



# **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**

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

## **Revenue Monitoring Inspection/Review of K-2 Subdivision, Kengeri Division, BESCOM**

**Date: May 21, 2015**

**Venue: K-2 Subdivision, Anjana Nagar, Bangalore.**

### **BESCOM OFFICIALS:**

1. Sri. Guru Prasad B.L, Director (Finance), BESCOM
2. Sri. Ram Prasad, AGM (F&C), Corporate Office.
3. Sri Ananth, AO(O&M), Kengeri Division.
4. Sri Shreenivas, AO (Internal Audit), kengeri Division.
5. Sri Parameshwarappa C P, AEE (E), K-2 Sub division, BESCOM.
6. Smt. Dhatri Joshi, AEE to D(F), Corporate Office
7. Sri Ramesh, Assistant Accounts Officer, K-2 Sub division, BESCOM.

### **CONSULTANCY TEAM REPRESENTATIVES:**

1. Sri. Vasuki, Director, 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 K-2 Sub Division. The Director (Finance) addressed the BESCO Officers/employees of K-2 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 analysis.
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. Energy Auditing.
9. Action on the inspection reports of vigilance, MT, audit, O&M etc.
10. Demand and collection of DR& fee, Cheque dishonor fee etc.,
11. Pending test reports.
12. 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"> <li>• It was observed that as per the system generated report, 1950 number of installations are not billed during April-15.</li> <li>• As per AEE/AAO of SDO, out of 1228 unbilled installations, 1171 are serviced after the reading date, 256 LT7 installations to be closed, 93 installations are surrendered and 399 installations are not billed due to other reasons.</li> <li>• There are 1650 DL installations, 1471</li> </ul>	<ul style="list-style-type: none"> <li>• AEE and AAO to resolve the system related issues in billing on top priority by taking necessary measures.</li> </ul> <p>All the Meter Readers to upload the meter readings on the day of reading.</p> <ul style="list-style-type: none"> <li>• A.E.E to prepare a daily <b>checklist</b> which must be filled by meter readers daily on compulsion.</li> <li>• AAO to send a compliance <b>list on</b> the above to D (F).</li> </ul>	AEE/AAO	31 <sup>st</sup> May-15	AO Division to follow-up	Ram Prasad	

		<p>vacant count, 8078 zero consumption installation in April-15.</p> <ul style="list-style-type: none"> <li>• Out of total 112834 installations in April 2015, 13063 (nearly 11.6% of total installations) are shown as inactive.</li> <li>• Very little effort has been made for identification of inactive installations.</li> <li>• Action plan to inspect all inactive installation has to be drawn up and based on the field status, action should be proposed to either recover the receivables, or to adjust the deposit and propose suitable action for the debit balance if any. All the above activity to be completed within one month from date of inspection.</li> </ul>						
2	Abnormal /Subnormal Consumption. (A/S)	<ul style="list-style-type: none"> <li>• As per dash board report there are 6744 installations with abnormal and 22399 with sub normal consumption.</li> <li>• Sub division has not done any analysis on abnormal / sub normal consumption.</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/J/MR.</li> </ul>	AAO/AE/JE/ of O &M units	AEE to review on weekly basis.	AO, Internal Audit to follow-up	Dhatri	

3	Average billing in LT6 tariff.	<ul style="list-style-type: none"> <li>• Out of 181 number of Water Supply installations, 52 installations have recorded Zero Consumption.</li> <li>• Similarly out of 298 street light installations, 37 have recorded zero consumption.</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>• Corrective actions (Fixing / Replacement of Meters) to be initiated to get actual recorded consumption.</li> </ul>	AEE/AE/JE's	15th June-15	AO/AO, Internal Audit of Division to follow-up	Ram Prasad	<ul style="list-style-type: none"> <li>• Due to Nil consumption for 39 Water Supply installations, there is a revenue loss of <b>Rs 1.98 lakhs per month.</b> (52*1000 units/month/installation*avg. rate of Rs3.80)</li> <li>• Similarly for Street Light installations, there is a revenue loss of <b>Rs 1.52 lakhs per month</b> due to faulty meters and zero consumption. Assuming avg. load of 3KW per installation and at the rate of 360 units per KW per month *Rs 3.80</li> </ul>
4	Status of installations with arrears of Rs 5000 and more (LT2, LT3 and LT5)	<ul style="list-style-type: none"> <li>• As per the details provided by the sub division, there are 270 installations in LT2, LT3 and LT5 tariff with Rs 5000 and above arrears amounting to Rs 65 lakhs.</li> <li>• <b>It was observed that closing balance in case of water supply installations is Rs 26</b></li> </ul>	<ul style="list-style-type: none"> <li>• All the disconnections should happen through SYSTEM ONLY.</li> <li>• Immediate action has to be taken to disconnect the installations with arrears and Compliance report for the same to be furnished to D(F).</li> <li>• The AEE/AAO to reconcile the balances with BBMP/BWSSB within a week and shall submit</li> </ul>	MR/JE/AAO /AEE	31 <sup>st</sup> May-15	AO Division to follow-up	Dhatri / Ram Prasad / Asha	If timely and effective actions are taken then the company would immediately get revenue of <b>Rs. 65 lakhs.</b>

