department of Ports requires HSD oil for use in marine crafts.
3. To other Sub-divisions: Sometimes due to delay in procurement and transportation of HSD from mainland to island, the stock position of HSD Oil in some islands tends to become low. In order to avoid black out, HSD Oil is transported from nearby islands to the concerned Sub-Division.

As per the UT of Lakshadweep Administration, HSD oil given to other departments were received back from all the departments by the Electricity Department, and at present, 'loan to other departments' has been minimized.

Further, UT Administration of Lakshadweep has informed that the discrepancies that were observed by audit due to improper updation of the inventory for the above mentioned transfers of HSD, have been reconciled. The concerned officers have also been sensitized to properly update the inventory details, especially the issue of HSD to other Departments. At present, issue of HSD oil is properly recorded and maintained by the UT Administration.”

7. During vetting of the aforesaid comments of the Ministry of Home Affairs, Audit observed as follows:

"The ATN is silent on the segregated figures of diesel issued for other purposes on loan basis to other Govt. Departments and the diesel received back from them during the period from 2013-14 to 2015-16."

8. On the Audit vetting comments, the Ministry of Home Affairs replied as under:

"During the period from 2013-14 to 2015-16, there were discrepancies between the figures of HSD Oil, issued by the Electricity Sub-divisions and consumption by Power stations. The discrepancies were observed due to the usage of diesel for other purposes, which include usage by other Government Departments such as Fisheries, Ports, Sub-division office, etc on returnable basis. The details of segregated figures of HSD oil issued by the Electricity Department for the purposes of other departments of UTLA, and returned by the concerned departments during the period from 2013-14 to 2015-16 are submitted below for the kind perusal of the Committee:-

<b>Department</b>	<b>Issued</b>	<b>Receipt</b>	<b>Difference</b>
Port	37545	55635	<b>-18090</b>
Fisheries	109245	122926	<b>-13681</b>
Science and Technology	20550	19750	800
Coast Guard	4400	1200	3200
Rajiv Gandhi Specialty Hospital	2600	400	2200
Village Dweep Panchayats	200	0	200
Sub-Divisional Office	250	0	250
Co-operative Supply and Marketing	6000	2000	4000

Societies			
Harbour	1010	200	810
Public Works Department	200	50	150
<b>TOTAL</b>	<b>182000</b>	<b>202161</b>	<b>-20161</b>

The 'difference' figure shown as minus in the last column is excess receipt from the concerned department (which is the return of loan taken in the previous years plus the figure pending for return back to department during the said period). Discrepancies were observed during the audit for the period from 2013 - 14 to 2015-16, since the inventory details were not properly updated in respect of HSD issued to other Departments. Later the figures were reconciled and the concerned officers have also been sensitized to properly update the inventory details, especially the issue of HSD to other Departments. At present, issue of HSD oil is properly recorded and maintained by the UT Administration.”

9. The Committee note that in pursuance of their recommendation, the Ministry have reconciled/updated the 'inventory' for transfer of HSD oil to other Departments and the concerned officers have been sensitized to properly update the inventory details, especially the issue of HSD to other Departments. However, the details of segregated figures furnished by the Ministry regarding issue and receipt of HSD oil clearly indicate that though the two Departments *viz.* Ports and Fisheries returned back the HSD alongwith oil more in quantity than actually borrowed the other Departments *viz.* Science and Technology, Coast Guard, Rajiv Gandhi Specialty Hospital, Co-operative Supply and Marketing Societies, Harbour and Public Works Departments have returned back very less quantity of HSD oil than the corresponding quantities issued to them. The Committee are

again perturbed to note that Village Dweep Panchayats and Sub-Divisional Office have not even returned back the HSD oil issued to them. From the entire episode, it appears as if the LED is contented with having excess HSD oil from two Departments only and they did not even bother to enquire about the receipt of the remaining quantity from the other eight Departments. The Committee would like to know the details of date of issue/receipt of HSD oil by all the other Departments during the period from 2013-14 to 2015-16 and concrete steps taken to recover the remaining quantity of HSD oil from other eight Departments. The Committee would like to be apprised of the position of recovery from other Departments within one month of presentation of this Report to Parliament. The Committee have further been informed that at present, issue of HSD oil is properly recorded and maintained by the UT Administration. The Committee expect that the Ministry would look into this vital area with a view to ensuring effective monitoring of issue/receipt of HSD oil to other Departments so as to avoid such lapse in future.

**Recommendation Para No. 7**

10. The Committee observed that in contravention of standards of DPR (Detailed Project Report), LED had consumed fuel in excess of norms to the tune of ₹ 2.84 crore from 2013-14 to 2015-16 due to poor performance of the DG sets. The Committee were constrained to observe that delay in overhauling and continuing operation of inefficient, old and outdated DG sets made things worse. While appreciating the steps initiated by the Ministry in this regard, they considered it unfortunate that no sincere efforts were made with a view to ensuring consumption of fuel as per the standards of Detailed Project Report. The Committee felt that if such issue

had been noticed by the Internal Audit Wing of the Ministry, the loss of ₹ 2.84 crore, incurred for consuming fuel in excess of norms, could have been avoided. The Committee, therefore, desired the Ministry to review the functioning of their Internal Audit Wing so that such mistakes could be detected and rectified in a timely manner. However, keeping in view the steps taken to phase out the old and inefficient DG sets and replace the sets with new ones, the Committee desired to know about the current status of achieving efficiency in fuel consumption as per the DPR in all islands.

11. In their Action Taken Note, Ministry of Home Affairs have submitted as under:

"The Lakshadweep Electricity Department had requested the Distribution, Planning and Development Division of the Central Electricity Authority (CEA) for recommending DG sets, which consume less fuel and which would work better in island conditions *vide* its letter dated 23.10.2021. The Central Electricity Authority in its reply dated 18.02.2022 did not suggest any particular type of DG sets. However, they provided the following observations for improving the efficiency of DG sets.

1. OEM may be consulted for exploring cooling options as mentioned under Clause 25(7) of Central Electricity Authority (Technical Standards for Construction of Electrical Plants and Electric Lines) Regulations, 2010
2. Suitable anti-corrosion coating/paints may also be applied on Coil Cooler to overcome corrosion.
3. OEM may also be consulted for change of metallurgy of radiator fins/tubes suitable for coastal conditions at Lakshadweep islands.
4. Additionally, it is advisable to increase frequency of preventive maintenance of the DG sets to improve cooling efficiency and overcome the problem of premature failure of DG sets.

Lakshadweep Electricity Department has, on experimental basis, fitted coil cooler on two Cummins make 750 KVA DG sets at Kavaratti. As per the advice of the CEA, efficacy of use of Coil Cooler shall be monitored over a considerable period of time before going for

overhauling/retro-fitment in all other DG sets. Other general measures are also being taken by the Lakshadweep Electricity Department to improve the efficiency of DG sets.

As per the DPR, the DG sets should consume 0.28 to 0.30 Liter of HSD per kWh.

The present efficiency of fuel consumption for the year 2021-22 is furnished below for all the inhabited islands.

Island	HSD Consumed (L)	Energy Generated (kWh)	Diesel Consumption (Liter per kWh)
Agatti	2270320	7414782	0.3
Amini	1707440	5886678	0.29
Androth	2709519	8951633	0.3
Bitra	125622	335210	0.37
Chetlath	700836	2101707	0.33
Kadmath	1436965	4662351	0.3
Kalpeni	1149919	3984474	0.28
Kavaratti	3829524	13737929	0.27
Kiltan	1118870	3465322	0.32
Minicoy	2349325	8253042	0.28
<b>TOTAL</b>	<b>17452075</b>	<b>58919394</b>	<b>0.29</b>

From the above figures, it may be seen that the efficiency of DG sets is within the prescribed range in most of the Islands.”

12. In their vetting comments to aforesaid Action Taken Note, Audit stated as under:

“The ATN is silent on the Committee's recommendation to review the functioning of the Internal Audit Wing by the Ministry.

The efficiency of DG sets is still low in three islands (viz. Bitra, Chetlath and Kiltan) as against the standards stated in the DPR.”

13. In response to the aforesaid Audit Comments, Ministry of Home Affairs submitted as follows:

"The Department of Electricity, UTLA vide letter. No. 3/1/2021-AC-II/ dated 18-11-2022 has requested the Finance department of UT Administration of Lakshadweep to conduct Internal Audit from F.Y. 2013-14 onwards in view of the recommendation of the Committee.

The UT Administration, as a whole, has able to achieve specific fuel consumption of 0.29 Ltr/kWh, which is within the range of 0.28 to 0.30 Ltr/kWh as prescribed in the DPR.

