



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Government of Karnataka undertaking)

Revenue Monitoring Inspection/Review of E-7 Subdivision, Kolar Division, BESCOM

Date: March 15, 2014

Venue: E-7 Subdivision, K R Puram, Bangalore.

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. . Y Ramesh M, A.E.E (E), E-7 Sub-division
6. Accounts Officer, Indira Nagar Division
7. Accounts Officer (Internal Audit), Indira Nagar Division
8. Assistant Accounts Officer, E-7 Sub division.
9. AE's/J.E's and Other officials / meter readers of E-7 sub division

CONSULTANCY TEAM REPRESENTATIVES:

1. Sri. Vasuki, Dhiya Consulting
2. Sri Pisupati Karthikeya, Dhiya Consulting
3. Sri. Manjunath, Senior Manager, iDeCK
4. Sri. Avinash, Manager, iDeCK

PROCEEDINGS OF THE MEETING:

A meeting was held under the chairmanship of the Director (Finance), BESCO to discuss revenue recovery related issues of E-7 Sub Division. The Director (Finance) addressed the BESCO Officers/employees of E-7 and emphasized on the need of increase in revenue realization rate 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.

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.</p> <ul style="list-style-type: none"> It was observed that as per the system generated report, the billing efficiency is 88.29% in Jan-14 and 93.19% in Feb-14. In Feb-14, 12491 installations were not billed. However as stated by AEE and AAO, 7296 installations have system related issues and for the remaining installations they have multiple problems in billing which needs to be examined individually and action taken. <p>953 installations were not billed since May-13 as Meter Readers could not trace their locations.</p> <p>49 installations were not billed on account meter</p>	<ul style="list-style-type: none"> AEE and AAO to resolve the system related issues in billing on top priority by taking necessary measures. <p>All the Meter Readers to upload the meter readings on the day of reading.</p> <ul style="list-style-type: none"> A.E.E to prepare a daily checklist¹ which must be filled by meter readers daily on compulsion. AAO to send a compliance list on the above, every 15 days, to D (F), which also includes status of unbilled installations. 	AEE/AAO	31 st March-14	AO Division to follow-up	Ram Prasad	<p>Approximate amount of Rs. 7.15 lakhs per month demand not being raised due to this, (953 installations not found) which accounts to approximately Rs 71.5 lakhs since May-13 (assumed at the rate of <i>Rs. 750/ installation * 953 installations*10 months</i>)</p>

¹ 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.

		<p>change due to availing of additional load.</p> <ul style="list-style-type: none"> It was observed that no efforts were made by the sub division to trace out the missing installations. 						
2	Abnormal /Subnormal Consumption. (A/S)	<ul style="list-style-type: none"> It was observed that nearly 3000 installations have recorded abnormal consumption, the percentage being more than 500 of normal consumption. Sub normal consumption report was not available at the time of review. Field staff, AE/JE/MRs have not inspected such installations and taken corrective action wherever required 	<ul style="list-style-type: none"> AAO to take action to generate A/S report on daily basis. AE's/J.E's to inspect the installations and submit reports on the same to A.E.E/AAO. To be discussed in the weekly meeting with AE/JE/MR 	AAO/AE/JE/ of O &M units	AEE to review on weekly basis.	AO, Internal Audit of the Division to follow-up	Dhatri	
3	Average billing in LT6 tariff.	<ul style="list-style-type: none"> Out of 366 Water Supply installations, 219 installations have recorded zero consumption and 67 are MNR . Out of 243 Street Light installations, 122 installations have recorded zero consumption and 18 are MNR. Field inspections are not being done to ascertain the reason for the above. Installations are not billed as per actual readings. 	<ul style="list-style-type: none"> AE/JE's of O&M units to inspect all the installations and submit a report. 	AEE/AE/JE's	31 st March-14	AO/ AO, Internal Audit of Division to follow-up	Venkateshaiah	<p>Due to Nil consumption for 219 installations, there is a revenue loss of Rs 8.32 lakhs per month and loss since last 10 months is 83 lakhs.</p> <p>(219*1000 units/month/installation*avg. rate of Rs3.80)</p>

4	D&R fee	<ul style="list-style-type: none"> • Since May 2013, demand towards D&R fee is not raised. • As stated by AAO before May 13, average revenue from D&R was Rs 5-6 lakhs per month 	D&R fees has to be raised for disconnected installations.	AEE/AAO				<p>Demand not raised towards D&R fee alone is about Rs 50-60 lakhs for 10 months.</p> <p>Immediate action to be taken to raise the demand including the previous months and collection ensured</p>
5	Status of installations with arrears of Rs 5000 and more (LT2, LT3 and LT5)	<ul style="list-style-type: none"> • Disconnections are not effectively done and most of the installations having huge arrears were not disconnected. • Timely and appropriate actions were not taken by the field staff. • 810 LT-2 installations with more than Rs 5000 arrears amount to a total arrears of Rs 41 lakhs. • 361 LT-3 installations with more than Rs 5000 arrears amount to a total arrears of Rs 19 lakhs. • 75 LT-5 installations with more than Rs 5000 arrears amount to a total arrears of Rs 4 lakhs. 	<ul style="list-style-type: none"> • All the disconnections should happen through SYSTEM ONLY. • A.E.E & AAO to send the list of arrears (MR wise) to D(F) immediately. • Immediate action has to be taken to disconnect the installations with arrears and Compliance report for the same to be furnished to D(F) on weekly basis. • If further readings are reported against disconnected installations such cases have to be personally dealt by AEE/AAO. 	MR/JE/AAO/AEE	29 th March-14	AO Division to follow-up	Venkateshaiah	If timely and effective actions are taken then the company would immediately get revenue of Rs. 64 lakhs.
6	Inventory of Street light installations	It was found that Street light inventory has been taken till December-13. However demand has not been raised for additional load.	<ul style="list-style-type: none"> • AAO to take immediate action to raise the demand. 	AAO/AEE		AO (I/A) Division to follow-up		

