



# **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**

**(Wholly owned Government of Karnataka undertaking)**

## **Revenue Monitoring Inspection/Review of Tumkur CSD-1 Subdivision, Tumkur Division, BESCOM**

**Date: March 19, 2014**

**Venue: Tumkur CSD-1 Subdivision, Tumkur.**

### **BESCOM OFFICIALS:**

1. Sri. Guru Prasad B.L, Director (Finance), BESCOM
2. Sri. Venkateshaiah H.C, DGM Personnel, Corporate Office
3. Sri. Ram Prasad, AGM(F&C), Corporate Office
4. Smt. Dhatri Joshi, AEE to D(F), Corporate Office
5. Sri. . Prashant Kudlagi, A.E.E (E), Tumkur CSD-1 Sub-division
6. Assistant Accounts Officer, Tumkur CSD-1 Sub-division
7. Accounts Officer, Tumkur Division
8. Accounts Officer (Internal Audit), Tumkur Division
9. AE's/J.E's and Other officials / Meter Readers of ), Tumkur CSD-1 Sub division

### **CONSULTANCY TEAM REPRESENTATIVES:**

1. Sri. Vasuki, Dhiya Consulting.

## **PROCEEDINGS OF THE MEETING:**

A meeting was held under the chairmanship of the Director (Finance), BESCO to review the progress of revenue recovery related issues pertaining to Tumkur CSD-1 Sub division. The Director (Finance) addressed the BESCO Officers/employees of C-7 sub division and emphasized on the need of increase in revenue realization in order to improve the overall health of the organization. He stressed upon improvement in key parameters (Input, Demand, sales and collection) of the sub division to boost the revenue realization rate.

Mr. Vasuki of Dhiya Consulting briefly explained to the Officers/Employees of C-7 sub division that how a performance dash board is being developed by the Corporate office to capture the performance of sub-divisions and grading of them as “Red”, “Yellow” and “Green” in terms achievement the Effective Realization Rate (ERR), which is a combination of input, sales, demand, collection and supply availability compared between the target set up front and the actual achievement.

With this background the review of the sub division was conducted in line with the following points:

1. Billing (including bills issuing efficiency) and collection efficiency
2. Abnormal/ Subnormal consumption
3. Reading of Street light and Water supply installations.
4. Average billing cases in LT6 tariff.
5. Street light inventory.
6. Status of installations with Rs 5000 and more arrears tariff wise.
7. Receivables analysis
8. Action on the inspection reports of vigilance, MT, audit, O&M etc.
9. Demand and collection of DR& fee, Cheque dishonor fee etc.,
10. Pending test reports.
11. Collection of additional security deposits etc.,

The key issues found during the review and the directions issued are tabulated below.

Sl. No	Focus Area	Particulars/ Issues	Plan of Action	Key personnel responsible	Deadline	Review/ Remarks	Follow up- Corporate Office	Amount which could be recovered
1	Billing Efficiency	<p>100% Billing efficiency was not achieved by the Sub division. <b>Around 2300 number of installations were not billed since January-14.</b></p> <ul style="list-style-type: none"> <li>The AEE/AAO has stated various reasons for not issuing of bill including Meter Changes not effected into the system.</li> </ul>	<ul style="list-style-type: none"> <li>AEE and AAO to resolve this issue on top priority by ensuring that Meter change details have been entered into the system by 31<sup>st</sup> of March-14.</li> <li>A.E.E to prepare a daily <b>checklist</b><sup>1</sup> which must be filled by meter readers daily on compulsion.</li> <li>AAO to send a compliance <b>list</b> on the above, every 15 days, to D (F), which also includes status of unbilled installations.</li> </ul>	AEE/AAO	31 <sup>st</sup> March-14	AO Division to follow-up	Ram Prasad	Approximate amount of <b>Rs. 17 lakhs per month</b> demand not being raised due to this, which accounts to approximately <b>Rs 34 lakhs since Jan-14.</b> (Revenue loss is calculated at an average rate of Rs 750 per month per installation. i.e. 2300*750)

Note: With regards to the total number of Live installations, there is a lot of discrepancy, which is shown in the table below.

Tariff	No. of installations as on Feb-14 as per DCB	No. of installations as on Aug-13 as per DCB	
LT2	79456	71001	<p>However, it is surprised to see that only 2169 installations have been serviced as per 6A register of the sub division from Aug-13 to Feb-14, but as per DCB the difference is 8455.</p> <p><b>Immediate action has to be taken to reconcile the total number of Live installations.</b></p>
LT3	10938	12318	
LT5	1980	2357	

<sup>1</sup> Checklist shall be mailed to respective sub division. Apart from complying the points mentioned in the checklist, the Sub division AEE(ele) could add more points to the same.