Since the islands of Bitra, Chetlath and Kiltan are very small compared to other major islands, the load on the DG sets are variable in nature, and hence, the DG sets run with low efficiencies. However, steps are also being taken to improve the efficiency of DG sets in these small islands as well."

14. The Committee are surprised to note that in response to the Committee's recommendation for reviewing the functioning of Ministry's Internal Audit Wing, the ATN furnished by the Ministry eloquently speaks about a request being made to the Finance Department of UT Administration to conduct Internal Audit from F.Y. 2013-14 onwards. The Committee are dismayed to find that the Ministry have not taken any concrete steps for implementation of their recommendation. The very fact that the Department of Electricity, UTLA has issued letter to their Finance Department only after the matter was pointed out by CAG Audit speaks about the inaction on the part of Internal Audit Division in MHA. Moreover, there is conspicuous absence of any mention in their reply about the action taken to review the functioning of Internal Audit Wing of the Ministry and outcome thereof. While taking a serious note of the lackadaisical approach on the part of both the Ministry of Home Affairs and the Lakshadweep Administration, the Committee desire that specific



measures should be taken for review/strengthen the Internal Audit Wing of the Ministry so that the internal audits are conducted at regular intervals so as to timely detect/rectify such mistakes in future. Further, with regard to improving the efficiency in fuel consumption as per the DPR in all islands in Lakshadweep, the Ministry have informed in their ATN that the efficiency of fuel consumption for the year 2021-22 is within the prescribed range in most of the Islands. However, Committee observe that in regard to three islands (Bitra, Chetlath and Kiltan) the efficiency of DG sets is still low as against the DPR standards. The Committee have been informed that since these islands are very small compared to other major islands, the load on the DG sets are variable in nature and hence, the DG sets run with low efficiency. The Committee do not consider the Ministry's explanation as a plausible justification for their inaction with regard to increasing the efficiency of DG sets in these three islands. The Committee cannot but regret the lack of seriousness on the part of the Ministry of Home Affairs as well as Lakshadweep Administration towards this issue and desire that henceforth adequate attention should be paid to all the islands, small or major so that the benefit of measures taken by the Ministry should reach all the islands equally. The Ministry have also submitted that steps are being taken to improve the efficiency of DG sets in these small islands as well. The Committee would like to be apprised of the specific measures initiated in this regard and the corresponding results achieved as an outcome thereof.

## **II. High Transmission and Distribution Losses**

### **(Recommendation Para No. 8)**

15. The Committee noted that the DPR of 2004 recommended major thrust to reduce Transmission & Distribution (T&D losses from 10.8 percent to 8 percent by the end of the Tenth Five Year Plan (2002-2007). This target was not achieved till 2016, leading to T&D loss of ₹ 10.38 crore in respect of four islands alone. The Committee were informed that the Department is planning to implement smart metering to get details of actual T&D losses. For this purpose, Intellismart Infrastructure Pvt. Ltd, a joint venture company of Energy Efficiency Services Limited (EESL) and National investment and infrastructure Fund (NIIF) has been given responsibility for implementing Smart Metering Programme in Lakshadweep and the proposal submitted is said to be under process. They would implement the project within one year after approval by the Department/ Ministry of Power. The Committee were dismayed to note that the reply of the Ministry was again silent about the date on which the responsibility of implementation of Smart Meters in Lakshadweep was given to Intellismart and whether the approval by the Department/ Ministry of Power has since been obtained and by when the process would be completed. The Committee had desired to be apprised of these details at the earliest. The Committee failed to understand as to why no advance action was taken for awarding the work for implementation of Smart Meters Programme to Intellismart, which was badly required for bringing about improvement in power sector in Lakshadweep. The Committee expected that immediate action is taken to finalise the proposal with Intellismart so that the programme for implementation of Smart Meters does not suffer. Since, the installation of Smart Meters is an essential tool to control T&D

losses, the Committee emphasized that the Ministry should closely monitor the procurement, installation and maintenance of Smart Meters in a time bound manner.

16. The Ministry of Home Affairs in their Action Taken Notes have submitted as under:

“Department of Electricity, UT of Lakshadweep Administration has already converted both High Tension and Low Tension distribution cables to underground cables. Also, the Electricity Department is in the process of gradually converting consumer service lines also to underground cables. These measures shall help to curtail transmission and distribution losses.

Earlier, the Lakshadweep Electricity Department was in the process of implementing Smart Metering under TOTEX (Total cost of expenditure) mode through Intellismart Infrastructure Pt Ltd, a joint venture of Energy Efficiency Services Limited (EESL) and National Investment Infrastructure Fund (NIIF). Intellismart Infrastructure Pvt Ltd has submitted its proposal to Lakshadweep Administration for implementation of smart metering in all the islands of Lakshadweep. From the analysis it was observed that the per meter cost per month comes around ₹ 140/- which is on higher side compared to per meter cost at mainland which is around ₹ 70-90. Moreover, during the pre-bid meeting as part of tendering of privatization of Department of Electricity, some of the bidders requested that, Department of Electricity may not implement the Smart Metering Project since they may have better alternative solutions to the present proposal. Now the process of privatization of generation and distribution in Lakshadweep is underway, and it is expected that the selected bidder would implement the best possible solution to improve the billing efficiency and collection efficiency.

Power Finance Corporation (PFC). a Central Public Sector Undertaking (CPSU) under Ministry of Power publishes a "Report on Performance of State Power Utilities", which includes the status of the AT&C losses in various States/UTs in the country. The Report is compiled based on audited/provisional annual accounts of the utilities.

It is informed that as per the 'Report on Performance of State Power Utilities' for the year 2019-20 (Published in 2021) by the Power Finance

Corporation, the annual Aggregate Technical & Commercial (AT&C) losses for the country was 20.93 % during 2019-20. The status of AT&C losses of the country during 2019-20, and comparison with Lakshadweep is as under:-

**AT&C Losses**

Year	AT&C losses (All India)	Lakshadweep
2019-20	20.93%	14.28%

It may be seen that the AT&C losses of UT of Lakshadweep have been less than All India Average during the in 2019-20."

17. In their vetting comments to aforesaid ATN, the Audit stated as follows:

"The current/updated status in respect of Privatization of power sector of UTL, may be appraised to the PAC."

18. In response to Audit Comments, the reply of the Ministry of Home Affairs is given as under:-

"UT of Lakshadweep Administration has decided to privatize the entire power generation and distribution functions of Department of Electricity, Lakshadweep Administration. The tender for the same has already published on 03/01/2022. The last date of bid submission is 09-01-2023."

19. The Committee note that in response of their recommendation for monitoring the procurement, installation and maintenance of Smart Meters in a time-bound manner to control T&D Losses, the Ministry have informed that since the cost of implementation of Smart Meters in Lakshadweep Islands is higher than the mainland, the bidders in the pre-bid meeting as part of tendering of privatization of power sector in UTL suggested for not implementing the Smart Metering Project as they may have better alternative solution to this. The Committee cannot accept the hypothetical solution to this issue as the tender for privatizing the entire power generation and

distribution functions of the Department of Electricity, Lakshadweep is at a nascent stage. The tender for the same has been published on 03-01-2022 and the last date of bid submission is 09-01-2023. Further, the reply of the Ministry also does not reflect the date by which this privatization would actually start and by when it would be completed. The Committee would like to be apprised of these details at the earliest. The Committee also desire to know the current status of bid submission and the action taken thereon till now. Keeping in view the indefinite time likely to be taken for the privatization of electricity in UTL, the Committee emphasize that some alternative solutions may also be explored by the Lakshadweep Administration to reduce the Transmission and Distribution (T&D Losses) till completion of privatization. The Committee, thus, emphasize that urgent steps should be taken to complete the process of privatization of electricity in UTL at the earliest.

NEW DELHI;

<sup>03</sup> April, 2023

<sup>13</sup> Chaitra, 1945 (Saka)

ADHIR RANJAN CHOWDHURY

Chairperson,

Public Accounts Committee

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**APPENDIX-II**  
(Vide Paragraph 5 of Introduction)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE  
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE  
CONTAINED IN THEIR FORTY-SIXTH REPORT (SEVENTEENTH LOK SABHA)**

(i)	<b>Total number of Observations/Recommendations</b>	<b>12</b>
(ii)	<b>Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. – 1-12</b>	<b>Total : 12 Percentage: 100%</b>
(iii)	<b>Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:  Para Nos. – NIL</b>	<b>Total : 00 Percentage: 00</b>
(iv)	<b>Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  Para Nos. - NIL</b>	<b>Total : 00 Percentage: 00</b>
(v)	<b>Observations/Recommendations in respect of which the Government have furnished interim replies:  Para Nos. – NIL</b>	<b>Total : 00 Percentage: 00</b>

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Observation/Recommendation

##### Introduction (Para-1)

Lakshadweep is an archipelago of thirty-six small islands located in the Arabian Sea. The islands are isolated from the main land as well as from each other. The condition of the Lakshadweep Islands is unique and different from any other part of the country. The main constraint of the islands is the geographic isolation and access to the mainland. Due to the geographical and topographical peculiarities of these islands, including separation by sea over significant distances, there is no power grid. Instead power house at each location caters independently to the power requirement of different islands.

