

**OFFICE OF THE PRINCIPAL ACCOUNTANT  
GENERAL (AUDIT),KERALA**

**MANUAL ON STATE RECEIPTS AUDIT**

**ELECTRICITY DUTY**

Issued by:

The Principal Accountant General (Audit) Kerala, Thiruvananthpauram.

## **PREFACE**

This manual has been prepared for the guidance of those entrusted with the audit of receipts of Electrical Inspectorates.

In this manual the basic provisions of the different enactments governing the levy, assessment and collection of duty in the Electrical Inspectorates have been set out. The audit instructions in the manual are supplementary to the general instructions contained in the manuals/circulars issued by the Comptroller and Auditor General of India.

The provisions of this manual shall not be quoted as authority in any of the correspondence out side this office.

SRA(HQ) Section dealing with Electricity Duty Receipt Audit is responsible for keeping the, manual uptodate by issue of correction slips,

Thiruvananthapuram

Dated /1/2009

NAGAL SAMY

Principal Accountant General(Audit)

(ii)

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## CHAPTER –I

### INTRODUCTION

**1.1** Audit of receipts under Electricity Duty Act, 1963 pertaining to the period 1972-73 onwards has been taken up in accordance with the provisions of Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971(Central Act 6 of 1971).

**1.2** General principals governing the audit of receipts are contained in the Manual of Standing Orders (Audit). This manual is meant only to supplement the provisions of the Comptroller and Auditor General's Manual of Standing Orders (Audit). Audit of receipts often involves interpretation of the related statutes and rules, notifications and orders issued thereunder. In interpreting the law, rules, notifications etc, the following points have to be borne in mind:-

(i). Where a particular term has been defined in the Act, that definition is to be followed. In the absence of any such definition if any, in enactments which are parimateria may be followed. For example in interpreting terms not defined in the Kerala Electricity Act 1963, definition given in “ The Electricity Act 2003” can be followed;if the terms have not been defined in the Acts, definitions in the Kerala General Clauses Act are to be taken as the Guidelines.

(ii). Fiscal enactments are to be construed precisely according to the language used.

(iii). If a particular section lends itself to two or more interpretation, consistent with the other sections of the Act may be taken. If a section has doubtful or ambiguous meaning it must be resolved in favour of the tax-payer.

## **CHAPTER-II**

### **AUDITING STANDARDS**

**The auditing standards of the International Organisation of Supreme Audit Institutions (INTOSAI) have been suitably adopted with due consideration of the Constitution of India, relevant statutes and rules for the auditing standards for the Supreme Audit Institution of India (SAI).**

Auditing standards prescribe the norms of principles and practices, which the Auditors are expected to follow in the conduct of audit.

#### **2.I Basic postulates**

The basic postulates for auditing standards are basic assumptions, logical principles and requirements which help in developing auditing standards and serve the auditors in forming their opinions and reports, particularly in cases where no specific standards apply.

- The SAI should comply with INTOSAI Auditing standards in all matters that are deemed material to ensure that the work and products are of high quality having materiality by value and by nature.
- In diverse situations the Auditor must exercise his judgment in determining the auditing procedures necessary in the circumstances to afford a reasonable basis for his opinion and the content of his report.
- Commensurate with increased public consciousness, the SAI should be able to safeguard the financial interests of the State promoting public accountability and sound and economical financial management practices.

- Audit assists the legislatures in the exercise of financial control over the executive government. The Executive Government and not Audit is responsible for enforcing economy efficiency in the expenditure of public money. It is, however, the duty of Audit to bring to light wastefulness, failures, system weaknesses, deficiencies and circumstances leading to infructuous expenditure.
- SAI shall advise the Government for the promulgation of acceptable accounting standards that should result in the fair presentation of the financial position and the results of operations.
- Though it is the responsibility of audited entity to develop adequate internal control systems to protect its resources, the Auditor shall submit proposals and recommendations to the audited entity where controls are found to be inadequate or missing.
- Information about an audit entity acquired in the course of the Auditor's work must not be used for purposes outside the scope of audit and formation of an opinion or in reporting not in accordance with the Auditor's responsibility. It is essential that audit maintain confidentiality regarding audit matters and the information obtained while carrying out audit engagements.
- **SAI should avoid conflict of interest between the auditor and the entity under audit.**

## **2.2 General standards in Government Auditing**

**The general auditing standards describe the qualifications of the auditor and the auditing institution.**

- The auditor and the audit institutions must be independent. The independence of the Auditor includes independence from the legislature and the executive also.

- The SAI works closely with the legislature, and must observe the laws enacted by the legislature but it is important that the SAI maintains his independence from political influence, in order to preserve an impartial approach to its audit responsibilities. This implies that the SAI not be responsive, nor give the appearance of being responsive, to the wishes of particular political interests. It should not be subject to direction by the legislature in the programming ,planning and conduct of audits.
  
- A degree of cooperation between the SAI and the executive is desirable in some areas. SAI's reports assist the executive by drawing attention to the deficiencies in administration and recommending improvements. The SAI should be ready to advise the executive in such matters as accounting standards and policies and the form of financial statements. The SAI must ensure that in giving such advice it avoids any explicit or implied commitment that would impair the independent exercise of his audit mandate. Care should be taken to avoid participation in the executive's functions of the kind that would militate against the SAI's independence and objectivity in the discharge of his mandate. There shall be no power of direction by the executive in relation to the SAI's performance of his mandate. The SAI is not be obliged to carry out, modify or refrain from carrying out an audit or suppress or modify audit findings, conclusions and recommendations.
  
- The SAI must remain independent from audited entities. The audited entity is not in a client relationship with the SAI. There is legal mandate for full and free access for the CAG and his Auditors to all premises and records relevant to audited entities and their operations and provides adequate powers to the CAG to obtain relevant information from persons or entities possessing it. Good relationships with the auditee can help the SAI to obtain information freely and frankly and to conduct discussions in an atmosphere of mutual respect and understanding. The SAI has to discharge his mandate freely and impartially,

- taking management views into consideration in forming audit opinions, conclusions and recommendations, but owing no responsibility to the management of the audited entity for the scope or nature of the audits undertaken.
- The SAI may cooperate with academic institutions and enter formal relationships with professional bodies, provided the relationships do not inhibit its independence and objectivity, in order to avail of the advice of experienced members of the profession at large.
  - The auditor and the SAI must possess the required competence. Since the duties and responsibilities of the SAI are crucial to the concept of public accountability, the SAI must apply to his audits, methodologies and practices of the highest quality including systems based techniques, analytical review methods, statistical sampling, and audit of automated information systems.
  - The SAI should pay due care in specifying, gathering and evaluating evidence, and in reporting findings, conclusions and recommendations. The SAI must be, and be seen to be, objective in its audit of entities and public enterprises and should be fair in its evaluations and in its reporting the outcome of audits. **Auditors need to be alert for situations, control weaknesses, inadequacies in record keeping, errors and unusual transactions or results, which could be indicative of fraud, improper, or unlawful expenditure unauthorized operations, waste inefficiency or lack of probity.**
  - Information about an audited entity acquired in the course of the auditor's work must not be used for purposes outside the scope of an audit and the formation of an opinion or in reporting in accordance with the auditor's responsibilities. It is essential that the audit department maintain confidentiality regarding audit matters and information arising from its audit task. **However, the SAI should report offences against the law to proper prosecuting authorities.**



- SAI should have an appropriate quality assurance system in place. It should pay particular attention to quality assurance programmes in order to improve audit performance and results. The SAI should establish systems and procedures to:
  - Confirm that internal quality assurance processes have operated satisfactorily;
  - Ensure the quality of the audit report; and
  - Secure improvements and avoid repetition of weaknesses.

The quality of the work done by the audit department can be enhanced by strengthening internal review and by the independent appraisal of its work.

