

## **AVOIDABLE PAYMENT OF COMPENSATION CHARGES FOR LOW POWER FACTOR - V.O. CHIDAMBARANAR PORT AUTHORITY**

[Action Taken by the Government on the  
Observations/Recommendations of the Public Accounts Committee  
contained in their 106<sup>th</sup> Report (17<sup>th</sup> Lok Sabha)]

**MINISTRY OF PORTS, SHIPPING & WATERWAYS**

**COMMITTEE ON PUBLIC ACCOUNTS  
(2024-25)**

**TWELFTH REPORT**

---

**EIGHTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**T W E L F T H   R E P O R T**

**COMMITTEE ON PUBLIC ACCOUNTS**  
**(2024-25)**

**(EIGHTEENTH LOK SABHA)**

**AVOIDABLE                      PAYMENT                      OF  
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CHIDAMBARANAR PORT AUTHORITY**

[Action Taken by the Government on the  
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their 106<sup>th</sup> Report (17<sup>th</sup> Lok Sabha)]



*Presented to Lok Sabha on:*                      19-03-2025

*Laid in Rajya Sabha on:*                      19-03-2025

**L O K   S A B H A   S E C R E T A R I A T**  
**N E W   D E L H I**

**March 2025/ Phalguna 1946 (Saka)**

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Sabha)**

**COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS**  
**(2024-25)**

Shri K. C. Venugopal                      -              Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri T. R. Baalu
3. Dr. Nishikant Dubey
4. Shri Jagdambika Pal
5. Shri Jai Parkash
6. Shri Ravi Shankar Prasad
7. Shri C. M. Ramesh
8. Shri Magunta Sreenivasulu Reddy
9. Prof. Sougata Ray
10. Smt. Aparajita Sarangi
11. Dr. Amar Singh
12. Shri Tejasvi Surya
13. Shri Anurag Singh Thakur
14. Shri Balashowry Vallabhaneni
15. Shri Dharmendra Yadav

**RAJYA SABHA**

16. Shri Ashokrao Shankarrao Chavan
17. Shri Shaktisinh Gohil
18. Dr. K. Laxman
19. Shri Praful Patel
20. Shri Sukhendu Sekhar Ray
21. Shri Tiruchi Siva
22. Shri Sudhanshu Trivedi

**Secretariat**

1. Dr. Sanjeev Sharma                      -      Joint Secretary
2. Shri Muralidharan. P                      -      Director
3. Shri Vijay Mishra                      -      Committee Officer
4. Shri Prakhar Prakash Anand              -      Assistant Committee Officer

## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2024-25), having been authorised by the Committee, do present this Twelfth Report (18<sup>th</sup> Lok Sabha) on Action Taken by the Government on the Observations and Recommendations of the Committee contained in their One Hundred and Sixth Report (17<sup>th</sup> Lok Sabha) on "Avoidable payment of compensation charges for low power factor - V.O. Chidambaranar Port Authority" relating to the Ministry of Ports, Shipping & Waterways.

2. The One Hundred and Sixth Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 8<sup>th</sup> February, 2024. The Committee considered the draft Action Taken Report on the subject and adopted the same at their sitting held on 12<sup>th</sup> February, 2025. Minutes of the Sitting of the Committee form appendix to the Report.

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 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 106<sup>th</sup> Report (17<sup>th</sup> Lok Sabha) is given at Appendix-II

**NEW DELHI:**  
**12 February, 2025**  
**23 Magha, 1946 (Saka)**

**K. C. VENUGOPAL**  
**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 One Hundred and Sixth Report (17<sup>th</sup> Lok Sabha) on "Avoidable payment of compensation charges for low power factor - V.O. Chidambaranar Port Authority".

2. The One Hundred and Sixth report was presented to Lok Sabha/laid in Rajya Sabha on 08.02.2024. It contained three Observations/Recommendations. The Action Taken Notes on all the Observations/Recommendations have been received from the Ministry of Ports, Shipping & Waterways, and are categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:  
Para Nos. 1, 2 and 3.

