

To
The Principal Accountant General,
Jharkhand, Ranchi.

Sub :- Request for special audit of Jharkhand State Electricity Board (JSEB) with regard to fraudulent expenditure in the case of overhauling work of Sikidiri Hydel Power Project (2x65 MW) vide JSEB LOI No. 71 dated 21.3.2013 to BHEL.

Ref :- Techno financial audit report of the Central Electricity Authority in this matter. (A copy of the report is attached herewith).

Sir,

With regard to the subject and the reference above I am constrained to bring the following fact to your kind notice for necessary action on your part :-

1. The JSEB vide it's LOI mentioned in the subject above placed an order to the BHEL at the cost of Rs. 20.87 crores excluding taxes. The same work was executed by the BHEL at a cost of only 59 lakhs in 2005. It has been affirmed by the CEA also in its techno- financial audit report under the reference above.
2. Even the engineers of the Hydel power plant prepared an estimate of Rs. 2.68 crores for this work. Yet the JSEB placed an order for the same work to BHEL at an exorbitant cost of Rs. 23.45 crores including taxes. This too has been affirmed by the CEA techno-financial audit report under reference.
3. The JSEB tried to justify the excessive expenditure at the pretext that the work order placed to BHEL in 2012 was for Renovation & Modernisation (R&M) where the work done in 2005 was a simple Repair & Maintenance (R&M). The CEA techno-financial audit report has turned apart this lie of JSEB and has confirmed that both the works were the same.
4. The CEA techno-financial audit report has also blasted the slyness of JSEB and has categorically affirmed that BHEL did split the original 14 no. work items to 35 work items with a view to justify the excessive expenditure and to differentiate it from the work done in 2005 at an expenditure of only 59 lakhs and also from the expenditure estimate prepared by the hydel power plant engineers at a cost of Rs. 2.68 crores only.
5. The CEA techno- financial audit report has categorically commented that the same work done by the BHEL in 2005 was at the terms and conditions of the purchase i.e. JSEB whereas the work order in 2013 for the same work is according to the terms and conditions of the seller i.e. BHEL.
6. The BHEL did sublet this work at much lower cost of Rs. 15.32 crore to a private firm NPTEL (Northern Power Erection Ltd.) violating the guidelines of CVC in this context. Even the process of selection of BHEL by the JSEB for this work on nomination basis was against the prescribed norms.
7. The delay in handing over the plant post overhauling caused heavy loss to the exchequer in terms of revenue loss owing to extended shut down period.
8. The CEA techno-financial audit report reveals that even the designated works were not completed and the plant was handed over without completion report. The visiting CEA team also confirmed heavy leakage from the gates on the spot.
9. More than a dozen letters were addressed to the BHEL and JSEB officials from the plant engineers complaining about substandard work, absence of experts and inadequate no. of skilled persons at the work site. But no action was taken on these complaints by the JSEB / BHEL .
10. The JSEB made advance payment of Rs. 4.17 crore to the BHEL without any bank/corporate guarantee which is violation of normal practice.

Sir, the CEA techno financial audit report is self explanatory but it also suffers from various infirmities and has left many points untouched. A thorough investigation in this matter may bring many more irregularities which has caused misuse of public money. It, in fact, is a matter of obvious fraudulent expenditure in connivance with some of the JSEB and BHEL officials with an intention to plunder the state exchequer. There are many many such skeletons in the JSEB and the BHEL cupboards which amounts to deliberate technical fraud and may lead to a well knit scam causing immense loss to state wealth. In my view it requires indepth accounting and deeper financial investigation.

I request your good self to kindly order special audit in this matter so that truth may surface and responsibility may be fixed and the guilty may be punished in larger public interest.

With Regards,
Your's faithfully

Sd/- Saryu Roy
Ex MLA, Jharkhand