



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Government of Karnataka undertaking)

Revenue Monitoring Inspection/Review of S-6 Subdivision, Jayanagar Division, BESCOM

Date: September 10th, 2014

Venue: S-6 Subdivision, J P Nagar, Bangalore.

BESCOM OFFICIALS:

1. Sri. Guru Prasad B.L, Director (Finance), BESCOM.
2. Sri Venkateshaiah, DGM (Personnel), Corporate Office.
3. Sri Krishna, Executive Engineer(E), Jaynagar Division.
4. Sri Gangadhar Reddy, DCA, South Circle.
5. Sri. Shreepad Rao, DGM, F&T section Corporate Office.
6. Sri. Ram Prasad, AGM (F&C), Corporate Office.
7. Smt S Asha, AO to D(F), Corporate Office.
8. Smt. Dhatri Joshi, AEE to D(F), Corporate Office.
9. Sri. . Sudhakar Reddy, A.E.E (E), S-6 Sub-division
10. Smt Sujata, Accounts Officer, Jaynagar Division
11. Accounts Officer (Internal Audit), Jaynagar Division
12. Sri Chandrashekhar, Assistant Accounts Officer, S-6 Sub-division.
13. AE's/J.E's and Other officials / Meter Readers of S-6 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 S-6 Sub division. The Director (Finance) addressed the BESCO Officers/employees of S-6 sub division and enlightened on the need for 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 S-6 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. ARM from tariff increase
3. Abnormal/ Subnormal consumption
4. Reading of Street light and Water supply installations.
5. Average billing cases in LT6 tariff.
6. Street light inventory.
7. Status of installations with Rs 5000 and more arrears tariff wise.
8. Receivables analysis
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	100% Billing efficiency was not achieved by the Sub division. As per dashboard report, 1079 number of installations are not billed. ARM from tariff increase	<ul style="list-style-type: none"> A.E.E to prepare a daily checklist 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 and AAO to analyse whether the increase in revenue has come about post tariff revision as the realization rate has only increased by 3.9 to 4% against the expected ARM increase of about 6% 	AEE/AAO	15 th of every month	AO Division to follow-up	Ram Prasad	Approximate amount of Rs. 8 lakhs per month demand not being raised due to this. (Calculated at the rate of Rs 750 per month per installation). For 14 months the amount to be demanded approximately comes to Rs.1.12 Crs.
<p>Note: While reviewing billing efficiency, it was observed that 102 number of installations, which were active in field are deactivated in system from the date of migration which is July 2013. Upon observation of the list of 102 installations, it was found that majority installations are high revenue yielding installations with 20HP and above sanctioned load. Three of such RR No.s were inspected and found that</p> <p>i. RR No. 6S24930 has recorded a consumption 115000 units which is unbilled. If billed with this reading, the amount would be around 9 lakhs.</p> <p>ii. RR No. 6SP338 has recorded a consumption of 35000 units which is unbilled.</p> <p>Immediate action needs to be initiated to bill these 102 installations on monthly basis.</p>								
2	Abnormal /Subnormal Consumption. (A/S)	<ul style="list-style-type: none"> The Abnormal/ Subnormal consumption analysis is not being done effectively. 	<ul style="list-style-type: none"> AAO to take action to generate A/S report on daily basis. Though some action is 	AAO/AE/J E/ of O &M units	AEE to review on weekly basis.	AO, Internal Audit of the Division	Dhatri	

			<p>taken, AE's/J.E's shall have to inspect the installations and submit reports on the same to A.E.E/AAO.</p> <ul style="list-style-type: none"> To be discussed in the weekly meeting with AE/JE/MR 			to follow-up	
3	Average billing in LT6 tariff.	<ul style="list-style-type: none"> Out of 311 number of Water Supply installations, 73 installations have recorded Zero Consumption. Out of 711 number of street light installations 84 have recorded zero consumption. 	<ul style="list-style-type: none"> AE/JE's of O&M units to inspect all the installations with Zero Consumption and shall submit a report. All the Water Supply installations to be rated by MT staff. 	AEE/AE/JE's	30 th September-14 for report on zero consumption installations .	AO/AO, Internal Audit of Division to follow-up	<p>Asha</p> <p>Due to Nil consumption for 73 installations, there is a revenue loss of Rs 2.7 lakhs per month. (219*1000 units/month/installation*avg. rate of Rs3.80)</p> <ul style="list-style-type: none"> Similarly for Street Light installations, there is a revenue loss of Rs 1.4 lakhs per month. Assuming avg. load of 3KW per installation and at the rate of 360 units per KW per month *Rs 3.80