- The SAI should adopt policies and procedures to support the skills and experience available within the SAI and identify those skills which are absent; provide a good distribution of skills to auditing tasks and a sufficient number of persons for the audit; and have proper planning and supervision to achieve its goals at the required level of due care and concern

### **2.3 Field standards in Government Auditing**

The field standards establish the framework for conducting and managing audit work. The purpose of field standards is to establish the criteria or overall framework for the purposeful, systematic and balanced steps or actions that the auditor has to follow.

- The auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner.
- The work of the audit staff at each level and audit phase should be properly supervised during the audit, and a senior member of the audit staff should review documented work

- The auditor, to determine the extent and scope of the audit, should study and evaluate the reliability of internal control.
- In conducting regularity (financial) audits, a test should be made of compliance, with applicable laws and regulations to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statement. The auditor should be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements or results of regularity audit.
- In conducting performance audits, an assessment should be made of compliance with applicable laws and regulations to satisfy the audit objectives.
- Any indication that an irregularity, illegal act, fraud or error may have occurred which could have a material effect on the audit should cause the auditor to extend procedures to confirm or dispel such suspicions. The regularity audit is an essential aspect of Government auditing.
- Competent, relevant and reasonable evidence should be obtained to support the auditor's judgment and conclusions regarding the organisation, programme, activity or function under audit.
- In regularity (financial) audit and in other types of audit when applicable, auditors should analyse the financial statements to establish whether acceptable accounting standards for financial reporting and disclosures are complied with. Analysis of financial statements should be performed to such a degree that a rational basis is obtained to express an opinion on financial statements.
- The Auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely

manner. The SAI should give priority to any audit tasks, which must be undertaken by law and assess priorities for discretionary areas within the SAI's mandate. In planning an audit of specific auditees, the auditor should:

- Identify important aspects of the environment in which the audited entity operates;
  - Develop an understanding of the accountability relationships;
  - Consider the form, content and users of audit opinions, conclusions or reports;
  - Specify the audit objectives and the tests necessary to meet them;
  - Identify key management systems and controls and carry out a preliminary assessment to identify both their strengths and weaknesses;
  - Determine the materiality of matters to be considered;
  - Review the internal audit of the audited entity and its work programme;
  - Assess the extent of reliance that might be placed on other auditors, for example, internal audit;
  - Determine the most efficient and effective audit approach;
  - Provide for a review to determine whether appropriate action has been taken on previously reported audit findings and recommendations; and
  - Provide for appropriate documentation of the audit plan and for the proposed fieldwork.
- Auditors should design the audit to provide reasonable assurance of detecting material misstatements resulting from non compliance with provisions of contracts or grant agreements that have a direct and material effect on the determination of financial statement amounts. If specific information comes to the auditor's attention that provides evidence concerning the existence of possible non-compliance that could have a material indirect effect on the financial statements, auditors should apply audit procedures, specifically directed to ascertaining whether that non-compliance has occurred.

- Supervision is essential to ensure the fulfillment of audit objectives and the maintenance of the quality of audit work. Supervision should be directed both to the substance and to the method of auditing to ensure that:
  - The members of the audit team have a clear and consistent understanding of the audit plan;
  - The audit is carried out in accordance with the auditing standards and practices of the SAI;
  - The audit plan and action steps specified in that plan are followed unless a variation is authorized;
  - Working papers contain evidence adequately supporting all conclusions recommendations and opinions;
  - The auditor achieves the stated audit objectives; and
  - The audit report includes the audit conclusions, recommendations and opinions, as appropriate.
  
- All audit work should be reviewed by a senior member of the audit staff before the audit opinions or reports are finalized. It should be carried out as each part of the audit progresses. Review brings more than one level of experience and judgment to the audit task and should ensure that;
  - All evaluations and conclusions are soundly based and are supported by competent, relevant and reasonable audit evidence as the foundation for the final audit opinion or report;
  - All errors, deficiencies and unusual matters have been properly identified, documented and either satisfactorily resolved or brought to the attention of a more senior SAI officer (s); and
  - Changes and improvements necessary to the conduct of future audits are identified, recorded and taken into account in later audit plans and in staff development activities.

- The auditor, in determining the extent and scope of the audit, should study and evaluate the reliability of internal control. The study and evaluation of internal control should be carried out according to the type of audit undertaken. In the case of regularity (financial) audit, study and evaluation are made mainly on controls that assist in safeguarding assets and resources, and assure the accuracy and completeness of accounting records. In the case of regularity (compliance) audit, study and evaluation are made mainly on controls that assist management in complying with laws and regulations. In the case of performance audit they are made on controls that assist in conducting the business of the audited entity in an economic, efficient and effective manner, ensuring adherence to management policies, and producing timely and reliable financial and management information.
  
- Competent, relevant and reasonable evidence should be obtained to support the auditor's judgment and conclusions regarding the Organisation, Programme, activity or function under audit. The audit findings, conclusions, and recommendations must be based on evidence. Since auditors seldom have the opportunity of considering all information about the audited entity, it is crucial that the data collection and sampling techniques are carefully chosen. When computer based system data are an important part of the audit and the data reliability is crucial to accomplishing the audit objective, auditors need to satisfy themselves that the data are reliable and relevant. In choosing approaches and procedures, consideration should be given to the quality of evidence, ie the evidence should be competent, relevant, reasonable and as direct as possible so as to reduce the need for inferences to be made.
  
- Auditors should adequately document the audit evidence in working papers, including the basis and extent of the planning, work performed and the findings of the audit. Working papers should contain sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from them the evidence that supports the auditor's significant findings and

conclusions. The content and arrangement of the working papers reflect the degree of the auditor's proficiency, experience and knowledge.

- Where SAI is required to report on the execution of budgetary laws, the audit should include:
  - For revenue accounts, ascertaining whether forecasts are those of the initial budget, and whether the audits of taxes, rates and duties recorded and imputed receipts can be carried out by comparison with the annual financial statements of the audited activity;
  - For expenditure accounts, verifying credits to assist budgets, adjustment laws and, for carryovers, the previous year's financial statements.
- Where the SAI is required to report on systems of tax administration or systems for realizing non tax receipts, alongwith a systems study and analysis of realization of revenues/receipts, detection of individual errors in both assessment and collection is essential to highlight audit assertions regarding the system defects and comment on their efficiency to ensure compliance.

#### **2.4 Reporting standards**

The audit reporting process begins with submission of an Inspection Report to the Head of any Office or Department which has been audited with a request to submit replies and clarifications/comments on the audit observations. Depending on the veracity and relevance of replies/clarifications received and the materiality of the observations in the Inspection Reports, these are further processed for reporting in the Audit Report submitted by the SAI for being placed in the concerned legislature.

- On the completion of each audit assignment, the Auditor should prepare a written report setting out the audit observations and conclusions in an appropriate form;

its content should be easy to understand, free from ambiguity and supported by sufficient, competent and relevant audit evidence and be independent, objective, fair, complete, accurate, constructive and concise.