		crores, which is abnormally high considering the fact that sub division demand is Rs 25 lakhs per month.	compliance to office of Director(Finance).					
<p><b>Note: the sub division collection efficiency during the month of April -15 is 96%. The AEE has been instructed to achieve cumulative 100% collection efficiency during the month of May-2015.</b></p>								
5	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. These installations are still running from several months.</p> <ul style="list-style-type: none"> <li>• <b>MT- Rs 6.88 lakhs.</b></li> <li>• <b>Vigilance- Rs 4.98</b></li> <li>• <b>Level 2 reports of O&amp;M- Rs 2.32 lakhs.</b></li> <li>• <b>Audit Short Claim –Rs 0.36 lakhs.</b></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>• The installations back billed are not regularized nor disconnected.</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 Rs. <b>14 lakhs.</b></p>
6	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 were not available during the review.</li> </ul> <p>ABC analysis of revenue was not reviewed by the SD.</p>	<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		Dhatri/ Ram Prasad	

7	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	
8	D&R fees	<ul style="list-style-type: none"> <li>The D&amp;R fees raised during the month of April-2015 is Rs <b>82000.</b></li> </ul>	<ul style="list-style-type: none"> <li>The AAO to take necessary action to raise D&amp;R fees.</li> <li>The field staff to furnish "Final Reading" after disconnection of an installation.</li> </ul>	AEE/AAO	31 <sup>st</sup> May-15	AO, O&M to follow up.	Ram Prasad	The sub division can easily raise D&R fees to an extent of <b>Rs 2 lakhs</b> per month.
9	Additional Security Deposit	<ul style="list-style-type: none"> <li>It was observed that ASD amounting to Rs 74 lakhs is yet to be collected from consumers in LT2, LT3 and LT5 category.</li> </ul>	ASD amount demand for to be collected on priority basis as next cycle for ASD is to be processed soon.	AEE/AAO	31 <sup>st</sup> May-2015		Ram Prasad	
10	Energy Audit	<ul style="list-style-type: none"> <li>Energy Audit is being done for TC's erected under self-execution scheme only, as they have minimum number of installations.</li> </ul>	<ul style="list-style-type: none"> <li>It is observed that reading is done TC wise. Hence the AEE and AE(T) have been advised to carry out Energy Audit for all the DTC's for which meters are fixed by taking MR wise, day wise consumption.</li> </ul>	AEE/AE(T)		EE(E) to follow up.	Dhatri	
11	Field inspections by team	<p>The team inspected the following installations.</p> <ol style="list-style-type: none"> <li>DTC Meter Readings for 2 number of Tc's were checked and found that the reading furnished by MR is in order.</li> <li>Two number of LT7 installations were also inspected and observed that MD recorded was less than the sanctioned load.</li> <li><b>It was observed that the field staff is not furnishing photo's of the meters while furnishing final reading of the installation. Even though a circular is clearly issued in this regard from Corporate Office, the same is not being followed up by the sub division. The field staff has been warned and told that severe action would be initiated if the lapses continue.</b></li> </ol>						

By implementing all these measures, K-2 sub-division has a potential of **Rs** 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)**

**Copy to:**

1. Chief Engineer (E), BMAZ, BESCOM.
2. Superintending Engineer (E), West Circle, BESCOM, Bangalore.
3. Executive Engineer (E), Kengeri Division.
4. Assistant Executive Engineer(E), K-2 Sub division
5. Sri Vasuki, Director,,Dhiya Consultancy
6. PS to MD
7. MF