**Total: 3**  
**Chapter - II**

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:  
Para No. NIL

**Total: 0**  
**Chapter - III**

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  
Para No. NIL

**Total: 0**  
**Chapter - IV**

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies/no replies:  
Para No. NIL

**Total: 0**  
**Chapter - V**

3. The detailed examination of the subject by the Committee had revealed significant deficiencies on the part of the V.O. Chidambaranar Port Trust (VOC Port) in addressing power factor (PF) issues and adhering to statutory requirements. Despite initiating efforts to improve PF through the installation of Automatic Power Factor Correction (APFC) panels and other measures, the Port failed to achieve the stipulated PF level of 0.90 between January 2016 and July 2017. This resulted in avoidable compensation charges amounting to ₹1.46 crore. The audit also highlighted the Port's failure to assess the performance of installed equipment, identify additional locations for APFC panels, and conduct a follow-up energy re-audit. The Ministry's response acknowledged these shortcomings but deferred the evaluation of the energy monitoring devices' effectiveness to future audits. The Committee observed that the lack of proactive measures and oversight undermined the intended benefits of the investments, leading to financial losses and non-compliance with statutory obligations. The Committee had accordingly given their observations/recommendations in their One Hundred and Sixth Report.

4. The Action Taken Notes furnished by the Ministry of Ports, Shipping & Waterways on each of the Observations/Recommendations of the Committee contained in their One Hundred and sixth Report have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the action taken by the Government, on some of their Observations/Recommendations which either need reiteration or merit comments.

**5. The Committee desire Ministry of Ports, Shipping & Waterways to furnish Action Taken Notes duly vetted by Audit, in respect of Observations/Recommendations contained in Chapter I of the Report, positively within three months of the presentation of the Report to the Parliament.**

6. The Committee in their Original Report No. 106 (17<sup>th</sup> Lok Sabha) had recommended as under:-

“The Committee note with concern the avoidable payment of compensation charges amounting to Rs. 1.46 crore by the V.O. Chidambaranar Port Trust (Port) due to its failure to maintain the prescribed power factor level of 0.90. Despite the installation of Automatic Power Factor Correction (APFC) Panels in December 2015, the power factor remained suboptimal, ranging between 0.76

and 0.88 from January 2016 to July 2017. The Committee find that lack of a performance appraisal system for the installed equipment and the failure to identify additional locations for APFC Panels resulted in the payment of avoidable compensation charges during the specified period. The Committee would, therefore, recommend a comprehensive performance appraisal of the installed APFC Panels and establishment of a continuous monitoring mechanism to ensure sustained compliance with the prescribed power factor level. The Committee would also like to urge the Port to identify and install APFC Panels at other locations within its premises, addressing the root causes of the suboptimal power factor. The Committee would also like to emphasise on accountability and efficiency in meeting statutory requirements.”

[Recommendation Para No. 1]

7. The Ministry of Ports, Shipping & Waterways in their Action Taken Notes have stated as under:-

“VoCPA has identified and installed APFC panels at additional locations. No compensation has been paid due to low power factor from 2017 till date. A mechanism for continuous monitoring of the power factor round the clock is in place and the parameters are being reviewed every day at three different Points of Port Electrical Network for taking remedial measures, if any. Further, as part of the performance appraisal in respect of the panels installed, energy audit is being conducted including verification of feeder wise parameters by M/s TERI under NCoEGPS to take corrective action, if any. This will also ensure that accountability and efficiency is as per statutory requirements. The Port is also in the process of identifying other locations within the premises for installation of APFC panels, as per requirement.”

8. Audit in their vetting comments have stated as under:

“Action has been taken to monitor the power factor round the clock and no compensation has been paid due to low power factor from 2017. Further, the port is in the process of identifying other locations for installation of APFC panels. Currently, an energy audit by M/s TERI is being conducted. Hence, no further comments.”