- With regard to audit of financial statements, the auditor should prepare a report expressing opinion on the fair presentation of the financial position of the audited entity in the financial statement.
- With regard to fraudulent practice or serious financial irregularities detected during audit or examined by audit, a written report should be prepared. This report should indicate the scope of audit, main findings, total amount involved, modus operandi of the fraud or the irregularity, accountability for the same and recommendations for improvement of internal control system, fraud prevention and detection measures to safeguard against recurrence of fraud/serious financial irregularity.
- With regard to Performance of Value for Money Audit the report should include a description of the scope and coverage of audit, objective of audit, area of audit, main findings in respect of the efficiency, economy and effectiveness (including impact) aspects of the area (subject matter) which was audited and recommendations suggesting the improvements that are needed.
- With regard to regularity audits, the auditor should prepare a written report which may either be a part of the report on the financial statements of the value for money audit or a separate report on the tests of compliance of applicable laws and regulations. The report should contain a statement on the results of the tests to indicate the nature of assurance ie positive or negative obtained from the tests.
- The audit report should be

- **Complete:** The report should contain all pertinent information needed to satisfy the audit objectives, and to promote an adequate and correct understanding of the matter reported. It also means including appropriate background information.
- **Accuracy:** The evidence presented should be true and the conclusions be correctly portrayed. The conclusions should flow from the evidence. In most cases a single example of a deficiency is not sufficient to support a broad conclusion or a related recommendation. The report should include only information, findings and conclusions that are supported by competent and relevant evidence in the auditor's working papers. Reported evidence should demonstrate the correctness and reasonableness of the matters reported. However, except as necessary, detailed supporting data need not be included in the report.
- **Correct portrayal :** the report shall portray accurately the audit scope and methodology and presenting findings and conclusions in a manner consistent with the scope of audit work.
- **Objectivity :** The audit report should be fair and not be misleading and should place the audit results in proper perspective. This means presenting the audit results impartially and guarding against the tendency to exaggerate or over emphasis deficient performance. In describing shortcomings in performance, the auditor should present the explanation of the audited entity and stray instances of deviation should not be used to reach broad conclusions. The tone of reports should encourage decision makers to act on the auditor's findings and recommendations. Although findings should be presented clearly and forthrightly, the auditor should keep in mind that one of the objectives is to persuade and this can best be done by avoiding language that generate defensiveness and opposition.



- **Convincing** : The audit result requires to be presented persuasively and the conclusions and recommendations followed logically from the facts presented. The information presented should be sufficient to convince the readers to recognize the validity of the findings and reasonableness of audit conclusions.
  - **Clarity**: The report should be easy to read and understand. Use of non-technical language is essential. Wherever technical terms and unfamiliar abbreviations are used, they should be clearly defined. Both logical organisation of the material and precision in stating the facts and in drawing conclusions significantly contribute to clarity and understanding.
  - **Concise** : The report requires to be not longer than necessary to convey the audit opinion and conclusions. Too much of details detracts from the report and conceals the audit opinion and conclusions and confuses the readers.
  - **Constructive**: The report should also include well thought out suggestions, in broad terms, for improvements, rather than how to achieve them. In presenting the suggestions due regard should be paid to the requirements of rules and orders, operational constraints and the prevailing milieu.
  - **Timeliness** : The audit report should be made available promptly to be of utmost use to all users, particularly to the auditee organizations and/or Government who have to take requisite actions.
- Auditors should report deficiencies in internal control that they consider to be reportable conditions. The following are examples of matters that may be reportable conditions.
- Absence of appropriate segregation of duties consistent with appropriate control objectives;

- Absence of appropriate reviews and approvals of transactions, accounting entries or systems output;
- Inadequate provisions for the safeguarding of assets;
- Evidence of failure to safeguard assets from loss, damage or misappropriation;
- Evidence that a system fails to provide complete and accurate output consistent with the auditee's control objectives because of the misapplication of control procedures;
- Evidence of intentional override of internal control by those in authority to the detriment of the overall objectives of the system;
- Evidence of failure to perform tasks that are part of internal control, such as reconciliation not prepared or not timely prepared;
- Absence of a sufficient level of control consciousness within the organization;
- Significant deficiencies in the design or operation of internal control that could result in violations of laws and regulations having a direct and material effect on the financial statements and
- Failure to follow up and correct previously identified deficiencies in internal control.

## **2.5 The form and content of audit opinion and report**

The form and content of all audit opinions and reports are founded on the following general principles:

**Title.** The opinion or report should be preceded by a suitable title or heading

**Signature and date .** the opinion or report should be properly signed

**Objectives and scope.** The opinion or report should include reference to the objectives and scope of the audit. This information establishes the purpose and boundaries of the audit.

**Completeness.** The opinions should be appended to and published with the financial statements to which they relate, but performance reports may be free standing. The auditor's opinions and reports should be presented as prepared by the auditor.

**Addressee.** The opinion or report should identify those to whom it is addressed, as required by the circumstances of the audit engagement and local regulations or practice. This is unnecessary where formal procedures exist for its delivery.

**Identification of subject matter.** The opinion or report should identify the financial statements (in the case of regularity (financial) audits) or area (in the case of performance audits) to which it relates. This includes information such as the name of the audited entity, the date and period covered by the financial statements and the subject matter that has been audited.

**Legal basis.** Audit opinions and reports should identify the legislation or other authority providing for the audit.

**Compliance with standards.** Audit opinions and reports should indicate the auditing standards or practices followed in conducting the audit, thus providing the reader with an assurance that the audit has been carried out in accordance with generally accepted procedures.

**Timeliness.** The audit opinion or report should be available promptly to be of greatest use to readers and users, particularly those who have to take necessary action.

**Adverse opinion.** Where the auditor is unable to form an opinion on the financial statements taken as a whole due to disagreement which is so fundamental that it

undermines the position presented to the extent that an opinion which is qualified in certain respects would not be adequate, an adverse opinion is given. The wording of such an opinion makes clear that the financial statements are not fairly stated, specifying clearly and concisely all the matters of disagreement. Again, it is helpful if the financial effect on the financial statements is quantified where relevant and practicable.

**Disclaimer of opinion.** Where the auditor is unable to arrive at an opinion regarding the financial statements taken as a whole due to an uncertainty or scope restriction that is so fundamental that an opinion, which is qualified in certain respects, would not be adequate, a disclaimer is given. The wording of such a disclaimer makes clear that an opinion cannot be given, specifying clearly and concisely all matters of uncertainty.

Regularity audits often require that reports are made where weaknesses exist in systems of financial control or accounting (as distinct from performance audit aspects). This may occur not only where weaknesses affect the audited entity's own procedures but also where they relate to its control over the activities of others. The auditor should also report on significant irregularities, whether perceived or potential, on inconsistency of application of regulations or on fraud and corrupt practices. The extent of non-compliance can be related to the number of cases examined or quantified monetarily. Reports on irregularities may be prepared irrespective of a qualification of the auditor's opinion. By their nature they tend to contain significant criticisms, but in order to be constructive they should also address future remedial action by incorporating statements by the audited entity or by the auditor, including conclusions or recommendations.

The performance audit report should state clearly the objectives and scope of the audit. Reports may include criticism (e.g where, in the public interest or on grounds of public accountability, matters of serious waste, extravagance or inefficiency are drawn to attention) or may make no significant criticism but give independent information, advice or assurance as to whether and to what extent economy, efficiency and effectiveness are being or have been achieved.

The auditor is not normally expected to provide an overall opinion on the achievement of economy, efficiency and effectiveness by an audited entity in the same way as the opinion on financial statements. Where the nature of the audit allows this to be done in relation to specific areas of an entity's activities, the auditor should provide a report, which describes the circumstances and arrives at a specific conclusion rather than a standardized statement. Where the audit is confined to consideration of whether sufficient controls exist to secure economy, efficiency or effectiveness, the auditor may provide a more general opinion.

Auditors should recognize that their judgement is being applied to actions resulting from past management decisions. Care should therefore, be exercised in making such judgements, and the report should indicate the nature and extent of information reasonably available (or which ought to have been available) to the audited entity at the time the decisions were taken. By stating clearly the scope objectives and findings of the audit, the report demonstrates to the reader that the auditor is being fair. Fairness also implies the presentation of weakness or critical findings in such a way as to encourage correction and to improve systems and guidance within the audited entity. Accordingly the facts are generally agreed with the audited entity in order to ensure that they are complete, accurate and fairly presented to the audit report. There may also be a need to include the audited entity's responses to the matters raised, either verbatim or in summary, especially where an auditor presents its own views or recommendations.

Performance reports should not concentrate solely on criticism of the past but should be constructive.

