



# **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**

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

## **Revenue Monitoring Inspection/Review of K-3 Subdivision, Kengeri Division, BESCOM**

**Date: August 7<sup>th</sup> , 2014**

**Venue: S-7 Subdivision, Kaggalipura, Bangalore.**

### **BESCOM OFFICIALS:**

1. Sri. Guru Prasad B.L, Director (Finance), BESCOM.
2. Sri. Shreepad Rao, DGM, F&T section Corporate Office.
3. Sri. Ram Prasad, AGM (F&C), Corporate Office.
4. Sri B Suresh, AGM, F&T section Corporate Offic
5. Smt S Asha, AO, Corporate Office.
6. A.E.E (E), K-3 Sub-division
7. Accounts Officer, Kengeri Division
8. Accounts Officer (Internal Audit), Kengeri Division
9. Assistant Accounts Officer, K-3 Sub-division.
10. AE's/J.E's and Other officials / Meter Readers of K-3 Sub division

### **CONSULTANCY TEAM REPRESENTATIVES:**

1. Sri. Vasuki, Director, 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 K-3 Sub division. The Director (Finance) addressed the BESCO Officers/employees of K-3 sub division and enlightened 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 K-3 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.,
12. % Increase in revenue after tariff revision.

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
<p><b>Note: If the BWSSB HT1 installation demand is excluded, the total sub division demand per month is about Rs 1.75 to 2 Crores only with active installations totaling to a sum of 17244 only. As the other two-sub divisions of Kengeri Division have about 1 lakh installations each ( Total No. of installations of K1 sub division is 101569 and that of K2 is 103716), the sub-division needs to be reorganized with due consideration for contiguity. While proposing reorganization of the sub-division, the CEE/CA may examine shifting of O&amp;M units with in the Division or from the adjacent divisions/s</b></p>								
1	Billing Efficiency	100% Billing efficiency was not achieved by the Sub division. – In the month of July-2014, 401 installations are not billed. For around 600 installations, it is reported as ANF(Address Not Found)	<ul style="list-style-type: none"> <li>• A.E.E to prepare a daily checklist 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> <li>• AEE to initiate action for tracing of ANF installations and shall submit a report to D(F) within a month.</li> </ul>	AEE/AAO	30 <sup>th</sup> August-14	AO Division to follow-up	Ram Prasad	Approximate amount of <b>Rs. 3 lakhs per month</b> demand not being raised due to this. Revenue loss is calculated at an average rate of Rs 750 per month per installation. i.e. 401*750)
2	Abnormal /Subnormal Consumption. (A/S)	<ul style="list-style-type: none"> <li>• The Abnormal/ Subnormal consumption analysis is not being done effectively.</li> <li>• Of the total active installations of 17341, 1661 have recorded zero consumption, 363 are shown as vacant and 83 are MNR.</li> </ul>	<ul style="list-style-type: none"> <li>• AAO to take action to generate A/S report on daily basis.</li> <li>• To be discussed in the weekly meeting with AE/JE/MR</li> </ul>	AAO/AE/J E/ 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 47 number of street light installations, 40 installations are billed on average basis.</b></li> <li>• <b>Out of 74 number of water supply installations, 61 installations are billed on average basis.</b></li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• AEE to take necessary action to fix /replace the meters for the installations billed on average basis.</li> <li>• AE/JE's of O&amp;M units to inspect all the installations with Zero Consumption and shall submit a report.</li> </ul>	AEE/AE/JE's	30 <sup>th</sup> August-14 for report on zero consumption on installations and fixing/replacement of meters .	AO/ AO, Internal Audit of Division to follow-up	Asha	There is revenue loss on account of not billing on actual consumption. Immediate action needs to be initiated to bill the installations as per actual consumption.
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>• LT2- 302 installations amounting to <b>Rs 58.83 lakhs.</b></li> <li>• LT3- 54 installations amounting to <b>Rs 8.84 lakhs.</b></li> <li>• LT5- 40 installations amounting to <b>Rs 12.03 lakhs.</b></li> <li>• With only 17341 active installations, the pending arrears with Rs 5000 and above</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>• AEE to ensure collection of Rs 77 lakhs within 31<sup>st</sup> August-14.</li> </ul>	MR/JE/AAO/AEE	20 <sup>th</sup> August-2014	AO Division to follow-up	Ram Prasad	If timely and effective actions are taken then the company would immediately get revenue of Rs. <b>80 lakhs.</b>

		<p>amounts to a sum of Rs 80 lakhs, which is very high as compared to number of active installations of the sub division.</p> <ul style="list-style-type: none"> <li>• <b>The sub division needs to take effective measures for recovery of arrears.</b></li> </ul>						
<p>Note: The SD Demand is Rs. 10.44 Crores and collection is 1.73 Crores, about 16%. This is mainly due to non-incorporation of adjustment in respect of the payment received from BWSSB for Thatraguni HT installation. Average monthly collection is about Rs. 9.00 Crs for this installation. AEE/Sr Asst have been suitably advised on this and should ensure that the adjustments received are properly accounted.</p>								
5	Inventory of Street light installations	<p>June 14 inventory sheets were produced by AEE/JEE, but the latest loads not taken to the system. Previous inventory statements were not produced. Load as per the latest statement is 79 KWs and as per the system is 176 KWs. Needs reconciliation.</p>	<ul style="list-style-type: none"> <li>• Street light inventory needs to verified and if found correct then reasons for reduction in connected load needs to be analyzed properly.</li> </ul>	AEE/AE's/ JE's		AO, Division	Shreepad Rao	
6	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 the amount is not recovered.</p> <ul style="list-style-type: none"> <li>• MRT- Rs 7.7 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		Ram Prasad	<p>If timely and effective actions are taken then the company would immediately get BBC of at least <b>Rs. 71 lakhs.</b></p>

		<ul style="list-style-type: none"> <li>Vigilance- Rs 62 lakhs</li> <li>Level 1 and level 2 reports of O&amp;M -1.29 lakhs.</li> </ul>						
7	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 / Dhatri/ Ram Prasad	
8	Collection of Additional Security Deposits from consumers	ASD amount pending is RS 696.54 lakhs. The tariff wise pendency is as listed below. LT2- Rs 27.12 lakhs. LT3-6.4 lakhs. LT5-13.8 lakhs.	<ul style="list-style-type: none"> <li>Immediate action has to be initiated to collect ASD in all tariffs,</li> </ul>	AAO/AEE/ AE's/JE's	Immediate action	EE/AO division to follow up.	Ram Prasad	
<b>Note : BWSSB Thataguni installation ASD amount of Rs 10.33 Crores is yet to be collected. To be followed up by AEE and Division office.</b>								
9	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	
10	Raising demand for D&R fee and	No. of disconnection effected are	D&R fees for the disconnected installations	AAO	Immediate	AEE/AO		There is a loss of around Rs 80,000 per

	Cheque dishonor fee in the system	insignificant. Average D&R fee demand and collection should be in the range of Rs 80,000 to 1,00,000/PM.	to be raised immediately.		action	division to follow up	Ram Prasad	month on account of non-raising of demand for D&R fees.
11	% increase in revenue from tariff revision	All categories (excluding IP sets) increase of about 4-5% is seen in June. However LT4 consumption, demand and collection not correctly computed and raised.	AAO to take necessary action for raising proper demand in respect of LT4 tariff.					

By implementing all these measures, S-7 sub-division has a potential of **Rs 155** 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:**

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2. Superintending Engineer(E), West Circle, BESCOM, Bangalore
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5. Sri Vasuki, Director, Dhiya Consultancy.
6. PS to MD
7. MF