Lakshadweep Electricity Department (LED), an integrated utility, is responsible for Generation and Distribution of electricity in the Union Territory. Owing to the distance from the mainland, Lakshadweep is entirely dependent on its own generation for supply of power, mainly through Diesel Generator (DG) sets (95 percent) and partly through Grid Interactive Solar Photovoltaic (SPV) Power plants. The total installed capacity in 2015-16 was 24,010 KW (46 DG sets of 21,860 KW and 11 SPVs of 2,150 KW). The installed capacity of the DG sets ranges between 60 KW and 1,600 KW.

**(Sl. No: 01; Appendix II; Para No 1 of the 46<sup>th</sup> Report  
of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

#### **Action Taken:**

It is an introductory remark. No action required.

#### **Vetting Comments of Audit dated 02.11.2022:**

No comments

#### **Reply of the Ministry on Audit Comments:**

No Comments.

**(Ashutosh Agnihotri)**  
Joint Secretary(UT)

(UT Division, Ministry of Home Affairs, OM. No U-15029/10/2022-ANL dated.....)

**Observation/Recommendation**

**Introduction (Para-2)**

The records of Lakshadweep Electricity Department for the period, 2013 to 2016 were examined by Audit in 2016. During the course of Audit review, issues of concern that came to light *inter-alia* included: excess generation capacity ranging between 47% to 89% in all the islands, sharp decline in demand in some of the islands, non-commissioning of bulk oil storage facilities and transit losses, diesel consumption in excess of norms, avoidable expenditure due to high transmission and distribution losses, unfruitful expenditure on Solar-Photovoltaic (SPV) plants, non-collection of dues from NTPC, Energy Audit not having been conducted despite requirement, and need to explore alternative methods for electrification etc. These issues have been examined in detail by the Committee and commented upon suitably in the succeeding paragraphs.

**(Sl. No: 2; Appendix II; Para No. 2 of the 46<sup>th</sup> Report  
of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

**Action Taken:**

It is an introductory remark. No action required.

**Vetting Comments of Audit dated 02.11.2022:**

No comments

**Reply of the Ministry on Audit Comments:**

No Comments.

**(Ashutosh Agnihotri)**  
Joint Secretary(UT)

(UT Division, Ministry of Home Affairs, OM. No U-15029/10/2022-ANL dated.....)



**Observation/Recommendation**

**Excess capacity of DG sets (Para 3)**

The Committee is concerned to note that all the islands have excess installed capacity ranging between 47 percent (Kiltan) to a maximum of 89 percent (Bitra). Further, against the normal trend of increasing demand, some islands showed sharp decline in demand at certain times. The Committee are perturbed to find that Lakshadweep Electricity Department (LED) did not maintain a centralized record of 'downtime' of DG sets owing to factors such as repairs etc. The data in this regard is available only with the sub-divisions. Moreover, there is no system in place to ensure the procurement of DG sets as per actual requirement. The reasons attributed for procuring DG (Diesel Generators) sets with significantly higher capacity in some of the islands have been cited as: frequent failure of DG sets due to climatic conditions, difficulty in carrying out repairs due to non-availability of OEM service engineers and OEM spares locally and non-updation of some of the DG sets in the Power Generation and Distribution System (PGDMS). As such, the Department was compelled to operate some of the phased out of DG Sets in unforeseen situations due to breakdown of the operational DG sets, etc. The Committee feel that the Union Territory Administration has not made any earnest effort to procure the DG sets as per actual requirements. The Committee are of the view that lack of foresight and proper planning are probably the main reasons behind the above cited problems. Further, the Committee are of the firm view that these problems could have been very-well prevented by taking timely remedial action. The Committee are also surprised to note that while implementing PGDMS, the UT Administration has failed to update the data of DG sets available/phased out which is again indicative of lack of proper planning. The Committee desire to be apprised of the reasons behind the delay in updation of some of the DG sets in PGDMS and recommend that officials responsible for the delay may be suitably warned and appropriate action taken on the errant so that such lapses do not recur. The Committee also recommend that henceforth, the Lakshadweep Administration should follow a systemic planning and exercise effective foresight by taking into consideration all variables like climatic conditions, availability of OEM (Original Equipment Manufacturer) service engineers/spare parts, credibility of agency providing DG sets based on past performance etc. at the planning stage.

Considering the aspect of difficulties faced in carrying out repairs of DG Sets due to non-availability of spares, the Committee desire that the UT Administration, through the Ministry, should work out a means for regular monitoring of the DG sets so as to ensure timely repair and procurement of spares. The Government should also undertake a comprehensive programme to renovate and modernize old DG sets located in different islands. As regards the current status of the steps taken in this regard, the Committee have been informed that Power Sector reforms in UT of Lakshadweep are underway. These include, promoting private participation in power generation and distribution, use of renewable and new energy, implementation of smart meters etc. The Committee welcomes such initiatives and will await the results of these measures.

## **Action Taken**

The Lakshadweep Electricity Department procured the DG sets on the basis of project report approved by Central Electricity Authority (CEA) and sanctioned by the Ministry of Power vide letter No. 39/4/2004-R&R dated 02.08.2005 (copy enclosed). Similarly, further procurement of DG sets were based on the report called "24x7 Power for all" prepared by M/s CRISIL as per the directions of the Ministry of Power. As such, the Lakshadweep Electricity Department is undertaking procurement of DG Sets based on the actual requirement considering factors such as redundancy, round the clock power, future demand, etc.

The Lakshadweep Electricity Department was compelled to operate some of the phased out DG sets, which are under working condition, during the down time of new DG sets. These phased out DG sets are kept as backup, which can be used during down time period of running DG sets. The Committee has rightfully pointed out that there was delay in updating data of some of the DG sets in Power Generation and Distribution Management System (PGDMS). Strict instructions have been issued to all the concerned officers to keep the PGDMS details updated. As per UT of Lakshadweep Administration, now the details in PGDMS are upto date.

The recommendation of the Committee that, Lakshadweep Administration shall follow systematic planning and exercise effective foresight by taking into consideration all variables like climatic conditions, availability of OEM service engineers/spares parts, credibility of agency providing DG sets based on past performance etc. at the planning stage has been noted for strict compliance. All future procurement of DG sets shall be undertaken keeping the above considerations in mind by the UT of Lakshadweep Administration.

UT of Lakshadweep Administration has also decided to privatize the power generation and distribution functions of Department of Electricity, which will enhance efficiency, lower AT&C (Aggregate Technical & Commercial) losses, enable the shift from diesel based generation of electricity to clean energy sources etc. The tender for the same has already been published on 03/01/2022. The tender is live. It is anticipated that the power privatization process would be completed by the end of FY 2022-23.

## **Vetting Comments of Audit dated 02.11.2022:**

Though the Ministry has admitted a delay in updating data of DG sets in PGDMS, the ATN is silent on the reasons for delay in up-dation of data of DG sets in PGDMS and the appropriate action taken by the UT of Lakshadweep Administration in accordance with the recommendation of PAC.

The current /up-dated status in respect of Privatization of power sector of UTL, may also be apprised to the PAC.

The replies to the above mentioned remarks may be included in the Final ATN.

## **Reply of the Ministry on the Audit Comments:**

The reason behind the delay in updating of some of the DG sets in PGDMS is that the Department of Electricity was compelled to operate some of the phased out DG sets (which were in working condition) during the downtime of new DG sets, until their repair was completed. These phased out DG sets, which were in working condition at that time, were kept as backup. These could be used during downtime period of running of DG sets. Accordingly the details of DG sets in PGDMS (Power Generation and Distribution Management System) were not updated at that time. However, strict instructions have been issued to all the concerned officers to keep the PGDMS details updated. As per UT of Lakshadweep Administration, now the details in PGDMS are upto date.

As regards the current/updated status in respect of Privatization of Power Sector in Lakshadweep, it is informed that the tender for the same has already been published on 03/01/2022. The last date of bid submission is 09-01-2023.

**(Ashutosh Agnihotri)**  
Joint Secretary (UT)

(UT Division, Ministry of Home Affairs, OM. No U-15029/10/2022-ANL dated.....)