## **CHAPTER -III**

### **LEGISLATIVE BACKGROUND**

Electricity is included at as entry No. 38 in List III(concurrent list) in the Seventh Schedule to the constitution of India. According to Article 246(2) of the constitution of India both Parliament and State Legislature have the Power to make laws on the subjects enumerated in List III in the Seventh Schedule.

The Central Act-the Electricity Act 2003 came into effect on 26/5/2003 repealing all earlier central legislations viz Indian Electricity Act 1910, Electricity Supply Act 1948 and the Electricity Regulatory Commission Act 1998, formulated laws relating to generation, transmission distribution, trading and use of electricity, rationalisation of electricity tariff, constitution of Regulatory Commission etc.

Taxes on the consumption or sale of electricity being a State subject the Government of Kerala enacted laws relating to the levy of duty on the sale and consumption of electrical energy in the State through Electricity Duty Act 1963 that came into force on 15<sup>th</sup> April 1963. Necessary Rules under the Act were also framed in 1963 as Kerala Electricity Duty Rules 1963.

To unify and amend the laws relating to the levy of duty on the Sales and consumption of electrical energy in the State of Kerala, the Kerala Electricity Duty Act 1963 (Act 23 of 1963) was enacted. The Act was further amended as per the Amendment Act of 1969(Act No. 30 of 1969) and Amendment Act No. 24 of 1972.

## CHAPTER – IV

### DEPARTMENTAL SET UP

**4.1** The Electrical Inspectorate as a separate agency of the Government was formed by the Government vide G.O MS. No 28/68/PW dt. 1st February 1968. In exercise of the powers conferred by sub-section 1 of Section 7 of the Kerala Electricity Duty Act 1963, Government appointed with effect from the 1st day of April 1969, the Chief Electrical Inspector to Government as the inspecting officer to inspect the books of accounts required to be kept by the licensees under Section 6 of the said Act. (Notification No.. 9510/EL1/68/W&P dt.21-3-69)

**4.2** The Chief Electrical Inspector is assisted at the head-quarters by a Deputy Chief Electrical Inspector and an Electrical Inspector on the technical side and by an Administrative Officer and Accounts Officer, on the Administrative and financial side and Electrical Inspectors at the district level.

**4.3** The main functions of the Department are given below.

**(a). Technical Inspections**

Inspection of the Electrical installations of the licensees/sanctionees and the Kerala State electricity Board.

Scrutiny of the methods of construction of the Power stations, scrutiny of the proposals of H.V consumers for new installations as well as additions and alterations to the existing installations.

Scrutiny of proposals and inspection of generating sets installed in consumers' premises and issue of safety certificate for commissioning.

**(b). Inspection of the accounts relating to Electricity Duty.**

The department is responsible for watching collection and remittance of electricity duty through the D.C. B statements obtained from the Kerala State Electricity Board and other monthly returns relating to electricity duty from other licensees and sanctionees.

**(c) Issue of Competency Certificates, Licences etc.**

Issue of Electrical Contractors' licences and competency certificates and permits to supervisors and wiremen.

Discharge the duties and functions of the Licensing Board under the Kerala State Electricity Licensing Board Rules, 1973.

Registration of apprentice cinema operators and issue of competency certificate to Cinema operators by the Board of Examiners for cinema operators under Rule 53 of the Kerala Cinema Regulation Rules, 1975.

## CHAPTER – V

### KERALA ELECTRICITY DUTY ACT AND RULES 1963

**5.1** Kerala Electricity Duty Act was enacted in 1963 to levy duty on the sales and consumption of electrical energy in the State of Kerala. This act came into force with effect from 15.4.63.

#### **5.2 Definitions**

(i). “consumer” includes a local authority, company or other person to whom energy is supplied by a licensee on payment of charges or otherwise, and a licensee or other person who consumes energy generated by himself but does not include a licensee to whom energy is supplied by the State Electricity Board for supply to others. Any licensee who consumes energy generated by himself or supplied by the Kerala State Electricity Board shall be deemed to be a consumer in respect of energy so consumed except in respect of energy consumed by him for purpose connected with the construction, maintenance and operation of his generating, transmitting and distributing system.(Act 24 of 1972).

(ii) “Electricity duty” means a duty levied under Section 3 or section 4 of the Act.

(iii). “Energy” means electrical energy.

(iv). “Licensee” means

(a) Kerala State Electricity Board

(b) Any person licensed under The Electricity Act 2003 to supply energy and includes any person who is deemed to have been so licensed and any other person who has obtained the sanction of Government.

(c) The Government when it is engaged in the business of supplying energy.

#### **5.3 Levy and collection of Electricity Duty-Charging Sections:**

(i). Sections 3 and 4 of the Act are the charging sections. Sections 3 provides for the levy of duty on the energy sold by the licensee and Section 4 provides for the levy of duty(on the consumers on the energy consumed by him).

(ii). Section 3(i) lays down that every licensee in the State of Kerala should pay every month to the government a duty calculated at 6 paise per unit of energy sold at a price of



more than 12 paise per unit. The duty is to be calculated separately for each licensee. The duty on the sale of energy should be borne by the licensee and shall not to be passed over to the consumer. However, no such duty is payable by the Kerala State Electricity Board on the energy sold by it to another licensee.

(iii). As per rule 3(i) of the Kerala Electricity Duty Rules 1963, the duty under Section 3 of the Act in respect of a month is payable before the expiry of the following month. The duty is to be paid into government treasury to the credit of the government under the head of account 0043-00-101-99-Taxes on sale of electricity. The Treasury challan receipt is to be sent to the Inspecting Officer.

(a). Section 4 of the Act lays down that every consumer belonging to any of the classes specified in column(2) of the schedule of the Act reproduced below shall pay every month to the Government in the prescribed manner a duty calculated at the rate specified against that class in column(3) thereof. However, in cases where the supply of energy to a consumer, is regulated by an agreement entered into between the Government or the licensee and the consumer. Government is competent either to reduce the rate at which duty is leviable on such consumer or to exempt such consumer from payment of duty subject to such terms and conditions as may be imposed by the Government.

#### **SCHEDULE**

Item	Class of consumers	Rate of duty
1.	Domestic and commercial consumers consuming energy for purposes like lighting and combined installation of lights and fans, radios, refrigerators, small cookers, air-conditioning, plants, heaters, pumps, all electric homes, cinematograph installations and motion picture studios.	10 per cent of the price of energy indicated in the invoice.
2	Public lighting	Nil
3	Consumers of energy for agricultural purposes.	10 per cent of the price of energy indicated in the invoice.
4	<b>INDUSTRIAL CONSUMERS</b>	
a.	Consumers taking supply of energy at points below 11 K.V	10 per cent of the price of energy indicated in the invoice.
b.	Consumers taking supply of energy at 11 K.V and above	20 per cent of the price of energy indicated in the

		invoice upto 6/75 and 30% thereafter(Act 13 of 1975)
5	Consumers who generate energy for their own consumption.	1.2 ps per unit of energy generated and consumed

(b). As every person who consumes energy generated by himself is also a consumer, such persons should install a meter at the prescribed point and maintain it in proper condition

( c). Section 5(i) of the Act lays down that every licensee should collect and pay to government at the time and in the manner prescribed, the electricity duty payable by the consumers, under Section 4 of the Act on the units of energy consumed by every consumer to whom energy is supplied by him. The duty so payable shall be a first charge on the amounts recoverable by the licensee for the energy consumed and shall be a debt due by him to Government.

(d). As per Rule 3(2) of the Kerala Electricity Duty Rules 1963 the duty collected from the consumers by the licensees together with the duty payable for such energy consumed by them should be remitted into the Government treasury before the expiry of the following month under the head of account 0043-00-101-99 Taxes on consumption and sale of electricity retaining 1% of the duty collected from the consumers as collection charge. The challan receipt is to be sent to the Inspecting Officer. No collection charges are admissible in respect of duty payable by the licensees for the energy consumed by themselves.