7	Test reports	1225 RR dockets are to be entered into the system and first bill to be issued. As stated by AE(T), these installations are serviced in the month of January/February-14.	<ul style="list-style-type: none"> Action to be initiated to open the pending test reports immediately. 	AE(T)/AEE	Immediate action	AO, Internal Audit of the Division to follow-up	Ram Prasad	Due to pending of test reports there is loss of Rs 9 lakhs per month. (1225*estimated avg demand of Rs750/month/inst.
8	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 & Level 2/, however not the amount is not recovered.</p> <p>These installations are still running from several months.</p> <ul style="list-style-type: none"> MRT- Rs 3.17 lakhs. Vigilance- Rs 34.75 lakhs Level 1 and level 2 reports of O&M- Rs 2.54 lakhs . 	<ul style="list-style-type: none"> Effective and timely action has to taken by the field staff to disconnect these installations. (except disputed cases). AE/JE (sub-division/ section/ division officers) to monitor. 		Immediate action		Venkateshaiah	If timely and effective actions are taken then the company would immediately get BBC of at least Rs. 40 lakhs.
9	Receivables analysis	<ul style="list-style-type: none"> Agewise analysis of revenue has not been undertaken by the SD. The details of action taken as per Recoveries of Due Act were not available during the review. <p>ABC analysis of revenue was not reviewed by the SD.</p>	<ul style="list-style-type: none"> Immediate action to be taken and submit the compliance report to D(F). 	AEE/ AAO	Immediate action		Venkateshaiah / Dhatri/ Ram Prasad	
10	Slab wise, industry wise, consumption pattern analysis	<ul style="list-style-type: none"> No analysis has been made by the sub division officers 	<ul style="list-style-type: none"> AO IA has been asked to take up this review and send a report 	AO Internal Audit	Immediate action		Dhatri	

11	LT 7 – Load and renewal issues, Billing, Termination of service, Installations with debit balance and transfer of credits remaining for over 3 years to Miscellaneous revenue account	<ul style="list-style-type: none"> It was found that 1829 temporary installations are in the unbilled list. During inspection it was observed that terminal covers of temporary meters are not sealed. 	<ul style="list-style-type: none"> AEE/AAO to take immediate action to bill the installations on monthly basis and seal the terminal covers of meters. 	AO Division to follow up.	Immediate action		Venkateshiah	
12	Revenue Suspense amount	<ul style="list-style-type: none"> It was observed that on average Rs 3 lakhs/month is in suspense account. This shows that immediate action is required to trace the correct RR numbers of the consumers and transfer the credit to sundry debtors account. 	AAO to take immediate action for reconciliation.	AO, Internal Audit to follow up.			Ram prasad	As stated by AAO, since last one year about Rs 36 -40 lakhs is credited to this account. Continuation of this amount as “Revenue suspense” will increase the receivables and result in disputes with consumers
13	Additional Security Deposit	<ul style="list-style-type: none"> Rs 82 lakhs demand has been made for ASD for HT installations. ASD amount for LT installation is being worked out. 	ASD amount demand for HT & LT to be raised and collected	31 st March-14			dhatri	
14	Meter Readers observations and action taken	<ul style="list-style-type: none"> Hardly any action is taken by superior officers to review the Meter Readers observation book. 	<ul style="list-style-type: none"> To be discussed in weekly meetings MRs have to be proactive and report their observations on daily basis 	AE/JEs to review the observations book on daily basis and take needful action including field inspections wherever			Dhatri	

				necessary				
15	Rating of installations Ensuring terminal cover sealing	It was observed that periodical ratings of installations have not been done by MT staff During inspection it was observed that terminal covers of temporary meters are not sealed.	<ul style="list-style-type: none"> AEE to take necessary action to complete the rating of all above 40 HP and HT installations in coordination with MT staff. Field officers to ensure sealing of meter terminal covers of temporary installations. 				Dhatri	
16	HT applications	<ul style="list-style-type: none"> Register is not reviewed regularly and status of applications is not followed up 	<ul style="list-style-type: none"> AEE/JTA to follow the status of applications registered at sub-division office and address issues, if any 				Dhatri	

Executive Engineer of the Division and SEE of the circle have to visit the sub-division regularly and ensure that the above observations are complied. By implementing all these measures, E-7 sub-division has a potential of **Rs 302** 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)
BESCOM**

Copy to:

1. Chief Engineer (E), BMAZ, BESCOM.
2. Superintending Engineer(E), East Circle, BESCOM, Bangalore
3. Executive Engineer (E), Indira Nagar Division.
4. Assistant Executive Engineer(E), E-7Urban Sub division
5. Sri Vasuki, Representative of M/s.Dhiya Consultancy

6. Representative of Infrastructure Development Corporation (Karnataka) Limited.,
7. PS to MD
8. MF