**Observation/Recommendation**

**Bulk oil storage facilities and transit losses (Para 4)**

The Committee are concerned to note that though the bulk oil storage facilities were completed at Kavaratti (December 2014) and Minicoy (March 2016) at a cost of Rs 7.37 crore and Rs.10.48 crore respectively, they were not been commissioned till the time of Audit Scrutiny of the subject in 2016. This has been attributed to non-availability of oil barge. The absence of bulk storage facilities and transportation of diesel in barrels from Beypore, Calicut to the islands had resulted in transit losses. The Committee are unable to understand what prevented LED from going ahead with the commissioning of bulk oil storage facility when the Department was forced to follow non-conventional methods of transportation of oil from mainland to UTL islands in barrels. The Committee are dismayed at the flippant attitude of the Lakshadweep Administration in undertaking the work of commissioning of bulk oil storage facility. The Ministry had, in 2019 informed that the Department of Ports had initiated action to build suitable barge for transportation of HSD (High Speed Diesel) oil and the storage facility would be commissioned within a reasonable period of time. But to their utter surprise, the Committee have come to understand that this was not done. The Committee have now been informed that bulk oil storage depot and retail outlets at Kavaratti and Minicoy islands, including the building the other installations have been handed over to Indian Oil Corporation Limited (IOCL) in August, 2021. The Committee are perturbed to note that the despite this issue being pointed out by Audit in 2016, the commissioning of bulk oil storage facility has not been carried out. The Committee deplore this lackadaisical attitude on the part of the Ministry/ UT Administration in not taking up this important matter with the required amount of seriousness. Apparently, the Ministry have taken the right initiatives only when the matter was taken up for consideration by the Committee. The Committee would, therefore, desire that the General Administration should sensitize the officers concerned to be more careful in taking urgent and important action and prevent any eventualities in future. The Committee have also been informed that bulk oil storage depots at Kavaratti and Minicoy are completely ready for operations and are expected to be commissioned very soon. IOCL has also started the ground work to set up retail outlets in other 7 islands for which the process of identification of sites has been started. During the course of taking evidence on the subject, it was informed that this work would be completed by the end of October 2021 and IOCL too had informed of it. The Committee feel that the delay in progress in works resulted in further adding to the time and cost overruns. The Committee would, therefore, emphasize the need to take effective steps for stricter monitoring and control over the commissioning of bulk oil storage depots and retail outlets in all the islands at Lakshadweep so that these can be commissioned without further loss of time. The Committee would like to be apprised of the status in this regard within one month of the presentation of this Report to Parliament.

**(SI. No: 4; Appendix II ; Para No. 4 of the 46<sup>th</sup> Report  
of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

## **Action Taken**

The Committee has rightly pointed out that there was undue delay in the commissioning of the Bulk Oil storage facilities and the same is regretted. As advised by the Committee, persistent efforts have been made by the UT Administration of Lakshadweep and this Ministry to expedite the issue. In order to resolve various issues involved in transportation, storage and distribution of Petroleum Oil Lubricants (POL) products in Lakshadweep, including the commissioning of Bulk Storage facilities, meetings were also held under the Chairmanship of the Union Home Secretary with the concerned stakeholders i.e. Ministry of Petroleum and Natural Gas (MoPNG) and Indian Oil Corporation Limited (IOCL) on 25.02.2021 and 07.12.2021 (copies of the Minutes of Meetings enclosed).

It is informed that the Bulk Oil Storage facilities as well as retail outlets at Kavaratti and Minicoy were successfully commissioned by the Indian Oil Corporation Limited (IOCL) in March 2022 and June 2022 respectively. POL products to these facilities are being successfully offloaded through the Oil Tanker ship, M.V Thilakkam.

## **Vetting Comments of Audit dated 02.11.2022:**

The Ministry during the course the evidence taking had assured that the work would be completed by October 2021. Despite the assurance there is a delay of five months and eight months in commissioning of bulk oil storage facilities in Kavaratti and Minicoy respectively. The reasons for the above delay may be included in the final ATN.

## **Reply of the Ministry on Audit Comments:**

The bulk oil storage depot and retail outlets at Kavaratti and Minicoy islands, including the building and other installations were handed over to the Indian Oil Corporation Limited (IOCL) in August 2021. Reason for the delay in commissioning of these facilities at Kavaratti and Minicoy are as under:-

(i) Action for obtaining approval of the Petroleum and Explosives Safety Organization (PESO) and other statutory clearances for operationalizing the depots could be initiated by IOCL only after the completion of handing over / taking over of the complete facilities including all the infrastructure and installations. Due to COVID 19 restrictions, movement of officers from PESO as well as IOCL from the mainland to the respective sites on the Islands as well as manpower deployment were considerably delayed, thereby leading to delay in commissioning of the facilities.

(ii) The dedicated 700 MT, oil tanker vessel, MV THILAKKAM was delivered to the UT of Lakshadweep Administration (UTLA) in February 2021. UTLA entrusted the work of operation & maintenance of the vessel to the Shipping Corporation of India (SCI). During its test loading, product leakage was observed and accordingly, SCI carried out necessary repair and maintenance in the vessel. Finally after completion of the work, the vessel was ready for her maiden voyage only in February, 2022.

**(Ashutosh Agnihotri)**  
Joint Secretary (UT)

**Observation/Recommendation**

**Bulk oil storage facilities and transit losses (Para -5)**

As regards the present status of building a barge for transportation of HSD oil and eliminating transit losses, the Committee have been informed that MV Thilakkam, a 700 MT oil Barge was delivered during February, 2021. During trial loading and discharging, minor leaks were observed which have now been rectified. Discussion is being held between UTLA, IOCL and Shipping Corporation of India (SCI) for the operation and chartering of the barge. The Committee regret to know that though the oil Barge delivered during February, 2021 and five years have elapsed since the matter was pointed out by Audit in 2016, discussions are still on-going in regard to the operation and chartering of the barge. The Committee, thus strongly deplore the delay in operation of the barge and desire that urgent measures be initiated of operationalizing the barge. The Committee would also like to be apprised of the present status of operationalizing the barge, the basis on which an oil barge for capacity of 700 MT was built, and whether this capacity is sufficient to cater to the need of providing electricity in the Lakshadweep islands.

**(Sl. No: 5; Appendix II Para No 5 of the 46<sup>th</sup> Report  
of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

**Action Taken:**

The Committee has rightly pointed out that there was undue delay in the operationalization of the Oil Barge, MV Thilakam, and the same is regretted. As advised by the Committee, persistent efforts have been made by the UT Administration of Lakshadweep and this Ministry to expedite the operationalization of the barge. In order to resolve various issues involved in transportation, storage and distribution of Petroleum Oil Lubricants (POL) products in Lakshadweep, including the operation and chartering of the barge, meetings were also held under the Chairmanship of the Union Home Secretary with the concerned stakeholders i.e. Ministry of Petroleum and Natural Gas (MoPNG), Indian Oil Corporation Limited (IOCL) and the Ministry of Ports Shipping and Waterways (MoPSW) on 25.02.2021 and 07.12.2021 (copies of the Minutes of the Meetings enclosed). MV Thilakam, the 700MT oil Barge, has been handed over to Shipping Corporation of India and the vessel is being operated based on the charter as suggested by IOCL. The ship is also successfully delivering the petroleum products at both Kavaratti and Minicoy Islands.

**Vetting Comments of Audit dated 02.11.2022:-**

The ATN is silent on the queries of the committee regarding (a) the basis for determining 700 MT as the capacity of oil barge (b) whether the capacity of the oil barge is sufficient to cater to the electricity needs of UT of Lakshadweep.

The replies to the above mentioned remarks may be included in the Final ATN.

## **Reply of the Ministry on Audit Comments:-**

The replies are submitted as under for the kind perusal of the Committee:

a) Bulk oil storage facilities were established near the western jetties of Kavaratti and Minicoy Islands. The basis for determining the capacity of oil barge as 700 MT was to have a low draft design of the vessel to enable it to berth on the western side jetties, so that the product could be easily discharged even during monsoon period. Further, it was also based on the recommendation and design of the Shipping Corporation of India and Lakshadweep Development Corporation Limited.

b) 700 MT capacity of the Barge MV Thilakam is sufficient to cater the present needs of HSD oil for power generation at Kavaratti and Minicoy as well as nearby islands. As such UT Administration could stop the transportation of POL product in barrels from mainland to islands after commissioning of the vessel and bulk oil storage facilities.

**(Ashutosh Agnihotri)**  
Joint Secretary(UT)

(UT Division, Ministry of Home Affairs, OM. No U-15029/10/2022-ANL dated.....)