**5.4** (a). In G.O. Rt. No. 103/70/W&P dt. 30.3.70 Government have ordered that all the licensees in the State, including the Kerala State Electricity Board, are permitted to make advance payments of electricity duty to Government within the time prescribed in the rules subject to the following conditions:

(1). The average of the electricity duty paid for the previous three months will be fixed as the advance amount and

(2). The difference between the amount due for a particular month and the amount of advance paid should be remitted to Government within 45 days from the due date fixed in Rule 3 of the K.E.D. Rules with interest @ 12 % per annum.

(b) (1) Section 8 of the Act lays down that any sum due on account of electricity duty, if not paid within the time allowed under rule 3 of the K.E.D Rules should be treated

as arrears. Arrears with interest not exceeding 18% per annum which may be fixed by Government by special or general order shall be recoverable either through a civil court or as an arrear of land revenue:

(i). if the amount was payable under Section 3 from the licensee.

(ii) if the sum was payable under sub- section (i) of section 5 (viz the duty on electrical energy consumed) either from the consumer or from the licensee at the option of the government and

(iii). If the sum was payable by a person who consumed energy generated by himself, from such person.

(2). Rule 4 lays down that where the licensee has failed to pay the duty as required by Rule 3 for a consecutive period of 3 months the Inspecting Officer should report the matter to the District Collector within jurisdiction the licensee is operating, specifying the amount due and to be recovered and the District Collector should thereupon take steps to recover the dues from the licensee as an arrear of land revenue:

(c). The State Government have fixed the rate of interest payable under section 8 of the Act as follows:

(i). 12% per annum for the arrears of electricity duty due from the different classes of consumers except agricultural consumers in whose case the rate is 6% per annum (vide G.O MS.376/64/PW dt 10-12-64).

(ii). 12% per annum from all licensees on arrears of electricity duty due from them under Section 3 of the Act and also on sums collected as duty from the consumers but not remitted to Government in time(G.O MS.251/67/PW dt. 2-12-67).

(iii). Government have in their G.O MS. No. 58/78/PW dated 19-5-1978 fixed the rate of penal interest on arrears of Electricity Duty from H.T and Extra H.T consumers as 18% per annum and 12 % per annum from all other consumers.

(iv). There is no provision in the Electricity Duty Act to enable the Government to exempt the Electricity Board or any other licensee from the payment of penal interest for belated payment of duty.

## **5.5. Exemptions**

Government may in public interest, by notification in the gazette, exempt any licensee from the payment of the whole or part of the Electricity duty for such period and subject to such terms and conditions as may be specified in such notification (section 11(i) of the Act).

The Government may by notification in the gazette, exempt any consumer from the payment of the whole or any portion of the electricity duty payable on energy

generated and consumed by him during periods when there is failure of supply by the licensee or there is any restricted supply of energy by the licensee as the case may be (Section 11(2)).

### **5.6. Savings**

No duty on the consumption or sale of electricity (whether produced by government or other persons) will be imposed on electricity(1) consumed by the government of India or sold to the Government of India for consumption by that Government (2) consumed in the construction, maintenance or operation of any railway by the Government of India or sold to that Government for consumption in the construction, maintenance or operation of any railway(Section12).

### **5.7 Penalties**

If a licensee fails to keep the books of account or to submit the returns or the licensee or other person intentionally obstructs an Inspecting Officer in the performance of his duties under the Act or Rules, he shall be punishable with a fine which may extend to one thousand rupees(Section 9)

### **5.8 Offences by the Companies**

As per section 10 of the Kerala Electricity Duty Act, 1963 where an offence under this Act has been committed by a company, every person who at the time, the offence was committed was in charge of and was responsible to the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against or punished accordingly. The section provides protection to such person liable to any punishment if he proves that the offence was committed without his knowledge or that he has exercised due diligence to prevent the commission of such offence.

### **5.9 Appeals and Refunds**

Under the Kerala Electricity Duty Act, 1963 no provision exist for the settlement of disputes by appeal/arbitration and for the refund of Electricity Duty already paid.

**CHAPTER – VI**  
**DEPARTMENTAL PROCEDURE**

**6.1 Books of Account:-**

(a). Under section 6 of the Act every licensee should keep books of account in the prescribed form and submit to the Government or to the prescribed Officer returns in such form and at such times as may be prescribed, showing the units of energy consumed by him or supplied by him to each consumer as the case may be and the amount of duty payable thereon and recovered or paid by him under this Act or showing such particulars as may be prescribed.

(b). Necessary Rules have been framed(Rules 5, 5A and(6) prescribing the form in which the accounts are to be maintained, the authority to whom the returns are to be furnished and the due dates for furnishing the returns. Every licensee is required to keep accounts separately for sales of electrical energy exempt from payment of duty under Section 11, Section 12 and the proviso to Section 3 of the Act and all other sales of electrical energy. The books of accounts should show the details such as.

- 1). Number and name of consumer
- 2). Address of consumers and the name of the premises with a brief description thereof
- 3). (a) the number of units of energy sold at more than 12 paise per unit.  
b). the number of units of energy sold at 12 paise and less per unit.
  - i). for lights, fans and other domestic appliances;
  - ii). For industrial purposes:
  - iii). For industrial purposes and for lights, fans and other domestic appliances on a combined circuit. and
  - iv). For agricultural purposes
- c). the number of units of energy supplied for street-lighting
- d). the total number of units of energy supplied under items(a)(b) and (c)

Provided that where the tariff does not involve metered supply of energy, the licensee should compute the supply on a basis proved by the Inspecting Officer or should provide and maintain suitable metering equipment:

Provided further that where the charges payable by a consumer are not calculated solely on the number of units of energy actually supplied to him, the licensee is liable to pay the duty on the number of units of energy which according to his tariff will be equivalent to the amount realized by him from the Consumer(Rule5).

e). The licensees consuming electrical energy generated by themselves are required to keep separate books of account (Rule 5A)

## **6.2 Returns**

Under Rule 6 every licensee should submit to the Inspecting Officer in duplicate returns in the following manner:

- i). by the 15<sup>th</sup> day of the month next after that following the month to which the returns relate, two monthly returns one in Form A and the other in Form B containing the particulars specified therein, and
- ii). by the 15<sup>th</sup> day of the Second month following the financial year to which the return relates a yearly return in Form “C” containing particulars specified therein and

(iii). A monthly statement showing the following particulars in respect of duty assessed by him during that months

- 1. Name of Centre
- 2. Consumer No
- 3. Name of Customer
- 4. No of units assessed for current charges .
- 5. Rate of duty
- 6. Amount of duty charged

## **6.3 Inspecting Officer**

The Inspecting Officer may at any time, require a licensee to produce for inspection at the registered or other office of the licensee such books and records in his possession or control as may be necessary for ascertaining or verifying the amount of duty payable under the Act and the Inspecting Officer is authorized to enter any premises in which energy is or is believed to be generated/supplied by any person/licensee, and to have access to all meters installed in the premises at reasonable times for the purposes of verifying

- i. The statements made in the books of account kept and returns submitted by the licensee
- ii. The reading of meters and
- iii. Particulars or ascertaining information required in connection with the levy of duty.

Provided that in entering the premises the inspecting officer should give reasonable notice and observe the religious and other usages of the tenants.

(Sn 7 and Rule 7 & 8)

**6.4** The records maintained by the licensees and the returns furnished by them to the Inspector would show the electricity duty levied and payable by the consumers. At present there are 9 licensees in the State. They are.

