



# **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**

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

## **Revenue Monitoring Inspection/Review of Kolar Urban Subdivision, Kolar Division, BESCOM**

**Date: March 07, 2014**

**Venue: Kolar Urban Subdivision, Kolar**

### **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. . Yogeah, A.E.E (E), Kolar Urban Sub-division
6. Assistant Accounts Officer, USD, Kolar
7. AE's/J.E's and Other officials / meter readers of Kolar USD

### **CONSULTANCY TEAM REPRESENTATIVES:**

1. Sri. Vasuki, Dhiya Consulting
2. Sri. Srikanth Bhat, Manager, iDeCK

## PROCEEDINGS OF THE MEETING:

A meeting was held under the chairmanship of the Director (Finance), BESCOM to discuss revenue recovery related issues with Kolar Urban Sub Division (SD) officials. The Director (Finance) addressed the BESCOM Officers/employees of Kolar USD 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 AEE and AAO 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 Realisation 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. 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"> <li>• <b>6235 (around 10% of total active installations) number of installations were not billed for the last one year.</b></li> <li>• <b>LT2-4033</b></li> <li>• <b>LT3-1386</b></li> <li>• <b>LT5-214</b></li> <li>• <b>LT7-59 (Dhatri – Total is coming to 5692 only. Please check up)</b></li> <li>• As stated by AAO, the bills were not generated as meter changes (under RAPDRP) have not been effected into the system.</li> <li>• However it was observed that no efforts for issuing the bills have been made and the S/D could have issued manual provisional bills till the stabilization of the system.</li> </ul>	<ul style="list-style-type: none"> <li>• Provisional bills to be issued by the Meter Readers till all the Meter Changes have been effected into the system.</li> <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 list 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	<p>Approximate amount of Rs. <b>30 lakhs per month</b> demand not being raised due to this, which accounts to approximately Rs 3.60 crores for one year (assumed at the rate of <i>Rs. 500/ installation * 6235 installations*12 months</i>)</p>

<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 A/S reports were not generated and reviewed on daily basis and were not monitored.</li> <li>Field staff, AE/JE/MRs have not inspected such installations and taken corrective action wherever required</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 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	
3	Average billing in LT6 tariff.	<ul style="list-style-type: none"> <li><b>Out of 361 Water Supply installations, only four installations have meters.</b> All the remaining installations are billed on average basis since several months.</li> <li>MT reports indicate that on an average each W/S installation has an additional load of 5HP, but MT reports were not taken into consideration while preparing average bills.</li> <li>All the <b>363 street light installations are being billed on average basis.</b></li> <li>Field inspections are not being done to ascertain the reason for the above.</li> </ul>	<ul style="list-style-type: none"> <li>AEE to take necessary action for metering of all installations.</li> <li>AE/JE's of O&amp;M units to inspect all the installations and submit a report.</li> </ul>	AEE/AE/JE's	31 <sup>st</sup> March-14 where electrical infrastructure is already developed	AO/ AO, Internal Audit of Division to follow-up	Venkateshaiah	<p>MT reports have indicated additional loads for most of the W/S installations and there is a loss revenue due to non-consideration of additional load. The loss is estimated as below.</p> <p>= Additional load/installation as per MT report * No. of W/S installations *101 units/HP* ARR(4.60)= Rs. 8 lakhs per month and Rs 96 lakhs per annum.</p>
4		<ul style="list-style-type: none"> <li>Disconnections are not effectively done and most of the installations having huge arrears were not disconnected.</li> <li>Timely and appropriate actions were not taken</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> </ul>	MR/JE/AAO/	For Rs 25000 and above cases 15 <sup>th</sup> March.		Venkateshaiah	