**Observation/Recommendation**

**Issue and consumption of Diesel (Para-6)**

The Committee observes that during the period, 2013-14 to 2015-16, there were discrepancies between the figures of HSD oil issued by the sub-divisions and consumption by Power stations resulting in a huge difference on Rs. 2.75 crore. In this regard, the Committee have been informed that besides Power Generation, HSD oil was utilized for other purpose which included usage by other Government Departments such as Fisheries, Ports, Sub-Division offices etc. with the approval of competent authority for *bona fide* purposes on returnable basis. The Committee would like to be apprised of the 'other purpose' for which Diesel has been issued to other Departments and whether this was a necessity during the years 2013-14 to 2015-16. The Committee would like to be apprised of the segregated figures of Diesel issued for 'other purposes' to the Government Departments on loan basis and received back from them during the year 2013-14 to 2015-16. The Committee would also desire to be apprised of the corrective measures initiated by the Ministry to avoid such lapses so that the consumption of Diesel is kept within the limits stipulated by the sub-divisions. As informed by the Ministry, a Cell was created at the Head office in May, 2020 with two newly recruited staff having IT qualification to attend to the duties of software and inventory management. The Committee are of the view that the Ministry have not taken this issue seriously till the lapse was pointed out by the Audit, and that too after a significant time gap. The Committee deplore the tardiness of the UT Administration in dealing with this important matter which led to loss of Rs. 2.75 crore as on 2016. The Committee would, therefore, desire that the Ministry constantly and regularly monitor and reconcile the figure so that the HSD Oil is used for the purposes of power generation in Lakshadweep only and recommend taking necessary measures to revamp the Lakshadweep Electricity Department (LED).

**(SI. No: 6; Appendix II; Para No 6 of the 46<sup>th</sup> Report  
of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

**Action Taken:**

During the period 2013-14 to 2015-16, there were discrepancies between the figures of HSD oil issued by the sub-divisions and consumption by Power stations. The discrepancies were observed due to the usage of diesel for other purposes, which include usage by other Government Departments of the UT Administration such as Fisheries, Ports, Sub-division offices, etc. When there is a shortage of stock of HSD in the other Departments such as Fisheries, Ports etc. they borrow HSD from the Lakshadweep Electricity Department on returnable basis with the approval of the competent authority. Similarly, when the Lakshadweep Electricity Department faces shortage of HSD Oil due to reasons such as delay in procurement and transportation of HSD to the islands etc., the HSD oil taken by other departments from the Electricity Department is returned back to it, subject to the availability of HSD stock with the other departments. The aforesaid issue of diesel to other departments and vice-versa is done by the UT Administration after the approval of the



competent authority. The following are the details of the other purposes for which diesel is/was issued :

1. To Department of Fisheries on loan basis: - Department of Fisheries, Lakshadweep distributes HSD oil to fishermen, etc.
2. To Department of Ports on loan basis: Department of ports requires HSD for use in marine crafts.
3. To other Sub-divisions : Sometimes due to delay in procurement and transportation of HSD from mainland to island, the stock position of HSD oil in some islands tends to become low. In order to avoid black out, HSD oil is transported from nearby islands to the concerned Sub Division.

As per the UT of Lakshadweep Administration, HSD oil given to other departments were received back from all the departments by the Electricity Department, and at present, 'loan to other departments' has been minimized.

Further, UT Administration of Lakshadweep has informed that the discrepancies that were observed by audit due to improper updation of the inventory for the above mentioned transfers of HSD, have been reconciled. The concerned officers have also been sensitized to properly update the inventory details, especially the issue of HSD to other Departments. At present, issue of HSD oil is properly recorded and maintained by the UT Administration.

**Vetting Comments of Audit dated 02.11.2022:**

The ATN is silent on the segregated figures of diesel issued for other purposes on loan basis to other Govt. Departments and the diesel received back from them during the period from 2013-14 to 2015-16.

The replies to the above mentioned remarks may be included in the Final ATN.

**Reply of the Ministry on vetted comments:**

During the period from 2013-14 to 2015-16, there were discrepancies between the figures of HSD oil, issued by the Electricity Sub Divisions and consumption by Power stations. The discrepancies were observed due to the usage of diesel for other purposes, which include usage by other Government Departments such as Fisheries, Ports, Sub-division office, etc on returnable basis. The details of segregated figures of HSD oil issued by the Electricity Department for the purposes of other departments of UTLA, and returned by the concerned departments during the period from 2013-14 to 2015-16 are submitted below for the kind perusal of the Committee:-

<b>Loan given/receipts to other Department</b>			
Department	Issued	Receipt	Difference
Port	37545	55635	<b>-18090</b>
Fisheries	109245	122926	<b>-13681</b>
Science & Technology	20550	19750	800
Coast Guard	4400	1200	3200

Rajiv Gandhi Specialty Hospital	2600	400	2200
Village Dweep Panchayats	200	0	200
Sub Divisional Office	250	0	250
Co-operative Supply and Marketing Societies	6000	2000	4000
Harbour	1010	200	810
Public Works Department	200	50	150
<b>TOTAL</b>	<b>182000</b>	<b>202161</b>	<b>-20161</b>

Island wise details of issue of HSD oil on loan to other departments of UTLA and return of same are tabulated separately and attached as **Annexure – I**. The ‘difference’ figure shown as minus in the last column is excess receipt from the concerned department (which is the return of loan taken in the previous years plus the figure pending for return back to department during the said period). Discrepancies were observed during the audit for the period from 2013 – 14 to 2015-16, since the inventory details were not properly updated in respect of HSD issued to other Departments. Later the figures were reconciled and the concerned officers have also been sensitized to properly update the inventory details, especially the issue of HSD to other Departments. At present, issue of HSD oil is properly recorded and maintained by the UT Administration.

**(Ashutosh Agnihotri)**  
Joint Secretary(UT)

(UT Division, Ministry of Home Affairs, OM. No U-15029/10/2022-ANL dated.....)

**Observation/Recommendation**

**Issue and consumption of Diesel (Para-7)**

The Committee find that in contravention of standards of DPR (Detailed Project Report), LED has consumed fuel in excess of norms to the tune of Rs. 2.84 crore from 2013-14 to 2015-16 due to poor performance of the DG sets. The peculiarity of geographic conditions is also said to have led to excess consumption. The Committee are constrained to observe that delay in overhauling and continuing operation of inefficient, old and outdated DG sets made things worse. As regards the steps taken for developing DG sets which consume less fuel and work better in such climatic conditions, the Committee have been informed that distribution, planning and development division of Central Electricity Authority (CEA) was requested to advise UT of Lakshadweep in identifying island-specific DG sets, which consume less fuel and work better in the geographic condition of the islands. However, the reply of the Ministry is silent about the date on which they sought the suggestions of CEA and whether these have been received or not. The Committee has now been apprised that LED is in the process of replacing the older DG sets with new sets and most of the inefficient DG sets have been phased out and are replaced with new ones. The Committee is unable to understand as to why this action has been initiated belatedly. Also, 7 DG sets which have outlived their life by more than 15 years are still being used to meet the peak demand in season. While the Committee appreciates the steps initiated by the Ministry in this regard, they consider it unfortunate that no sincere efforts were made with a view to ensuring consumption of fuel as per the standards of Detailed Project Report. If such issue had been noticed by the Internal Audit Wing of the Ministry, the loss of Rs. 2.84 crore, incurred for consuming fuel in excess of norms, could have been avoided. The Committee, therefore, desires the Ministry to review the functioning of their Internal Audit Wing so that such mistakes could be detected and rectified in a timely manner. However, keeping in view the steps taken to phase out the old and inefficient DG sets and replace the sets with new ones, the Committee desire to know about the current status of achieving efficiency in fuel consumption as per the DPR in all islands. The Committee strongly recommend the Ministry to take all corrective measures, at least now, with a view to ensure that the electrification in all the Lakshadweep islands is achieved without further loss of time.

**(Sl. No:7 Appendix Para No 7 of the 46<sup>th</sup> Report  
of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

**Action Taken:**

The Lakshadweep Electricity Department had requested the Distribution, Planning and Development Division of the Central Electricity Authority (CEA) for recommending DG sets, which consume less fuel and which would work better in island conditions vide its letter dated 23.10.2021. The Central Electricity Authority in its reply dtd 18.02.2022 (copy enclosed) did not suggest any particular type of DG sets. However, they provided the following observations for improving the efficiency of DG sets.