1. KSEB
2. Municipal corporation, Thrissur
3. Tata Tea Ltd(Kannan Devan Hill Producers Co) Munnar
4. Cochin Shipyard Ltd, Kochi
5. Techno Park, Kazhakkootam
6. Rubber Park Valayanchirangara
7. Kinfra EPIP Ltd. Kusumagiri Kakkanad
8. Cochin Port Trust Kochi.
9. Cochin Special Economic Zone, Kakkanad

**6.5** The licensees send monthly returns showing the demand, collection and balance of the duty payable to the Chief Inspector. The various billing units under the Kerala State Electricity Board send monthly DCB statements to the Board. The Board in turn prepares the consolidated DCB in respect of duty levied for the energy consumed/sold by it every month. The remittance by the Board is based on the consolidated DCB statement which is furnished to the Chief Inspector.

**6.6** The Chief Electrical Inspector is responsible for watching the remittance of the duty to Government account by the licensees and effect reconciliation. The check in this regard is exercised through the D.C.B statements received by him from the licensees. A register is maintained to effect reconciliation between the figures reported as remitted by the licensees and that by the Treasuries. Reconciliation is also effected between the figures booked in the accounts with departmental figures.

## CHAPTER – VII

### THE KERALA ELECTRICITY SURCHARGE ACT & RULES

The Kerala Electricity Surcharge (Levy and Collection) Act 1989 came in to force on the 1<sup>st</sup> day of October 1984. The KSEB shall collect a surcharge on all high tension and extra high tension supplies of energy supplied either directly or through other licensees at such rate not exceeding five paise per unit. The rate of surcharge on energy supplied to the States of Karnataka and Tamilnadu is not exceeding two paise per unit as may be specified therein (Sn 3 of the Act)

The surcharge collected by the Board directly or through other licensees shall be remitted into Government treasury under the Head of Account 0043-101-02, on the 15<sup>th</sup> of the month following the quarter after retaining one percent as collection charges. If the amount is not remitted in time interest at the rate of one percent per month shall be lived. (Rule 3)

The books of Accounts kept by the Board and the licensees shall contain the following particulars

1. No. and name of consumers
2. Addresses of consumers and the name of the premises
3. The total units of energy supplied/ consumed each month
4. Surcharge payable thereon
5. The amount of surcharge paid/recovered each month

(Rule 4)

The licensee shall submit the following return to Inspecting officers

1. Quarterly return in Form A and Form B by the 15<sup>th</sup> day of the month following the Quarter ending on the last day of June, September, December and March.
2. Annual return in Form C by the 15<sup>th</sup> day of the second month after the Financial year is ended (Rule 5)

If any licensee fails to keep books of account or to submit the returns or intentionally obstructs an Inspecting Officer in the performance of his duties, he shall be punishable with fine which may extend to Rs. 1000/- . If the offender is a company, every person responsible for the conduct of business of the company severally as well as the company shall be liable to be proceeded against and punished (Section 7 & 8).



## CHAPTER – VIII

### FEES LEVIABLE UNDER THE INDIAN ELECTRICITY RULES,1956

#### 8.1 General

The Indian Electricity Rules, 1956 cover the entire range of generation, transmission, supply and use of electrical energy. Appointment, duties and powers of the Inspectors and the fees recoverable for various services rendered by the Inspectors are dealt with in detail in these rules ( Rules 46,63 and 64).

**8.2** Under rule 10, the Supplier of electrical energy should furnish to the Inspector on requisition, a list of all persons supplied, with energy by him, the address at which the energy is supplied, the month of connecting service, the voltage of supply, the connected load, the purpose of supply and the name of the contractor carrying out the installation work.

**8.3** (i). Rule 46 requires that existing installations, that is those that are already connected to the Suppliers system should be inspected and tested at intervals not exceeding five years either by the Inspector or by the supplier as prescribed by State government in this behalf. In the case of installations belonging to or under the control of Central government and installations in mines, oil fields and railways, the Central Government is responsible for such periodical tests. Where the supplier is directed to inspect and test the installation he should report on the condition of the installation to the consumer concerned in a form approved by the Inspector and should submit a copy of such report to the inspector.

(ii)(a) The fee for such inspection and test as determined by the Central or State Government as the case may be, in the case of each class of consumers, should be paid by the consumer in advance.

(b) In the event of failure of any consumer to pay the fees on or before the dates specified in the fee notice, supply to the installation of such consumer should be discontinued under the direction of the Inspector after giving the consumer seven clear days notice in writing of the intention to disconnect the supply of electricity.

(iii) In pursuance of the provisions of Rule 46 of the Indian Electricity Rules, 1956 and in supersession of all previous notifications on the subject the State government have issued SRO 852/2001 issued in Go(MS) No. 25/2001/TD dt. 7-9-01. The notification prescribing the types of installation, periodicity, rates of fees and persons authorised to inspect the installations is reproduced below.

### Fees for Technical Advice/Consultancy

Sl.No	Nature of Service	Rate of fees in Rupees
1.0	Detailed engineering, preparation of technical drawings and estimates and specification of the equipments and technical scrutiny of tenders.	3% of estimated cost of works
1.1	Supervision, inspection and control during execution	4% of total cost of works
1.2	Construction of new works including detailed engineering	15% of total cost of works plus actual cost of establishment employed and actual expense
Note: The above percentage includes pensionary benefits and tools and plants and plant charges		
1.3	Giving opinion on plans, estimates and specifications	75% of Initial Inspection fee
1.4	Scrutiny fee for initial/final approval	75% of initial inspection fee
1.5	Valuation of electrical undertakings	Rs. 1000+0.5% of the valuation amount
2.0	Rates of fees for settlement of disputes under the Indian Electricity Act (Central Act 9 of 1910 ) and the Rules made therunder.	
2.1	Disputed apparatus or meters where the inspectorate is called in to settle any dispute arising under Section 21 or section 26 of the Indian Electricity Act, 1910 (Central Act 9 of 1910) or under clause VI of the Schedule to the said Act and the apparatus or meter is tested in the Laboratory, the following fees shall be charged, namely:-	
2.2	Settlement of disputes including testing of meter is necessary	
	( C ) L.T.Single phase domestic consumer	Rs. 100/-
	(d) All other consumers	Rs. 500/-+ 1% of disputed amount rounded to the nearest ten rupees, Subject to a maximum of Rs. 10,000/- including testing of meter if necessary.
3.0	Initial Inspection fee:-	
3.1	EHV/HV Equipments	Rs. 2/kVA/kW/kVAr subject to a maximum of Rs. 15,000/-
3.2	LV/MV Equipements	Rs. 5/KVA/KW/kVAr
3.3	Bus duct	Rs. 1/Ampere/20 m length or part thereof
3.4	Switch board/switches/breakers	Rs. 1/Ampere/incomer and outgoing
3.5	Earth electrode	Rs. 25/Electrode

3.6	Lightning protection	Rs. 1000/Building
3.7	Overhead Lines	Rs. 10/km
3.8	Special Equipements	
	(a) CT Scanner	Rs. 5000
	(b) X-rays	Rs. 5/mA
	(c) Neon Sign	Rs. 500/kVA
	(d) Lifts	Rs. 1000
	(e) Escalator	Rs. 2500
3.9	High Rise Building	Rs.100/LT/MV per consumer
3.10	Other Inspections	
	1. Certificate under sub rule (3) of Rule 82 of the Rules	Rs. 500
	2. Soil Resistivity Measurement	Rs. 250
	3. Temporary installations	Rs. 100
	4. Circus/Exhibition/Fairs	Rs. 1000
4.0	Rule 46 Inspection Fee (periodical Inspection)	(a) 50% of initial inspection fee
		(b) 25% of initial inspection fee for licensees and KSEB installation
4.1	All the above fee are subject to a minimum of Rs. 100/day	

Note: 1

Inspection and test by the Inspector by virtue of the powers vested in him shall be as per the following periodicity.