	Status of installations with arrears of Rs 5000 and more (LT2, LT3 and LT5)	<p>by the field staff.</p> <ul style="list-style-type: none"> <li>• 1039 <b>LT-2</b> installations with more than Rs 5000 arrears amount to a total arrears of Rs <b>92 lakhs.</b></li> <li>• 400 <b>LT-3</b> installations with more than Rs 5000 arrears amount to a total arrears of Rs <b>58 lakhs.</b></li> <li>• 119 <b>LT-5</b> installations with more than Rs 5000 arrears amount to a total arrears of Rs <b>20 lakhs.</b></li> </ul>	<ul style="list-style-type: none"> <li>• The disconnection has to be effected by the AEE for the arrears of Rs 25000 and above within 7 days.</li> <li>• Thereafter in the next 15 days disconnection has to be effected for all the installations with more than Rs 5000 arrears.</li> <li>• Compliance report for the same to be furnished to D(F) on weekly basis.</li> <li>• D&amp;R fees has to be raised for disconnected installations.</li> <li>• If further readings are reported against disconnected installations such cases have to be personally dealt by AEE/AAO.</li> </ul>	AEE	For remaining cases 29 <sup>th</sup> March-14	AO Division to follow-up	h	If timely and effective actions are taken then the company would immediately get revenue of Rs. 1.70 crores.
5	Inventory of Street light installations	It was found that Street light inventory has not been furnished since around past 5 years.	<ul style="list-style-type: none"> <li>• AE/JE's of O&amp;M units to inspect and submit the inventory immediately. .</li> </ul>	JE/AE/AAO		AEE to follow-up on priority basis.	<p>The street light installations are billed on average basis for the sanctioned load that existed around 5 years back and the current monthly demand is Rs14 lakhs. As the inventory is not taken for 5 years, there is all possibility of twofold increase in the sanctioned load which is causing a loss of around Rs.14 lakhs per month and Rs 1.68 crs per annum.</p> <p>(Action: Venkateshsaiah)</p>	
6	Test reports	As per 6B register test some reports are pending since	<ul style="list-style-type: none"> <li>• All the pending test reports should be opened immediately.</li> </ul>		Immediate action	AO, Internal Audit of the Division	Ram Prasad	

		2011.		AE(T)/AEE		to follow-up		
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. These installations are still running from several months.</p> <ul style="list-style-type: none"> <li>MRT- Rs 16 lakhs</li> <li>Vigilance- Rs 57 lakhs</li> <li>Level 1 and level 2 reports of O&amp;M ( not quantified)</li> </ul>	<ul style="list-style-type: none"> <li>Effective and timely action has to 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 Rs. 75 to 100 lakhs.
8	Receivables analysis	<ul style="list-style-type: none"> <li>Agewise 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/ Dhatri/ Ram Prasad	
9	Slab wise, industry wise, consumption pattern analysis	<ul style="list-style-type: none"> <li>No analysis has been made by the sub division officers</li> </ul>	<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	

10	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"> <li>It was found that 59 temporary installations are in the unbilled list.</li> </ul>	<ul style="list-style-type: none"> <li>AEE/AAO to take immediate action and report the status of installations to D(F)</li> </ul>	AO Division to follow up.	Immediate action		Venkateshiah	
11	MNR Installations	<ul style="list-style-type: none"> <li>There are 491 MNR installations in the S/D.</li> <li>LT2-308</li> <li>LT3-49</li> <li>LT5-6</li> <li>LT1-128</li> </ul>	MNR meters are not replaced immediately resulting in a revenue loss	All section officers of O& M unit	Immediate action	AEE/AAO to follow up	Dhatri	Loss estimated is Rs around 1.8 lakhs. ( Avg. of Rs 500 per installation)
12	Meter Readers observations and action taken	<ul style="list-style-type: none"> <li>There are four O&amp;M units in the sub- division. Out of them the meter readers observation book of one unit was provided, which is updated only till 2012, no further observations have been recorded.</li> <li>Hardly any action is taken by superior officers to review</li> </ul>	<ul style="list-style-type: none"> <li>To be discussed in weekly meetings</li> <li>MRs have to be proactive and report their observations on daily basis</li> </ul>					

By implementing all these measures, Kolar Urban sub-division has a potential of **Rs 222** 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), BRAZ, BESCOM.
2. Superintending Engineer(E), Kolar Circle, BESCOM, Bangalore
3. Executive Engineer (E), Kolar Division.
4. Assistant Executive Engineer(E), Kolar Urban 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