2	Abnormal /Subnormal Consumption. (A/S)	<ul style="list-style-type: none"> <li>The Abnormal/Subnormal consumption analysis is not being done effectively.</li> </ul>	<ul style="list-style-type: none"> <li>AAO to take action to generate A/S report on daily basis.</li> <li>AE's/J.E's shall have to inspect the installations and submit reports on the same to A.E.E/AAO.</li> <li>To be discussed in the weekly meeting with AE/JE/MR</li> </ul>	AAO/AE/ JE/ of O &M units	AEE to review on weekly basis.	AO, Internal Audit of the Division to follow-up	Dhatri	
<p><b>Note: During the inspection of one installations with sub normal consumption, the following observations were made.</b></p> <p>Inspected RR No: 29162    Sanctioned Load : 6KW    MR Code: 241(TR6)    Reading Date: 6<sup>th</sup></p> <p>On spot inspection, it was observed that the building has been demolished and new construction has begun, for which consumer has availed temporary power supply. The temporary installation RR No. is CTP130 and sanctioned load is 4KW.</p> <p>On questioning the MR, it was found that MR has recorded in his observation book on 6-11-2012 that building has been demolished and has an arrears of Rs 5545. However, no action has been taken by the concerned Section Officer to recover the arrears and surrender the installation and Section Officer has serviced the same premises with the temporary power supply.</p>								
3	Average billing in LT6 tariff.	<ul style="list-style-type: none"> <li>Out of 444 Water Supply installations, 172 installations have recorded Zero Consumption. Spot inspections have not been done to assess the reason for Zero Consumption.</li> <li>Street light inventory has not been furnished on quarterly basis.</li> </ul>	<ul style="list-style-type: none"> <li>AE/JE's of O&amp;M units to inspect all the installations with Zero Consumption and shall submit a report.</li> <li>All the Water Supply installations to be rated by MT staff.</li> <li>There is a substantial loss on account of not billing the installation on actual load as per inventory. Immediate has to be taken to bill the installations as per actual load.</li> </ul>	AEE/AE/JE's	31 <sup>st</sup> March-14 for report on zero consumption installations	AO/ AO, Internal Audit of Division to follow-up	Ram Prasad	The loss estimated on accounting of actual consumption is <b>Rs 0.78 Crores.</b> (172 no. of inst. * 12 month* Rs 3.80)

4	Status of installations with arrears of Rs 5000 and more (LT2, LT3 and LT5)	<ul style="list-style-type: none"> <li>• Disconnections are not effectively done and most of the installations having arrears were not disconnected.</li> <li>• Timely and appropriate actions were not taken by the field staff.</li> <li>• The total arrears for Rs 5000 and above arrears installations is <b>Rs 45.78 lakhs.</b></li> <li>• <b>LT-2 – 15.89 lakhs</b></li> <li>• <b>LT-3 - 17.48 lakhs</b></li> <li>• <b>LT-5 – 12.42 lakhs.</b></li> </ul>	<ul style="list-style-type: none"> <li>• All the disconnections should happen through SYSTEM ONLY.</li> <li>• A.E.E &amp; AAO to send the list of arrears (MR wise) to D(F) immediately.</li> <li>• Section Officers to immediately effect the disconnections and to collect the arrears.</li> </ul>	MR/JE/AA O/AEE	31 <sup>st</sup> March- 2014	AO Division to follow-up	Dhatri	If timely and effective actions are taken then the company would immediately get revenue of Rs. <b>45.78 lakhs.</b>
5	Inventory of Street light installations	It was found that quarterly Street light inventory has not been furnished by Section Officers.	<ul style="list-style-type: none"> <li>• Immediate measures to be taken to furnish the street light inventory.</li> </ul>	AE/JE/AA O		AO, Division	Ram Prasad	
6	Test reports	1534 number of test reports are not opened. 298 are pending since Nov-2013. 1236 are pending since Aug-2013.	<ul style="list-style-type: none"> <li>• All the registers to be updated immediately.</li> </ul>	AE(T)/AEE	Immediate action	AO, Internal Audit of the Division to follow-up	Venkateshaiah	The estimated loss of revenue on account of pending test reports is Rs <b>51 lakhs.</b>  (No. inst * pendency in months * Rs500 per installation.)