All HV/EHV installations and addition thereto, once in a year

All MV installations, once in two years

Neon Signs, X-rays, Lifts, Escalators and MV Generators and CT Scanners, once in a year

Note:2

Where any licensee or Kerala State Electricity Board or the owner of an installation reports that the installation is completed and ready for inspection but during the inspection carried out in the basis of such report is found that the installation is incomplete and that a subsequent inspection is necessary, full fee shall be levied for each inspection. Wherein the opinion of the inspector, it is considered that a check inspection is needed fees shall be levied and collected at 50% of the rates under the section concerned.

Note:3

The rates fixed in the appropriate schedule will be applicable to the inspection of the installation belonging to Kerala State Electricity Board also under Rule 46 and 63 of the Rules

Note: 4

The fees prescribed in the schedule shall be demanded by a bill by the Inspector “(after the inspection in the case of inspection under Rule 63 of the Rules, and before the inspection in the case of an inspection under Rule 46 of the Rules) and shall be paid within thirty days from the date of receipt of the bill into a Government Treasury under the following head of account “ 0043-00-102” ‘For testing the appliances and apparatus or meter in the installation the fees payable shall be at the rate prescribed by the Government

**8.4** As per rule 63 the Supplier has to obtain before commencement of supply of energy at high or extra-high voltage to any person the approval of the Inspector in writing.

**8.5** Rule 64 prescribes the conditions to be satisfied, for the inspector to authorize a supplier to commence a supply of energy at high or extra-high voltage to any consumer.

**8.6** Sub rule (3) of Rule 63 also insists that the owner of any high or extra-high voltage installation who makes any additions or alterations to his installation, should obtain the permission of the Inspector in writing before connecting the supply to his apparatus or electric supply lines comprising the said alterations or additions.

## **CHAPTER – IX**

### **GRANT OF CERTIFICATES OF COMPETENCY AND PERMITS TO ELECTRICAL SUPERVISORS AND WIREMEN AND LICENCES TO ELECTRICAL CONTRACTORS**

- 9.1** Rule 45 of the Indian Electricity Rules 1956 lays down that the electrical installation work, including additions, alterations, repairs etc should be carried out upon the premises of or on behalf of any consumer or owner for the purpose of supply to such consumer or owner only by a licensed contractor and under the direct supervision of a person holding a certificate of competency issued or recognized by the State Government.
- 9.2** The State Government have prescribed rules and conditions for the issue of licences to electrical contractors, for the grant of certificates of competency and of permits to Electrical supervisors and Electric wiremen and other related matters, under Rule 45 of the Indian Electricity Rules 1956.
- 9.3** (a) Rule 2 provides for the constitution of a Licensing Board consisting of five members, which have inter alia the following functions:
- (i). to grant licences to Electrical contractors
  - (ii). To conduct examinations for Electrical supervisors and wireman
  - (iii). To grant certificate of competency and permits to electrical supervisors and wiremen
  - (iv). To enquire into allegations and take action against wiremen, supervisors, contractors etc.
  - (v). to issue restricted licence for the execution of Electrical works to any person of firm who are otherwise qualified (please also see Rule 33)
  - (vi). To generally carry out the provisions of the rules
- (b). Any decision of the Board shall be final (Rules 5)
- 9.4** Certificates of competency and permits are granted to supervisors and wiremen on passing the prescribed examinations and also to those who have been granted exemption from the requirement of sitting for the examination (Rules 29,30 and 31)

The permit granted to a wireman shall be renewed once in two years provided that the renewal may be done for a maximum period of four years at a stretch on remittance of double the fee prescribed for a term of two years (Rule 31)

Supervisory permits issued shall also be renewal once every two years (Rule 35)

The application for renewal of permits granted to supervisors/wiremen should reach the Secretary at least one month before the date of expiry of the validity of the permit. The fee for renewal will not be refunded. Permits which have not been received for

renewal within a period of three months from the date of expiry of permits shall lapse. The Board may however, at its discretion allow fresh permits to be issued in lieu of the lapsed permits after levy of the fees prescribed and obtaining other documents and particulars as may be considered necessary (Rules 35)

**9.5** A crossed Bank Draft for the payment of the prescribed fees drawn in favor of the Secretary to the Board payable at par at the State Bank of Travancore. Thiruvananthapuram should be sent along with the application form to the Secretary to the Board by every candidate for an examination under the rules. The examination fee once paid by a candidate shall not be refunded on any account and shall not be kept in reserve for any future examinations (rule 23 and 24)

A prescribed fee shall be charged for furnishing the information about the examination or for checking the addition of the marks of a particular part or parts of the written examination (Rule 37)

**9.6** A register of certificates and permits granted under these Rules has to be maintained by the Secretary (Rule 34)

**9.7** A duplicate of a wireman's permit or supervisor's permit and/or certificate of wireman and/or supervisor granted under the Rules can be issued on payment of the prescribed fees and on production of satisfactory proof of loss, damage, defacement, destruction or mutilation of the original permit or certificate and other documents as may be required by the Secretary provided that the application for duplicate is made before the expiry of the original permit (Rule 36)

**9.8** Electrical contractors' licence is granted only to a person or firm approved by the Board who has in his possession the instruments necessary for carrying out the tests required under the Indian Electricity Rules 1956 and who has in his sole employ at least one supervisor holding a valid certificate of competency and permit and also at least two wiremen holding valid certificate of competency and permit for executing the work. There are two classes of contractors namely class "A" contractors and class "B" Contractors. Conditions for the grant of these licences are detailed in rules 40 and 41. A register of all licensed Electrical contract has to be maintained by the Secretary (Rule 38 and Rule 52)

**9.9** Every Electrical contractors' licence, granted under these rules, has to be renewed annually. The application for renewal together with the licence and the prescribed fee should reach the Secretary, at least one month before the date of expiry of the licence. Where the application is received after the due date, penalty in addition to the normal renewal fee will also have to be collected. Licences which have not been received for renewal within a period of three months from the date of expiry of licence shall lapse. The Board may, however, at its discretion allow fresh licences to be issued in lieu of the lapsed licences after levy of the fees prescribed and obtaining other particulars and documents as may be found necessary (Rule 53)

**9.10** A duplicate of an Electrical contractor's licence granted under these rules can be issued on payment of the prescribed fee and on satisfactory proof of the loss, damage or destruction of the original licence, provided the application for duplicate is made before the expiry of the original licence (Rule 54).

**9.11** The fees for various certificates, permits and licences issued under the rules are prescribed in rule 66. The existing rate of fees were notified in SRO 859/2005 issued in GO(MS) No. 29/2005/PD dt 29.8.2005 and is in force from the date of notification. The rates of fee are as follows.

Sl.No.	Purpose for which fee is to be paid	Fee payable
1	Application for examination for the grant of Licences, Permits and Certificates: (i). Supervisors Grade 'B' (ii). Wireman	360 220
2	Application fee for issue Permits under exempted category/scope modification: (i). Supervisors Grade 'A' (ii). Supervisors Grade 'B' (iii). Wireman	720 360 220
3	Application fee for Contractors Licence(Scrutiny fee) (i). Contractor Licence Class 'A' (ii). Contractor Licence Class 'B' (iii). Contractor Licence Class 'C'	720 360 140
4	Fee for issue of Licences, Permits and Certificates: (i). Contractor Class 'A' (ii). Contractor Class 'B' (iii). Contractor Class 'C' (iv). Supervisor Grade 'A' (v). Supervisor Grade 'B' (vi). Wireman	3600 1800 430 1440 720 430
5	Renewal fee for issue of Licences, Permits and Certificates: (i). Contractor Class 'A' (ii). Contractor Class 'B' (iii). Contractor Class 'C' (iv). Supervisor Grade 'A' (v). Supervisor Grade 'B' (vi). Wireman	2160 1080 360 720 360 220 (5 Years) 430 (10 Years)
6	Late fee for renewal of Licences and Permits after the due date:	