1. OEM may be consulted for exploring cooling options as mentioned under Clause 25(7) of Central Electricity Authority (Technical Standards for Construction of Electrical Plants and Electric Lines) Regulations, 2010
2. Suitable anti-corrosion coating/paints may also be applied on Coil Cooler to overcome corrosion.
3. OEM may also be consulted for change of metallurgy of radiator fins/tubes suitable for coastal conditions at Lakshadweep islands.
4. Additionally, it is advisable to increase frequency of preventive maintenance of the DG sets to improve cooling efficiency and overcome the problem of premature failure of DG sets.

Lakshadweep Electricity Department has, on experimental basis, fitted coil cooler on two Cummins make 750 KVA DG sets at Kavaratti. As per the advice of the CEA, efficacy of use of Coil Cooler shall be monitored over a considerable period of time before going for overhauling/retro-fitment in all other DG sets. Other general measures are also being taken by the Lakshadweep Electricity Department to improve the efficiency of DG sets.

As per the DPR, the DG sets should consume 0.28 to 0.30 Liter of HSD per kWh. The present efficiency of fuel consumption for the year 2021-22 is furnished below for all the inhabited islands.

<b>Island</b>	<b>HSD Consumed(L)</b>	<b>Energy Generated(KWH)</b>	<b>Diesel Consumption (liter per kWh)</b>
Agatti	2270320	7414782	0.3
Amini	1707440	5886678	0.29
Androth	2709519	8951633	0.3
Bitra	125622	335210	0.37
Chetlath	700836	2101707	0.33
Kadmth	1436965	4662351	0.3
Kalpeni	1149919	3984474	0.28
Kavaratti	3829524	13737929	0.27
Kiltan	1118870	3465322	0.32
Minicoy	2349325	8253042	0.28
<b>Total:</b>	<b>17452075</b>	<b>58919394</b>	<b>0.29</b>

From the above figures, it may be seen that the efficiency of DG sets is within the prescribed range in most of the Islands.

#### **Vetting Comments of Audit dated 02.11.2022:**

The ATN is silent on the committee recommendation to review the functioning of the Internal Audit Wing by the Ministry.

The efficiency of DG sets is still low in three islands (viz. Bitra, Chetlat and Kiltan) as against the standards stated in the DPR.

The replies to the above mentioned remarks may be included in the Final ATN.

**Reply of the Ministry on Audit Comments:**

The Department of Electricity, UTLA vide letter.No. 3/1/2021-AC-II/ dated 18-11-2022 has requested the Finance department of UT Administration of Lakshadweep to conduct Internal Audit from F.Y. 2013-14 onwards in view of the recommendation of the Committee.

The UT Administration, as a whole, has able to achieve specific fuel consumption of 0.29 Ltr/KWh, which is within the range of 0.28 to 0.30 Ltr/kWh as prescribed in the DPR. Since the islands of Bitra, Chetlat and Kiltan are very small compared to other major islands, the load on the DG sets are variable in nature, and hence, the DG sets run with low efficiencies. However, steps are also being taken to improve the efficiency of DG sets in these small islands as well.

**(Ashutosh Agnihotri)**  
Joint Secretary(UT)

(UT Division, Ministry of Home Affairs, OM. No U-15029/10/2022-ANL dated.....)

**Observation/Recommendation**

**High Transmission and Distribution Losses (Para-8)**

The Committee note that the DPR of 2004 recommended major thrust to reduce Transmission & Distribution (T&D) losses from 10.8 percent to 8 percent by the end of the Tenth Five Year Plan (2002-2007). This target was not achieved till 2016, leading to T&D loss of Rs. 10.38 crore in respect of four islands alone. The reasons attributed by the Ministry for this lapse are, non-installation of package transformers, ring main units, conversion/laying of underground cable for consumers etc. However, out of 108 sub-stations, 69 sub-stations have either been converted to packaged sub-stations (4) or provided with ring main units (29). The Committee would like to be informed of the present status of conversion of remaining sub-stations. The Committee have been informed that the Department is planning to implement smart metering to get details of actual T&D losses. For this purpose, intellismart Infrastructure Pvt. Ltd, a joint venture company of Energy Efficiency Services Limited (EESL) and National investment and infrastructure Fund (NIIF) has been given responsibility for implementing Smart Metering Programme in Lakshadweep and the proposal submitted is said to be under process. They would implement the project within one year after approval by the Department/ Ministry of Power. The Committee are dismayed to note that the reply of the Ministry is again silent about the date on which the responsibility of implementation of Smart Meters in Lakshadweep was given to Intellismart and whether the approval by the Department/ Ministry of Power has since been obtained and by when the process would be completed. The Committee would desire to be apprised of these details at the earliest. The Committee fail to understand as to why no advance action was taken for awarding the work for implementation of Smart Meters Programme to Intellismart, which was badly required for bringing about improvement in power sector in Lakshadweep. Now, the Committee would expect that immediate action is taken to finalise the proposal with Intellismart so that the programme for implementation of Smart Metes does not suffer. The representative of the Ministry of Home Affairs deposed before the Committee that through Intellismart they would procure machines immediately and would complete it in another six months. Since, the installation of smart meters is an essential tool to control T&D losses, the Committee emphasize that the Ministry should closely monitor the procurement, installation and maintenance of Smart Meters in a time bound manner.

**(SI. No: 8; Appendix II; Para No 8 of the 46<sup>th</sup> Report  
of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

**Action Taken**

Department of Electricity, UT of Lakshadweep Administration has already converted both High Tension and Low Tension distribution cables to underground cables. Also, the Electricity Department is in the process of gradually converting consumer service lines also to underground cables. These measures shall help to curtail transmission and distribution losses.

Earlier, the Lakshadweep Electricity Department was in the process of implementing Smart Metering under TOTEX (Total cost of expenditure) mode through Intellismart Infrastructure Pvt Ltd, a joint venture of Energy Efficiency Services Limited (EESL) and National Investment Infrastructure Fund (NIIF). Intellismart Infrastructure Pvt Ltd has submitted its proposal to Lakshadweep Administration for implementation of smart metering in all the islands of Lakshadweep. From the analysis it was observed that the per meter cost per month comes around Rs 140/- which is on higher side compared to per meter cost at mainland which is around Rs 70-90. Moreover during the pre-bid meeting as part of tendering of privatization of Department of Electricity, some of the bidders requested that, Department of Electricity may not implement the Smart Metering project since they may have better alternative solutions to the present proposal. Now the process of privatization of generation and distribution in Lakshadweep is underway, and it is expected that the selected bidder would implement the best possible solution to improve the billing efficiency and collection efficiency.

Power Finance Corporation (PFC), a Central Public Sector Undertaking (CPSU) under Ministry of Power publishes a "Report on Performance of State Power Utilities", which includes the status of the AT&C losses in various States/UTs in the country. The Report is compiled based on audited/provisional annual accounts of the utilities.

It is informed that as per the 'Report on Performance of State Power Utilities' for the year 2019-20 (Published in 2021) by the Power Finance Corporation, the annual Aggregate Technical & Commercial (AT&C) losses for the country was 20.93 % during 2019-20. The status of AT&C losses of the country during 2019-20, and comparison with Lakshadweep is as under:-

**AT&C Losses**

Year	AT&C losses (All India)	Lakshadweep
2019-20	20.93%	14.28%

It may be seen that the AT&C losses of UT of Lakshadweep have been less than All India Average during the in 2019-20.

**Vetting Comments of Audit dated 02.11.2022:**

The current/up-dated status in respect of Privatization of power sector of UTL, may be appraised to the PAC

**Reply of the Ministry on Audit comments:**

UT of Lakshadweep Administration has decided to privatize the entire power generation and distribution functions of Department of Electricity, Lakshadweep Administration. The tender for the same has already published on 03/01/2022. The last date of bid submission is 09-01-2023.

**(Ashutosh Agnihotri)**  
Joint Secretary(UT)

(UT Division, Ministry of Home Affairs, OM. No U-15029/10/2022-ANL dated.....)

**Observation/Recommendation**

**Solar Photovoltaic Plants (Para-9)**

The Committee are perturbed to note that out of the 12 Solar Photovoltaic (SPV) plants, four were non-operational for more than three years while two were under renovation. The Committee also finds that in case of the plant at Amini, land was acquired only after three years following delivery of equipment and thereafter, completion of civil works was delayed by further four years due to which the condition of the SPVs has worsened. The Committee cannot but express their displeasure over the lackadaisical approach of the Ministry/ Lakshadweep Administration in handling the issue which resulted in non-installation of SPV plants for several years. The Committee desire that the Ministry should examine critically the reasons of such a dismal situation and take urgent measures for operationalizing the SPV plants. The Committee are dismayed to note that through the LED was responsible for ensuring mandatory coastal regulatory zone clearance and land acquisition before placing the orders for purchasing the SPV plant, the LED failed to do so. Moreover, poor maintenance of SPVs also aggravated the problem. The Committee wonders as to how, in the absence of allotment of land, the SPVs were procured by the Ministry, which ultimately worsened the condition without the SPVs being installed. While strongly disapproving the failure of the Ministry in this case, the Committee recommended that the matter should be inquired into and responsibility fixed for aforesaid lapses. Since installation of SPV panels would play an essential role in the generation of 'non-diesel electricity' in Lakshadweep, the Ministry should henceforth take all measures for timely procurement, installation and upkeep of the SPVs in the island.