9. **The Committee expressed concern over the avoidable compensation expense of ₹1.46 crores incurred by V.O. Chidambaranar Port Trust (VoCPA) due to non-compliance with the prescribed power factor level of 0.90. Despite the installation of Automatic Power Factor Correction (APFC) Panels in 2015, the power factor remained below the standard from January 2016 to July 2017.**



Further, the Committee noted that the issue arose due to a lack of performance appraisal mechanisms for the installed panels and the failure by the Port Authority to identify additional locations for deployment of the panels. Hence, the Committee recommended for comprehensive performance appraisal of installed APFC Panels and establishment of a continuous monitoring mechanism. The Committee also recommended for identification of additional locations for the installation of APFC Panels. The Committee note from the reply of the Ministry that a continuous monitoring mechanism for power factor compliance has been implemented, reviewing parameters daily at three points in the electrical network. Additionally, an energy audit is being conducted by M/s TERI, which includes verification of feeder-wise parameters for corrective action. This addresses the Committee's recommendation for a performance appraisal system and monitoring. The Committee also note from the reply of the Ministry that additional APFC panels are being installed and as a result, no compensation has been paid due to low power factor since 2017. The Ministry is also in the process of identifying more locations for further installations of new panels.

The Committee, while appreciating the action taken by the Ministry, desire to be apprised of the outcomes of the findings of the energy audit by M/s TERI. The energy audit findings by M/s TERI should be thoroughly reviewed and actionable recommendations promptly implemented by the Ministry. The Ministry should also conduct periodic internal reviews in addition to energy audits to maintain the system integrity. The Committee also desire to be apprised about the status of further APFC panel installations and updates on power factor compliance to ensure continued oversight. The Committee further recommend the Ministry to encourage exploring advanced technologies for real-time alerts and predictive maintenance of APFC panels.

## **CHAPTER II**

### **OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Observation/Recommendation**

The committee notes with concern the avoidable payment of compensation charges amounting to Rs. 1.46 Crores by the V.O. Chidambaranar Port Trust (Port) due to its failure to maintain the prescribed power factor level of 0.90. Despite the installation of Automatic Power Factor Correction (APFC) Panels in December 2015, the power factor remained suboptimal, ranging between 0.76 and 0.88 from January 2016 to July 2017. The Committee find that lack of a performance appraisal system for the installed equipment and the failure to identify additional locations for APFC Panels resulted in the payment of avoidable compensation charges during the specified period. The Committee would, therefore, recommend a comprehensive performance appraisal of the installed APFC Panels and establishment of a continuous monitoring mechanism to ensure sustained Compliance with the prescribed power factor level. The Committee would also like to urge the Port to identify and install APFC Panels at other locations within its premises, addressing the root causes of the suboptimal power factor. The Committee would also like to emphasize on accountability and efficiency in meeting statutory requirements.

[Observations/Recommendation No. 1 of 106<sup>th</sup> Report of the Public  
Accounts Committee (17<sup>th</sup> Lok Sabha)]

#### **Action Taken**

VoCPA has identified and installed APFC panels at additional locations. No compensation has been paid due to low power factor from 2017 till date. A mechanism for continuous monitoring of the power factor round the clock is in place and the parameters are being reviewed every day at three different Points of Port Electrical Network for taking remedial measures, if any. Further, as part of the performance appraisal in respect of the panels installed, energy audit is being conducted including verification of feeder wise parameters by M/s TERI under NCoEGPS to take corrective action, if any. This will also ensure that accountability and efficiency is as per statutory requirements. The Port is also in the process of identifying other locations within the premises for installation of APFC panels, as per requirement. .

Sd/-  
(R. Lakshmanan)  
Joint secretary (Ports)  
Ministry of Ports, Shipping & Waterways

**Audit's vetting comments on Ministry's ATN**

Action has been taken to monitor the power factor round the clock and no compensation has been paid due to low power factor from 2017. Further, the port is in the process of identifying other locations for installation of APFC panels. Currently, an energy audit by M/s TERI is being conducted. Hence, no further comments.

