



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Government of Karnataka undertaking)

Revenue Monitoring Inspection/Review of N-4 Subdivision, Peenya Division, BESCOM

Date: April 09th , 2014

Venue: N-4 Subdivision, Peenya 2nd Phase, Bangalore.

BESCOM OFFICIALS:

1. Sri. Guru Prasad B.L, Director (Finance), BESCOM
2. Sri. Venkateshaiah H.C, DGM Personnel, Corporate Office
3. Sri Sripad, DCA, North Circle.
4. Sri. Ram Prasad, AGM(F&C), Corporate Office
5. Smt. Dhatri Joshi, AEE to D(F), Corporate Office
6. Sri. . Ashok Hendegar, A.E.E (E), N-4 Sub-division
7. Accounts Officer, Peenya Division
8. Accounts Officer (Internal Audit), Peenya Division
9. Assistant Accounts Officer, N-4 Sub division.
10. AE's/J.E's and Other officials / meter readers of N-4 sub division

CONSULTANCY TEAM REPRESENTATIVES:

1. Sri. Vasuki, Dhiya Consulting
2. Sri. P Karthikeya, Dhiya Consulting.

PROCEEDINGS OF THE MEETING:

A meeting was held under the chairmanship of the Director (Finance), BESCO to discuss revenue recovery related issues of N-4 Sub Division. The Director (Finance) addressed the BESCO Officers/employees of N-4 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.

Mr. Vasuki of Dhiya Consulting briefly explained to the Officers/Employees of N-4 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.</p> <ul style="list-style-type: none"> It was observed that as per the system generated report, 2202 installations are unbilled during March-14 in LT2, LT3 and LT6 tariff. 	<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	30th April	AO Division to follow-up	Ram Prasad	Approximate amount of Rs. 16.5 lakhs per month demand not being raised due to this. (assumed at the rate of Rs. 750/ installation * installations)
2	Abnormal /Subnormal Consumption. (A/S)	<ul style="list-style-type: none"> It was observed that 796 installations have recorded subnormal consumption, 5080 installations have recorded zero consumption and 802 are door lock. From above it is observed that nearly 6% (6678) of total live installations (110283) are either having subnormal consumption or zero consumption or are door lock. 	<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	AEE and his team should analyze and take appropriate action based on field inspection. This should be completed and reported before May 15, 2014 to MD/D(F)

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.

		<ul style="list-style-type: none"> Field staff, AE/JE/MRs have not inspected such installations and taken corrective action wherever required 						
3	D&R fee	<ul style="list-style-type: none"> The D&R fees raised is only Rs 13000 for the month of March-2014. 	D&R fees raised is very less compared to the number of installation and the 'dis' memos issued from the revenue section month-on-month.	AEE/AAO	30 th April 2014	AO Division to follow up.	Venkteshaiah	<p>Demand not raised towards D&R fee alone is about Rs ~5.0 lakhs per month which, if calculated from Aug 2013– date of migration till Apr 14 would be ~ Rs 40 lakhs . (Calculated at an average of 9900 installations disconnected per month at the rate of 300 installations per MR per month for 33 MR's* Rs 50)</p> <p>Immediate action to be taken to raise the demand including the previous months and collection ensured and should be reported to MD/D(F) in the May 15 review.</p>
4	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. 	<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 					If timely and effective actions are taken then the company would immediately realised revenue of Rs. 126 lakhs.

		<ul style="list-style-type: none"> • Total arrears for Rs 5000 and above in respect of LT2, LT3 and LT5 tariff is 1.26 Crores. • LT2- 7.42 lakhs. • LT3- 23.77 lakhs • LT5- 88.15 lakhs 	<p>for the same to be furnished to D(F) on weekly basis.</p> <ul style="list-style-type: none"> • If further readings are reported against disconnected installations such cases have to be personally dealt by AEE/AAO. 	MR/JE/AAO/AEE	30 th April-14	AO Division to follow-up	Venkateshaiah	In the meeting of AEE/AAo/AE/JE/MRs, it was agreed that the arrears collection would be immediately launched and status reported within 1 month to MD/D(F).
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Note 1: It was observed during the review that in spite of receiving disconnection memo from sub division for cheque dishonor, the AE of Laggere O&M unit has not taken the action to disconnect the installation even after 20 days from receipt of memo.

AE, O&M Unit Laggere to take immediate action to disconnect the installations.

Total installations to be disconnected:17

Total amount :2.36 lakhs.

Note2: During inspection of a MS Building installation, a consumer complained that the sub division counter cashier has did not accept the payment of around Rs 52,000 split in 15 cheques of Rs 3500 each and asked him to pay at Bangalore one. The cashier has been warned to not repeat such things in future.

5	Inventory of Street light installations and zero consumption in LT6 tariff.	<p>It was found that Street light inventory has been not been taken from the year 2010.</p> <ul style="list-style-type: none"> • Out of 521 Water supply installations, 128 are having zero consumption. • Out of 401 Street Light installations, 116 are having zero consumption. • Field officers have not done inspections to ascertain the reason for zero consumption. 	<ul style="list-style-type: none"> • AE's/JE's of all 3 O&M units to inspect the installations and submit a report. 	AAO/AEE		AO (I/A) Division to follow-up	Ram Prasad	<ul style="list-style-type: none"> • Due to Nil consumption for 128 Water Supply installations, there is a revenue loss of Rs 4.86 lakhs per month. (128*1000 units/month/installation*avg. rate of Rs3.80) • Similarly for Street Light installations, there is a revenue loss of Rs 4.76 lakhs per month. Assuming avg. load of 3KW per installation and at the rate of 360 units per KW per month *Rs 3.80
6		There are number of installations for which Back billing charges						

	Compliance to inspection reports	<p>(BBC) have been claimed on inspection reports of MT / vigilance/ Level1 & Level 2/, however not the amount is not recovered. These installations are still running from several months.</p> <ul style="list-style-type: none"> • MRT- 0.78 lakhs • Vigilance- 2.03 lakhs • O&M- 5.95 lakhs • Total BBC to be collected Rs 8.76 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	AO, I/A to follow up.	Venkateshaiah	If timely and effective actions are taken then the company would immediately get BBC of at least Rs. 8.76 lakhs.
7	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	Sub-division has ~Rs 5 crs as receivable from LT2, LT3 and LT5. This also should be the focus apart from the Rs 5,000 and above arrears collection drive. The status on this also should be reported before May 15, 2014.
8	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	AO, I/A	Dhatri	To be initiated
9	Meter readers observations	<ul style="list-style-type: none"> • Reviewed the observations book maintained in three O&M units 	<ul style="list-style-type: none"> • More attention has to be given to record as well review of the observations • Field inspections have to be immediately carried out wherever required • Immediate action should be taken to comply the requirements 	AE's/JE's		AEE/ AAO	Dhatri	Apart from the regular observations, MRs advised to check wrong classification of tariff cases every month and there should be a clear statement of action taken by the respective AE/JE and this should be

								reviewed and documented by AEE in the weekly meetings. Status to be reported in the May 15, 2014 review.
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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, N-4 sub-division has a potential of **Rs 166** 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), North Circle, BESCOM, Bangalore
3. Executive Engineer (E), Peenya Division.
4. Assistant Executive Engineer(E), N-4 Sub division
5. Sri Vasuki, Representative of M/s.Dhiya Consultancy
6. PS to MD
7. MF