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CE/B&R/Installment Policy/19409

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CIRCULAR

Sub: New installment Policy for, Live/ TD / PD, HT and LT Consumers (excluding AG) under MSEDCL.

Ref: Board Resolution No: 2196 Dt 28/10/2020

At present MSEDCL offers standard One Time Settlement and Installment package to existing disconnected consumer. Standard 'One Time Settlement Package' is for permanently disconnected consumers on payment of 100% Principal+100% DPC+50% up to date interest in one installment. The applicant get 50% interest waiver and TD to PD demand charges are waived off. Whereas standard Installment package is for disconnected consumers both TD & PD and there is reconnection on 30% down payment of arrears. Balance arrears to be paid in 5 equal installments starting from first current bill.

It is observed that the consumers from various categories are approaching MSEDCL for granting installments to their payable dues towards energy bill (current bills as well as arrears) due to various reasons of financial crisis, market situations, force majeure and pandemic situations etc. The existing provisions of installment are not covering various categories of consumers.

Necessity of New Installment Policy:

- Many live consumers with good track record of payment suffer in certain conditions due to financial crisis, for such consumers there is no provision of installment unless they are disconnected for one month period.
- Many PD consumers are willing to restart their business but presently they can avail either OTS or installment package. The consumers are expecting policy where OTS and installment are granted in one package.
- There are huge number of cases in litigation and some cases where decree is passed by court of law but amount is not recovered for many years. The interest amount accrued on the principal

under dispute have become enormous and exorbitant. There is necessity to offer attractive package to recover this revenue and give consumers a reasonable opportunity to settle the dispute.

- At present all powers related to grant of installment are at corporate office, which is not convenient for LT consumers considering their arrears amount. Hence it is essential to delegate powers to field officers for granting installment to consumers.
- It has been observed that in case of reconnection after PD some field officers are charging demand/fixed charges for the period of PD to reconnection even though consumer has not utilized the power.

In view of above the Competent Authority has accorded approval for new uniform installment policy for live/disconnected consumers in arrears and live consumers with current bill also. This standard package is introduced with aim to recover the live / old outstanding dues which may be turned to bad debt. The package serves a win- win situation to both, consumer whose power supply is disconnected as well as MSEDCL. The industries/ consumer will be revived /rejuvenated and MSEDCL will also able to recover its outstanding dues and start the revenue generation. This is applicable for all HT & LT, Live/ PD / TD Consumers (excluding AG) under MSEDCL.

Salient Features of New Installment Policy

1. Any consumer who is not in litigation with MSEDCL in any court of law will be eligible to avail installment package.
2. The consumers who are in litigation with MSEDCL will have to unconditionally withdraw their case from the court of law to avail benefits of this package.
3. The Consumer against whom decree is passed by court of law will be eligible for availing this facility.
4. The consumer will be eligible for installment facility if outstanding amount does not include any amount on account of energy bill raised against theft or illegal use of electricity under section 126, 138 or 135 of EA2003

Installment Package Details

A. Fixing of amount due for installment:

The amount to be fixed under installment facility is as below.

- a. For live **consumers with current bill**: The amount will be finalized after deducting payment related incentives such as load factor incentive and efficiency based subsidy (as applicable) from the total current bill considering DPC after due date. This package will be available only once in a financial year with auto approval facility.
- b. **For live consumers with past arrears**: The total outstanding amount on the date of application will be considered as receivable amount. Live consumers having past arrears will be granted installments considering COVID-19 pandemic period for financial year 2020-2021 only.
- c. **For TD Consumers with past arrears**: The total outstanding amount on the date of application will be considered as receivable amount. (Applicable Fixed / demand charges will be payable by the consumer for temporarily disconnected period.)
- d. **For permanently disconnected consumers**: The amount in the final bill shall be determined less (waived off) demand charges applied from TD date to PD date Plus 50% of the interest from TD date to the application date. (No fixed / demand charge will be applied from the date of TD to reconnection date.)
- e. **Decreed cases**: In such cases the decreed amount ordered by court of law and 50% of interest from the effective date of decree order and the entire litigation cost will be recoverable.
- f. **Litigation cases**: In such cases the 100% of dispute amount, legal expenses and 50% Of the interest from the date of filing suit will be payable by the consumer. (50% interest from date of filing suit till sanction date will only be waived off) Litigation cases will be approved at joint MD or RD level.
- g. Auto approval facility for above category “b to e”, package will be available once in a lifetime in auto approval mode, subsequent request will be reviewed & decided by JMD or RD office.