*(Ministry of Ports, Shipping & Waterways; OM No. PD-25021/73/2017-VoCPT Dated  
30.09.2024)*

[Please see Para no. 90 of Chapter-I for comments of the Committee]

### **Observation/Recommendation**

The Committee also recommends undertaking a comprehensive energy re-audit to further enhance energy efficiency and power factor improvement. This energy audit should assess the current power factor, the performance of existing equipment, and explore new technologies or measures for greater efficiency. Collaborative efforts with Port users, including PPP operators and contractors, should be strengthened to ensure collective adherence to power factor requirements, with incentives for compliance and penalties for non-compliance.

[Observations/Recommendation No. 2 of 106<sup>th</sup> Report of the Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

### **Action Taken**

Under the MoU for National Centre of Excellence for Green Port and Shipping (NCoEGPS) signed by Ministry of Ports, Shipping and Waterways, and M/s. TERI, New Delhi, VOCPA has commenced the energy audit through M/s. TERI from 15th April 2024. As per the scope of the energy audit by M/s. TERI, electrical installations of establishments under the purview of Port users including PPP operators and contractors are also included. For power distribution inside VOCPA's premises, the tariff and guidelines/norms of Tamil Nadu Generation & Distribution Corporation Limited (TANGEDCO) are being adopted & followed by VOCPA, which are applicable also to the Port users.

Sd/-  
(R. Lakshmanan)  
Joint secretary (Ports)  
Ministry of Ports, Shipping & Waterways

### **Audit Vetting comments on Ministry's ATN**

An energy audit has been commenced by M/s TERI w.e.f. 15th April, 2024 which includes electrical installations of establishments under the purview of Port users including PPP operators and contractors. Tariff guidelines of TANGEDCO are being followed by VoCPA. Hence, no further comments.

*(Ministry of Ports, Shipping & Waterways; OM No. PD-25021/73/2017-VoCPT Dated 30.09.2024)*

### **Observation/Recommendation**

Keeping in view the above, the Committee would also like to emphasize the need for transparent reporting by the Port on its power factor performance, containing, inter alia, details/measures taken to improve the same. This reporting would ensure accountability and would serve as a crucial aspect of preventing avoidable compensation charges in the future.

[Observations/Recommendation No. 3 of 106<sup>th</sup> Report of the Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

### **Action Taken**

VOCPA is keen on maintaining the Power Factor within the range prescribed by TANGEDCO and through the continuous monitoring and through the improvement work in APFC from 2017, till date not happen to pay any further penalty due to Low Power Factor. The charges for energy consumptions & other paid by VOCPA to TANGEDCO are being reported in a transparent manner and audited.

Sd/-  
(R. Lakshmanan)  
Joint secretary (Ports)  
Ministry of Ports, Shipping & Waterways

### **Audit Vetting comments on Ministry's ATN**

No compensation/penalty was paid due to low power factor from 2017. The charges for energy consumptions are being reported and audited as recommended. Hence, no further comments.

*(Ministry of Ports, Shipping & Waterways; OM No. PD-25021/73/2017-VoCPT Dated 30.09.2024)*

**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  
GOVERNMENT HAVE FURNISHED INTERIM REPLIES/NO REPLIES**

**NIL**

**NEW DELHI:**  
**12 February, 2025**  
**23 Magha, 1946 (*Saka*)**

**K. C. VENUGOPAL**  
**Chairperson,**  
**Public Accounts Committee**



**APPENDIX-I****MINUTES OF THE THIRTEENTH SITTING OF THE COMMITTEE ON PUBLIC ACCOUNTS (2024-25) HELD ON 12 FEBRUARY, 2025**

The Committee on Public Accounts sat on Wednesday, the 12 February, 2025 from 1500 hrs to 1715 hrs in Committee Room D, Parliament House Annexe, New Delhi.