Now, when the Committee has taken up the subject for examination, the Department of Electricity chose to sign and MoU with Solar Energy Cooperation of India (SECI), in August, 2018 for powering of existing ground mounted Solar PV system. Work for the SPV plant including O&M for 10 years has been awarded to SECI in July, 2020. In first phase, SECI has proposed setting up plants in Kavaratti, Agatti, Bangaram and Thinnakara having capacity of total 1.9 MW with 2.15 MW Battery Energy Storage System (BESS). However, UTLA decided to go for 100% privatization of Power Generation and Distribution and a draft RFP was prepared by UTLA. One of the key features of the draft RFP is to 'de-dieselize' the islands and enable generation of Electricity from 100% Renewable Energy in a time span of two years. The Committee would await details of implementation of these measures. The Committee also desire to be apprised of the current status of the exercise of privatizing Power generation and supply as well as the plants proposed to be set up by SECI in the first phase. The Committee would also desire that these measures ought to be implemented earnestly in letter and spirit, which would surely go a long way in eliminating the problems associated with power supply in Lakshadweep islands in future. The Committee may be kept apprised of the results achieved therefrom.



## **Action Taken**

Department of Electricity had signed an MoU with SECI for augmentation/installation of SPV power plants including floating solar power plants in August 2018. As part of this MoU, SECI has awarded the work of installation of SPV power plants at Kavaratti (1.4 MW) and Agatti (0.4MW) islands. All the projects of SECI have been put on hold for the time being in light of the ongoing privatization process. UT of Lakshadweep Administration is strongly moving towards clean and green energy sources for electricity power generation. One of the important terms and conditions of the RFP for privatization of Electricity Department is the deployment of clean energy by the bidder. Moreover there is an incentive for the bidders if they overachieve the generation of electricity from clean energy sources. The tender for the power privatization process has already been published on 03/01/2022. The tender is live. It is anticipated that the power privatization process would be completed by the end of FY 2022-23.

## **Vetting Comments of Audit dated 02.11.2022:**

The ATN is silent on the committee's recommendation for enquiry and fixation of responsibility for the lapse relating to undue delay in installation of SPV plant in Amini Island. The reply to the above remark may be included in the Final ATN.

## **Reply of the Ministry on Audit Comments:**

As regards the delay in commissioning of SPV plants at Amini Island the following points are submitted for kind consideration of the Committee.

Ministry of New & Renewable Energy vide letter No. 32/29/99-PV/PG dated 29/03/2001 sanctioned setting up of grid interactive projects of capacity aggregating to 750 kWp at Kavaratti, Amini, Andrott, Kalpeni, Agatti, Chetlat and Kadmat islands of Lakshadweep by M/s Bharat Heavy Electricals Ltd. (Electronics Division), Bangalore. The period of implementation was for two years, and the work order was issued on 31<sup>st</sup> March 2001. Out of seven grid interactive SPV power plants of 750 kWp aggregate capacity, 05 plants, having 550 kWp, were commissioned in time.

Commissioning of the plant at Amini was delayed since the land identified for the purpose was within the Coastal Regulation Zone (CRZ) area, and clearances were to be obtained from the Ministry of Environment, Forest and Climate Change (MoEF&CC). Besides, there were also some delays in land acquisition due to reluctance of land owners to give the land on lease for the power plant. Details of efforts made by the UT Administration to implement the project in a timely manner are as under:

Suitable land for the installation of the solar power plant was identified during June 2001. Since the site fell in 'No Construction Zone', application required for obtaining Environment Clearance, was submitted to the Deputy Conservator of Forest, Lakshadweep Pollution Control Committee (LPCC), Kavaratti vide letter F.No. 74/4/2001-El/1647 dated 10/07/2001. Lakshadweep Pollution Control Committee (LPCC) cleared the Project at Amini on 15/09/2001. Administrator, Lakshadweep vide D.O. letter No.74/4/2001-NRSE/El/2242 dated 20/09/2001 requested Secretary, MoEF&CC for Environmental Clearance to go

ahead with the project. Meanwhile, the LPCC also gave its 'No Objection Certificate' for the project vide letter F.No. 15/3/99-S&T dated 15/11/2001.

UT Administration pursued the matter vigorously with MoEF&CC by sending the following references to the MoEF&CC to expedite the Environment Clearance:-

- (i) DO letter No.74/4/2001-NRSE/El/2683 dated 08/11/2001 from Administrator, Lakshadweep to Secretary, MoEF&CC;
- (ii) Letter No. 74/4/2001-NRSE/El/324 dated 08/02/2002, from Secretary (Power), UTLA to the Director, MoEF&CC;
- (iii) DO letter No. 74/4/2001-NRSE/El/1200 dated 06/06/2002 from Administrator to the Joint Secretary MoEF&CC;
- (iv) DO letter No. 74/4/2001-NRSE/El/1539 dated 25/07/2002 from Secretary (Power), UTLA to the Joint Secretary MoEF&CC;
- (v) DO letter No. 74/4/2001-NRSE/El/1897 dated 14/09/2002 from Administrator, Lakshadweep to the Joint Secretary MoEF&CC;
- (vi) DO letter No. 74/4/2001-NRSE/El/3006 dated 20/11/2002 from Administrator, Lakshadweep to the Joint Secretary MoEF&CC.

Finally, MoEF&CC vide Gazette Notification dated 19/10/2002 made the required amendment in the provision to accommodate generation of power from non conventional energy sources as a permissible activity in the CRZ area, and subsequently vide letter No. J-16011/52/2001-IA-III dated 31/12/2002 accorded CRZ clearance for the said projects.

Subsequently, the UT Administration proceeded with the acquisition of land. However, the land owners were reluctant to give land on lease for the purpose. The land acquisition process was completed and land was handed over vide order No:34/11/2003-LR dated 21.03.2005. Simultaneously, the civil works required for the erection of the plant had been taken up by the Public Works Department of the UT Administration. The 100 KW SPV plant was, subsequently, installed and commissioned at the site.

In view of the above, it is humbly submitted that the implementation of the above project involved multiple agencies / departments, and as such it was a joint responsibility. Earnest efforts were also made by the UT Administration to expedite the CRZ Clearance of the project as detailed above. The UT Administration has also communicated strict directions to all the concerned to be more vigilant and careful in the future in project implementation.

**(Ashutosh Agnihotri)**  
Joint Secretary (UT)

(UT Division, Ministry of Home Affairs, OM. No U-15029/10/2022-ANL dated.....)

**Observation/Recommendation**

**Energy Audit (Para-10)**

The Committee observe that Joint Electricity Regulatory Commission (JERC) Tariff Regulations, 2009 require LED to conduct regular energy audits to substantiate its estimation of T&D losses and furnish reports to JERC on 6 monthly basis. The Committee finds that LED had not conducted any energy audit till 2016. In the absence of Energy Audit, the objectives of improving efficiency in power sector and the follow-up action taken thereon by the Ministry could not be ascertained. This also dis-enabled the Ministry to monitor the status of implementation and bringing about requisite improvements in the systems and procedures. The Committee have now been informed that the Ministry has awarded the contract of conducting Energy Audit to M/s RSA & Co. in September, 2018. The study has been completed and report submitted in February, 2021. Action has been taken on the recommendations of the Energy Audit such as periodical testing and Calibration of various meters in the Power Houses, providing meters to all 11 KV feeders, doing feeder-wise consumer-indexing, taking reading of the meters regularly, numbering of street poles, using CMRI and Standard Reference Meters to test the accuracy of the electronic energy meters installed at 'consumer premises' and downloading the data from the meters, etc. While appreciating the steps taken in this direction, the Committee desire the Ministry of Home Affairs to monitor the status of implementation of the recommendations of Energy Audit and bringing about requisite improvements in the system and procedures so as to achieve the objective of total electrification of Lakshadweep islands at the earliest.

**(Sl. No:10; Appendix II; Para No. 10 of the 46<sup>th</sup> Report  
of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

**Action Taken**

UT of Lakshadweep has Administration has informed that they are in the process of tendering of Energy Audit works. It is also informed that all the DISCOMs in the country now come under PAT Scheme (Perform Achieve Trade) of Bureau of Energy Efficiency (BEE), Ministry of Power which shall, inter alia shall bring reforms in energy efficiency processes, equipment, devices and systems. The observations of the Committee have been noted for strict compliance.