7	Compliance to inspection reports	<p>There are number of installations for which Back billing charges (BBC) have been claimed on inspection reports of MT / vigilance/ Level1 &amp; Level 2/, however not the amount is not recovered.</p> <ul style="list-style-type: none"> <li>• MT- Rs 12.06 lakhs</li> <li>• Vigilance- Rs 9.75 lakhs</li> <li>• O&amp;M -3.53 lakhs.</li> <li>• Audit Short Claim- 25.70 lakhs.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective and timely action has to be taken by the field staff to disconnect these installations. (Except disputed cases).</li> <li>• AE/JE (sub-division/ section/ division officers) to monitor.</li> </ul>		Immediate action		Venkateshaiah	If timely and effective actions are taken then the company would immediately get BBC of at least <b>Rs. 25.70 lakhs.</b>
8	Receivables analysis	<ul style="list-style-type: none"> <li>• Age wise analysis of revenue has not been undertaken by the SD.</li> <li>• The details of action taken as per Recoveries of Due Act was not available during the review.</li> <li>• ABC analysis of revenue was not reviewed by the SD</li> </ul>	<ul style="list-style-type: none"> <li>• Immediate action to be taken and submit the compliance report to D(F).</li> </ul>	AEE/ AAO	Immediate action		Venkateshaiah Ram Prasad	
	LT 7 – Load and renewal issues, Billing, Termination of service, Installations	<ul style="list-style-type: none"> <li>• It was found that 1066 temporary installations are being billed manually.</li> </ul>	<ul style="list-style-type: none"> <li>• AEE/AAO to take immediate action and report the status of installations toD(F)</li> </ul>	AO Division to follow up.	Immediate action		Ram Prasad	

9	with debit balance and transfer of credits remaining for over 3 years to Miscellaneous revenue account.	<ul style="list-style-type: none"> <li>It was instructed to bill the installations through system only.</li> </ul>						
10	MNR Installations	<ul style="list-style-type: none"> <li>There are 55 MNR installations in the S/D.</li> </ul>	MNR meters to be replaced immediately.	All section officers of O& M unit	Immediate action	AEE/AAO to follow up	Dhatri	
11	Slab wise, industry wise, consumption pattern analysis	No analysis has been made by the sub division officers	<ul style="list-style-type: none"> <li>AO IA has been asked to take up this review and send a report</li> </ul>	AO Internal Audit	Immediate action		Dhatri	
12	Raising demand for D&R fee and Cheque dishonor fee in the system	It was found that D&R fees is not raised from Aug-2013.	D&R fees for the disconnected installations to be raised immediately.	AAO	Immediate action	AEE/AO division to follow up	Ram Prasad	

**Note:** In one instance, the consumer has paid Rs 26516 through cheque dated 18.12.13 towards Energy Charges. Receipt has been drawn for the same on 19.12.13 and the same day cheque has been deposited to bank and has been credited to non-operative account on 06.03.2014.

There was substantial delay in crediting to the BESCO account, resulting delay in transfer of funds to the main account. Neither AAO nor General Cashier has made any efforts to correspond with the bank to get the amount.

**It is a negligence on part of the sub division for which the bank rate of interest has to be calculated from 19.12.13 to 06.03.14 and the same has to be recovered from the concerned AAO and General Cashier of the sub division.**

**Note:** At the time of inspection, it was observed that there was a substantial delay in transferring of funds to an extent of 50 to 70 lakhs at the end of each month. The AAO/General Cashier have not done follow up action with the bank to transfer the funds to BESCO main account. Even the Internal Audit AO has not observed the funds transfer issue. Immediately action has to be taken for transfer of funds to BESCO main account.

By implementing all these measures, Tumkur CSD-1 sub-division has a potential of **Rs 243** lakhs increase in revenue realization. Besides taking one time action as suggested above, the AEE and his team should ensure that the suggestions are followed regularly and sustained.

**Director (Finance)**  
**BESCO**

**Copy to:**

1. Chief Engineer (E), CTAZ, BESCO.
2. Superintending Engineer(E), Tumkur Circle, BESCO, Bangalore
3. Executive Engineer (E), Tumkur Division.
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5. Sri Vasuki, Representative of M/s.Dhiya Consultancy
6. Representatives of Infrastructure Development Corporation (Karnataka) Limited.,
7. PS to MD
8. MF