**PRESENT**

Shri K.C. Venugopal - Chairperson

**Members****LOK SABHA**

2. Dr. Nishikant Dubey
3. Smt. Aparajita Sarangi
4. Dr. Amar Singh
5. Shri Tejasvi Surya
6. Shri Anurag Singh Thakur
7. Shri Dharmendra Yadav
8. Shri T. R. Baalu
9. Prof. Sougata Ray

**RAJYA SABHA**

10. Dr. K. Laxman
11. Shri Tiruchi Siva

**LOK SABHA SECRETARIAT**

- |    |                         |   |                  |
|----|-------------------------|---|------------------|
| 1. | Dr. Sanjeev Sharma      | - | Joint Secretary  |
| 2. | Shri Muraleedharan. P   | - | Director         |
| 3. | Shri Alok Mani Tripathi | - | Deputy Secretary |
| 4. | Shri Pankaj Sharma      | - | Deputy Secretary |
| 5. | Shri Atul Bhawe         | - | Deputy Secretary |
| 6. | Smt. Malvika Mehta      | - | Deputy Secretary |

## **REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

1. Sh. Rebecca Mathai - Dy. CAG
2. Ms. Atreyee Das - Dy. CAG
3. Ms. Smita S. Chaudhari - Dy. CAG
4. Sh. Samar Kant Thakur - Director General

## **REPRESENTATIVES OF THE MINISTRY OF XXXXXX**

1. XXXXXXXXXXXX
2. XXXXXXXXXXXX
3. XXXXXXXXXXXX
4. XXXXXXXXXXXX
5. XXXXXXXXXXXX
6. XXXXXXXXXXXX
7. XXXXXXXXXXXX
8. XXXXXXXXXXXX
9. XXXXXXXXXXXX

### **PART A**

XXXXX      XXXXX      XXXXX      XXXXX      XXXXX      XXXXX

### **PART B**

Thereafter, Hon'ble Chairperson stated that the following nine draft reports may be taken up for consideration and adoption :-

- a. XXXXXXXXXXXX
- b. XXXXXXXXXXXX
- c. Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 106<sup>th</sup> Report (17<sup>th</sup> LS) on 'Avoidable Payment of Compensation Charges for Low Power Factor - V.O. Chidambaranar Port Trust.'
- d. XXXXXXXXXXXX

e. XXXXXXXXXXXX

f. XXXXXXXXXXXX

g. XXXXXXXXXXXX

i. XXXXXXXXXXXX

After some deliberations, the Committee adopted the aforesaid Draft Reports without any modifications and authorised the Chairperson to finalise the Reports in the light of factual verification done by the Audit.

***The Committee then adjourned.***

***A copy of the proceedings of the Sitting has been kept on record.***

**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 ONE HUNDRED AND SIXTH REPORT (SEVENTEENTH LOK SABHA)**

<b><u>(i)</u></b>	<b><u>Total number of Observations/Recommendations</u></b>	<b><u>03</u></b>
<b><u>(ii)</u></b>	<b><u>Observations/Recommendations of the Committee which have been accepted by the Government:</u></b> <b><u>Para Nos. 1, 2, 3, 4, 5 and 6</u></b>	<b><u>Total: 03</u></b> <b><u>Percentage: 100</u></b>
<b><u>(iii)</u></b>	<b><u>Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:</u></b> <b><u>Para No. – NIL</u></b>	<b><u>Total: 0</u></b> <b><u>Percentage: 0</u></b>
<b><u>(iv)</u></b>	<b><u>Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:</u></b> <b><u>Para No. – NIL</u></b>	<b><u>Total: 0</u></b> <b><u>Percentage: 0</u></b>
<b><u>(v)</u></b>	<b><u>Observations/Recommendations in respect of which the Government have furnished interim replies:</u></b> <b><u>Para No. – NIL</u></b>	<b><u>Total: 0</u></b> <b><u>Percentage: 0</u></b>

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