4	<p>Status of installations with arrears of Rs 5000 and more (LT2, LT3 and LT5)</p>	<ul style="list-style-type: none"> • Disconnections are not effectively done and most of the installations having arrears were not disconnected. • Timely and appropriate actions were not taken by the field staff. • There are total of 522 Installations with Rs 5000 and above arrears amounting to Rs 173 lakhs. <p>LT2- 189 installations amounting to Rs 55 lakhs.</p> <p>LT3- 250 installations amounting to Rs 54.87 lakhs.</p> <p>LT5- 73 installations amounting to Rs 32.39 lakhs.</p> <p>HT – 10 installations with Rs 31.1 lakhs</p> <ul style="list-style-type: none"> • During review of Rs 5000 and above arrears list, it was observed that there is serious lapse on part of 	<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. 	MR/JE/AA O/AEE	30 th September - 2014	AO Division to follow- up	Ram Prasad	<p>If timely and effective actions are taken then the company would immediately get revenue of Rs. 126 lakhs.</p> <p>AEE and his team has agreed to ensure effective disconnections and take action to recover the above amount before 30th September and report the same to DF office.</p>
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		<p>field staff in effecting the disconnections.</p> <ul style="list-style-type: none"> • There are many installations with Rs 5000 and above arrears where payment is not received for more than 3 months. 						
5	Inventory of Street light installations	<p>Street light inventory has been taken in the month of June-2014, but the same is not updated to the system</p>	<ul style="list-style-type: none"> • Action to be initiated to update the street light inventory to system. 	AEE/AE's/ JE's		AO, Division AI IA	Shreepad Rao	<p>Sub-division office should open a Register (assigning separate folios for each O&M unit) to watch and record periodical changes (additions/ reductions etc.,). This register should be verified and audited by IA and should form the basis for ensuring the correctness of the SL inventory in the sub-division</p>
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 & Level 2/, however the amount is not recovered.</p> <ul style="list-style-type: none"> • MRT- Rs 20.02 lakhs 	<ul style="list-style-type: none"> • Effective and timely action has to be taken by the field staff to disconnect these installations. (Except disputed cases). • AE/JE (sub-division/ section/ division officers) to monitor. 		Immediate action		Ram Prasad	<p>If timely and effective actions are taken then the company would immediately get BBC of at least Rs. 60 lakhs.</p>

		<ul style="list-style-type: none"> • Vigilance- Rs 39.45 lakhs • Level 1 and level 2 reports of O&M -0.53 lakhs. 	<ul style="list-style-type: none"> • There is discrepancy in BBC amount maintained by SDO and MT/Vigilance wing. Immediate action needs to be taken to reconcile the same. 					
<p>Note: There is debit balance of Rs 40.62 lakhs in LT7. This needs to be checked by the sub division. If after adjusting ACC amount, there is still any debit balance, action needs to be initiated for recovery of the same.</p>								
7	Receivables analysis	<ul style="list-style-type: none"> • Age wise analysis of revenue has not been undertaken by the SD. • The details of action taken as per Recoveries of Due Act was not available during the review. • ABC analysis of revenue was not reviewed by the SD 	<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	
8	MNR Installations	<ul style="list-style-type: none"> • There are only 4 MNR installations in the S/D against the total active installations of 152624. • It appears that MNR installations are not identified properly. 	AEE to instruct MR's/JE's/AE's to inspect zero consumption installations and check if they are not in use or MNR.	All section officers of O& M unit	Immediate action	AEE/AAO to follow up	Dhatri	

9	Meter Readers observations and action taken	<ul style="list-style-type: none"> Meter readers have maintained the observation book, but the observations are to be recorded properly and action is to be taken by superior officers to review. 	<ul style="list-style-type: none"> To be discussed in weekly meetings MRs have to be proactive and report their observations on daily basis. 	MRs/AE/JE	Immediate action	AEE/AEO to follow up		
10	Collection of additional security deposits from consumers	ASD amount pending is RS 316.74 lakhs. The tariff wise pendency is as listed below. LT2- Rs 203 lakhs. LT3-85.82 lakhs. LT5- 27.19 lakhs. HT -0.85 lakhs.	<ul style="list-style-type: none"> Immediate action has to be initiated to collect ASD in all tariffs. 	AAO/AEE/AE's/JE's	Immediate action	EE/AO division to follow up.	Ram Prasad	AEE and his team have agreed to disconnect the installations for non-payment of ASD and recover the amount due before the end of September 2014 and report the same to DF office.
11	Slab wise, industry wise, consumption pattern analysis	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	
12	Raising demand for D&R fee and Cheque dishonor fee in the system	It was found that D&R fees raised for the month of August-14 is Rs 24910 only	D&R fees for the disconnected installations to be raised immediately.	AAO	Immediate action	AEE/AO division to follow up	Ram Prasad	

By implementing all these measures, S-7 sub-division has a potential of **Rs 198** lakhs apart from revenue increase due to billing of 102 active installations. 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.
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3. Executive Engineer (E), Jaynagar Division.
4. Assistant Executive Engineer(E), S-6,Sub division
5. Sri Vasuki, Director, M/s.Dhiya Consulting (Private) Limited
6. PS to MD
7. MF