**Vetting Comments of Audit dated 02.11.2022:**

No comments.

**Reply of the Ministry on Audit Comments:**

No Comments.

**(Ashutosh Agnihotri)**  
Joint Secretary(UT)

## Observation/Recommendation

### Alternative Methods for Electrification (Para 11)

The Committee observe that generation of power in the Union Territory of Lakshadweep is expensive, with the average cost of Rs. 30.76 per kwh in 2015-16, in comparison to the market price of Rs. 2.85 per kwh estimated by the Indian Energy Exchange (IEX). As the average revenue realization by the LED is only Rs. 2.64 per unit, the revenue gap in supply of power amounted to Rs. 91.99 crore as approved by JERC. The Committee are astonished to note that despite requesting the Ministry of Renewable Energy Sources in June, 2006 for exploring avenues for adoption of eco-friendly and cheaper modes of generation in UTL and several steps being taken by the Ministry later on, the project of floating of Solar Photovoltaic Panels system along with repowering of existing ground mounted solar PV system and roof top solar PV system are still underway. The Committee are perturbed to know that the Ministry have not elaborated convincingly the causes for the delay of more than 15 years in exploring/ establishing the alternative methods for electrification except for citing the disruption caused due to the COVID pandemic. The Committee cannot but express their displeasure over the lackadaisical approach displayed by the Ministry on this issue. As the delay in installation of SPV Panels had forced the Lakshadweep administration to generate power, through DG sets at an expensive cost, the Committee recommends that the Ministry of Home Affairs/ UT Administration should critically examine the reasons for such a dismal situation. The Ministry should work out a strategy to bridge the energy gap in generation and supply of power in Union Territory of Lakshadweep. Now, the Committee have been informed that in view of the ongoing exercise of privatization of power generation and distribution in Lakshadweep, the UT Administration has decided to put on hold the remaining solar power projects which have not yet commenced. The Committee would desire the Ministry to vigorously follow up the matter of privatization of electricity in Lakshadweep so that this process is completed without any further delay. The Committee would like to be apprised of the action taken in this regard.

**(Sl. No: 11; Appendix II; Para No. 11 of the 46<sup>th</sup> Report  
of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

### **Action Taken:**

UT of Lakshadweep Administration has decided to privatize entire power generation and distribution functions of Department of Electricity, Lakshadweep, and the tender for the same has already been published on 03/01/2022. The tender is currently live. It is anticipated that the power privatization process would be completed by the end of FY 2022-23. One of the important conditions in the RFP document is to maximize generation from Clean Energy sources and to reduce the dependency on costly diesel generation. Hence it is anticipated that, proportion of DG sets shall be reduced substantially within 3 to 5 years of privatization. Several bidders have shown interest in the proposal.

All the future updates regarding privatization process shall be communicated to the Committee on time to time.

**Vetting Comments of Audit dated 02.11.2022:-**

The current/up-dated status in respect of Privatization of power sector of UTL, may be appraised to the PAC.

**Reply of the Ministry on the Audit Comments:-**

UT of Lakshadweep Administration has decided to privatize the entire power generation and distribution functions of Department of Electricity, Lakshadweep Administration. The tender for the same has already published on 03/01/2022. The last date of bid submission is 09-01-2023.

**(Ashutosh Agnihotri)**  
Joint Secretary(UT)

(UT Division, Ministry of Home Affairs, OM. No U-15029/10/2022-ANL dated.....)

**Observation/Recommendation**

**Alternative Methods for Electrification (Para 12)**

To sum up, the facts stated in the foregoing paragraphs revealed several shortcomings in Generation and distribution of power in the Lakshadweep islands. The primary objective of providing electricity to Lakshadweep islands at affordable prices has not been achieved. No system was in place to assess actual requirement of DG sets. Bulk storage facilities have not been commissioned and diesel consumption is also in excess of norms, transmission and distribution losses are in excess of eight percent, installed SPV plants have not been working and no follow up action has been taken on JERC directives, etc. Alternative methods for electrification have also not been explored. The Committee regret to note that the Lakshadweep Administration did not succeed fully in achieving the objectives of electrification of their islands. The Committee have now been informed that UTLA has decided to go for 100% privatization of Power Generation and Distribution which will enhance efficiency, lower T&D losses, enable the shift from diesel based generation of electricity to renewable energy and address other issues pointed out by Audit.

Electrification of Lakshadweep islands was initiated during the Second Five Year Plan, but several matters relating thereto are yet to be addressed. The Committee take a serious view of the failures of the Ministry/ Lakshadweep Administration in fully achieving the objectives of this crucial programme of generation and distribution of power in the islands. The Committee desire that in the light of the facts brought out in the Report and the suggestions made, Government should take corrective action now, avoid such lapses in future and strengthen the internal control mechanism in order to achieve effective Generation, Transmission and Distribution of electricity in the Union Territory of Lakshadweep.

**(Sl. No: 12; Appendix II; Para No. 12 of the 46<sup>th</sup> Report  
of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

**Action Taken**

All the recommendations of the Committee have been noted for strict compliance. This Ministry shall continue to make persistent efforts to improve the power sector in Lakshadweep under the guidance of the Committee. Some of the corrective steps taken thus far are as under:

- Bulk Oil Storage facilities as well as retail outlets at Kavaratti and Minicoy Islands in Lakshadweep were successfully commissioned in March 2022 and June 2022 respectively.
- MV Thilakkam, the 700MT oil Barge, has been handed over to Shipping Corporation of India and the vessel is being operated based on the charter as suggested by the Indian Oil Corporation Limited (IOCL). The ship is also successfully delivering the petroleum products at both Kavaratti and Minicoy Islands.

- Lakshadweep Electricity Department has, on experimental basis, fitted coil cooler on two Cummins make 750 KVA DG sets at Kavaratti so as to improve their efficiency. As per the advice of the Central Electricity Authority (CEA), efficacy of use of Coil Cooler shall be monitored over a considerable period of time before going for overhauling/retro-fitment in all other DG sets.
- Department of Electricity, UT of Lakshadweep Administration has already converted both High Tension and Low Tension distribution cables to underground cables. Also, the Electricity Department is in the process of gradually converting consumer service lines also to underground cables so as to curtail transmission and distribution losses.
- The process of tendering of Energy Audit works is underway.
- UT of Lakshadweep Administration has decided to privatize entire power generation and distribution functions of Department of Electricity, Lakshadweep, which will enhance efficiency, lower AT&C losses, enable the shift from diesel based generation of electricity to clean energy sources etc. The tender for the same has already been published on 03/01/2022. The tender is currently live. It is anticipated that the power privatization process would be completed by the end of FY 2022-23. One of the important conditions in the RFP document is to maximize generation from Clean Energy sources and to reduce the dependency on costly diesel generation. All the future updates regarding the privatization process shall be communicated to the committee on time to time.

**Vetting Comments of Audit dated 02.11.2022:-**

No Comments.

**Reply of the Ministry on Audit Comments:**

No Comments.

**(Ashutosh Agnihotri)**  
Joint Secretary (UT)

(UT Division, Ministry of Home Affairs, OM. No U-15029/10/2022-ANL dated.....)

### **CHAPTER III**

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO  
PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE GOVERNMENT**

-Nil-



## CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

-Nil-

## **CHAPTER V**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE GOVERNMENT  
HAVE FURNISHED INTERIM REPLIES**

-Nil-

**NEW DELHI;  
April, 2023  
Chaitra, 1945 (*Saka*)**

**ADHIR RANJAN CHOWDHURY  
Chairperson,  
Public Accounts Committee**

**APPENDIX-II**  
*(Vide Paragraph 5 of Introduction)*

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE  
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE  
CONTAINED IN THEIR FORTY-SIXTH REPORT (SEVENTEENTH LOK SABHA)**

<b>(i)</b>	<b>Total number of Observations/Recommendations</b>	<b>12</b>
<b>(ii)</b>	<b>Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. – 1-12</b>	<b>Total : 12 Percentage: 100%</b>
<b>(iii)</b>	<b>Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:  Para Nos. – NIL</b>	<b>Total : 00 Percentage: 00</b>
<b>(iv)</b>	<b>Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  Para Nos. - NIL</b>	<b>Total : 00 Percentage: 00</b>
<b>(v)</b>	<b>Observations/Recommendations in respect of which the Government have furnished interim replies:  Para Nos. – NIL</b>	<b>Total : 00 Percentage: 00</b>