	(i). Contractor Class 'A'	720
	(ii). Contractor Class 'B'	360
	(iii). Contractor Class 'C'	140
	(iv). Supervisor Grade 'A'	360
	(v). Supervisor Grade 'B'	180
	(vi). Wireman	110
7	Fee for the issue of fresh Licences/ Permits in lieu of lapsed Permits/Licences: (i). Contractor Class 'A'	3600
	(ii). Contractor class 'B'	1800
	(iii). Contractor Class 'C'	430
	(iv). Supervisor Grade 'A'	1440
	(v). Supervisor Grade 'B'	720
	(vi). Wireman	430
8	Fee for the issue of duplicate Licences/Permits and Certificates: (i). Contractor Class 'A'	1440
	(ii). Contractor class 'B'	720
	(iii). Contractor class 'C'	540
	(iv). Supervisor Grade 'A'	720
	(v). supervisor Grade 'B'	360
	(vi). Wireman	220
9	Fee for settlement of disputes	720
10	Fee for making appeals	220
11	Fee under rule 37	70
12	Cost of application form for Contractors' Licences: Class 'A'	360
	Class 'B'	140
	Class 'C'	140
13	Cost of application form for Wireman/Supervisors(Exemption)	110
14	Cost of application form for Wireman/Supervisor(Examination)	110
15	Cost of Staff Register	180
16	Fee for issue of recognition/renewal of Institute for Wireman/Supervisors (for 3 years)	1800
17	Fee for interim inspection of the Institute for Wireman/ Supervisor	540
18	Fee for issue of Competency Certificate and Permits for Cable jointing	1440
19	Fee for Additional Staff Enrolment under Contractors(Per Wireman/Supervisors)	140
20	Fee for Registration of Apprentices per Candidate	140
21	Fee for any other service rendered by the Board not covered in the above items	140



Explanation:- All fees payable under the above items shall be remitted into a Government Treasury in Kerala under the Head of Account specified by the Kerala State Electricity Licensing Board and the original Chalan should be produced in proof of such remittance

## **CHAPTER -X**

### **THE KERALA CINEMA (REGULATION)ACT 1958 AND RULES 1988**

- 10.1 The Licensing authority (Section 4 of the Act) may grant permission under Section 6 of the Act for the construction and reconstruction of buildings, installation of machinery etc. for cinematograph exhibition. The permission shall be valid for one year in respect of permanent building and may be renewed for successive periods for sufficient reasons for a maximum period of ten years, but in respect of a temporary building the permission shall be valid for six months only and this period may be renewed on application for successive periods for a further period of four years for sufficient reasons.
- 10.2 On completion of the building and electrical installation according to the approved plan, cinematograph apparatus and plant and air conditioning plant, the applicant shall obtain an electrical and fire certificate in Form 'D' from the Chief Electrical Inspector to Government or his nominee having jurisdiction over the area. Every application for a certificate in Form 'D' shall be made along with necessary documents and the treasury receipt for the inspection fee as required in rules 32 and 33. ( see para 10.5 below) A duplicate of the electrical certificate may be granted on payment of a fee of Rs. 25/-. The electrical Certificate shall be valid for the same period as for 'C' certificate ie for three years in the case of permanent building and upto a maximum one year and minimum of six months in the case of temporary buildings.[Rule 12 (1) ]
- 10.3 After obtaining the certificate referred to in rule 12 (i) the licensing authority on application, shall issue a licence in duplicate in Form 'E' under Section 3 of the Act for exhibition of cinematograph shows. The periods of validity of the licence may not exceed a period of one year in respect of permanent and temporary cinema . The period of validity of the licence shall not extend beyond the date of validity of the certificates.
- 10.4 Application for renewal alongwith treasury receipt for the fee paid (Rs. 150 for permanent cinema installation and Rs. 75 for temporary cinema installations- Rule 31) shall be forwarded one month before the expiry of the existing licence.
- 10.5 Every enclosure, cinematograph apparatus and plant and electrical installation shall be inspected when first erected and thereafter at every renewal of the certificate in form 'D' by the Chief Electrical Inspector to Government or his nominee. He shall have powers to inspect the apparatus,plant and electrical installations of any premises at any time within the currency of the 'D' Certificate issued by him in respect of the particular premises and to direct the licensee to rectify any defect noticed during such inspection. The licensee shall be bound to carry out such direction.

The fee prescribed for the inspection are as follows:-

Category of cinema	First inspection	For inspection before the renewal of certificates
1. Permanent cinema	350	150
2. Temporary Cinema	150	75

## **CHAPTER X1**

### **AUDIT CHECKS**

Some of the important points in the audit of receipts of electricity duty are enumerated below.

1. Scrutiny of the return filed by the licensees should be made to see whether the assessment of duty on consumers has been made correctly, the amounts payable have been recovered by the licensee and paid to Government and whether the assessment of tax on licensees for energy sold has been made correctly and the amount payable has been credited to Government.
2. In the case of Kerala State Electricity Board which is the major licensee, the commercial audit-party shall conduct a percentage test-check of the entries in the consumers ledger account maintained by the Board during the course of their audit. Details of audit checks to be exercised by Commercial Audit Party are enumerated in the Manual of Commercial Audit.  
In respect of private licensees, the reports of the inspecting Officers, should be scrutinized to see whether there has been any evasion of tax and if so what action has been taken by the Electrical Inspectorate.
3. Various records maintained by the Inspectors of the Divisions/Sub-Division/Chief-Electrical Inspectorate and the Demand, Collection and Balance registers of licensees etc, with regard to Electricity duty shall be scrutinized.
4. The records maintained by the Inspectors/Chief Electrical Inspector regarding services rendered under the Kerala cinema regulation rules and Electricity Act and Rules 1956, collection of fees on that account and their remittance to Government account should be scrutinized.
5. Inspector's report should be critically reviewed
6. Correctness of the interest levied under the Act and rules for belated remittance of duty and other collections shall be checked.
7. Exemptions granted under Section 11 and 12 of the Kerala Electricity Duty Act 1963 should be scrutinized critically.
8. Correctness of the collections of various fees for periodical inspection and test of consumer installations and fees from the Electrical Contractors/Supervisors/Wiremen should be checked.

## **CHAPTER – XII**

### **REPORTING**

The reporting process begins with the issuance of Inspection Report. As for the Audit Report there should be an endeavour to present a clear and correct account of the issues involved in plain language avoiding verbosity. Accuracy, brevity, clarity and purposeful focus should be the hallmark of the reports and special care should be taken to conform to the reporting standards laid down in the Auditing Standards.

Since the reporting process begins with the preparation of draft Inspection report, it should be prepared with diligence and should be accompanied with necessary records.

The Inspection Report should consist of the following parts.

Part I (a). Introductory

(b). Outstanding paras in previous Inspection Reports

(c). Schedule of Persistent Irregularities.

Part II (A). Major Irregularities likely to materialise into draft Paragraph

(B). Irregularities though not major, that require to be brought to the notice of higher authorities.

Part III. Test Audit Notes containing minor irregularities to which a schedule of items settled on the spot and that of procedural irregularities which the head of office assured to rectify in future should be attached.

Trivial matters which can be and have been set right on the spot or are of no consequence to the finance of the Government, need not be mentioned. Statements and figures in relation to any defects or irregularities discovered should be based on clear documentary evidence. It is not sufficient to quote the rule or order violated; the actual or possible effect of such deviation on the financial interest of the Government should be explained clearly. Particular care should be taken in regard to the language and tone of the report. The Inspection Report should be completed before the Inspecting Audit officer leaves the office inspected and it should not be signed until the officer in charge of the office (or any other officer acting on his behalf) has been given the opportunity of reading and discussing it and suggesting any Omissions or modifications. The report should be as brief as possible.