B. Down Payment

- a. For consumers with current bill no down payment will be required.
- b. For all other consumers 30% down payment will be applicable against amount fixed as per above.
- c. Consumer will have to pay down payment within 7 working days of approval of installment package.

C. Installments in form of EMI

- a) Installment amount will be calculated in the form of EMI by considering 12% interest rate per annum on revised receivables fixed as mentioned above.(‘amount due for installment’).Sample calculation for calculation of EMI is shown in Annexure ‘A’.

- b) Maximum 3 No's Installments will be granted for consumers asking installment against current bill.
- c) For the consumer in arrears the maximum number of installments can be extended up to 12.
- d) During the installment period, the due date of energy bill of respective month will be the scheduled date for payment of EMI.
- e) In case of consumers where reconnection/release is pending due to infrastructure work EMI will start after release /reconnection of connection and will be payable with due date of current month bill.

D. Interest on the arrears

- a) No separate interest will be applicable on the revised amount calculated above until the consumer pays installments as per schedule.
- b) Interest on arrears will be calculated at prevailing rates and accrued in consumers account till last installment EMI is paid as per schedule. This interest amount will be shown in bill separately. After successfully complying with terms and conditions of installment package this interest amount will be waived off.
- c) If consumer fails to pay any installment as per schedule or current bills within due dates of respective months; consumer will be liable to pay interest with retrospective effect.

E. Billing of subsequent months during installment period

- a) Once installment approval is granted, consumer will be treated as having no arrears for computation of current month's energy bill.
- b) Consumer will be entitled for payment related discounts / rebates such as prompt payment discount, load factor incentive, efficiency based subsidy etc (as applicable).
- c) Consumer must pay current bills of subsequent months within the due dates of respective months.

F. Termination of installment package

- a. If consumer fails to pay EMI by schedule date or current bill of subsequent months by due date, installment package sanctioned will be treated, as terminated.

- b. Accordingly, all the benefits sanctioned on account of installment package will be withdrawn with immediate effect. Rebates and discount granted for current bill installment as well as during installment period will be cancelled..
- c. The total arrears will be determined considering interest and DPC as per prevailing rules and debited to consumers account.
- d. The consumer will be liable for disconnection immediately after termination of installment package, without serving any further notice towards disconnection.

G. Reconnection Procedure

- a) All TD consumers will be reconnected after approval of installment & payment of down payment and reconnection charges as applicable.
- b) PD consumers within the six months on date of application will be reconnected with same consumer number subject to the technical feasibility from concerned field office and payment of down payment and reconnection charges as applicable.
- c) PD consumers beyond six month period, will have to avail new connection. After payment of down payment consumer will be eligible for new connection subject to technical feasibility and payment of necessary charges for new connection. The supply will be connected after completion of work involved as per procedure.

H. Online installment module

The Online application procedure for installment as below-

- a. Consumer will apply only through online Portal of MSEDCL. For HT consumer's online scrutiny and audit will be done at the circle level through system only and forwarded to JMD /RD at Regional office for approval.
- b. For LT consumers the applications will be approved at by Subdivision and Division office depending on the CD load criteria as given below. This activity will be in auto approval in future.
- c. The proposal received at concerned offices should be finalized within 7 working days for live consumers & within 15 working days in case of TD/PD consumers.

- d. Consumer will be required to make a payment of 2% of his total outstanding arrears at the time of application. Consumer will also be required to submit an unconditional undertaking (on stamp paper of Rs. 200/-) agreeing to the terms and conditions of approved installment package.

Till the deployment of online installment module, approvals for the installment proposal/package in respect of HT consumers, LT consumers with CD above 20 Kw & upto 20 Kw will be accorded by the following Competent Authorities.

- a. All HT consumers – Jt. MD / RD in consultation with G.M (F&A).
- b. For LT consumers (above 20Kw) – EE O&M) in consultation with Dy. Manager (F&A).
- c. For LT consumers (upto 20Kw) – SDO (O&M) in consultation with Assistant Accountant (AA).

Any proposal outside the provisions of this policy will be treated as exceptional case & the Chairman and Managing director will be the competent authority to decide such case.

The above policy will come into force with effect from the date of issue of this circular and it supersedes all previous circulars issued regarding Installment and One Time Settlement of HT/LT Consumers (excluding AG consumers).

This circular is available on MSEDCL's online portal.


Chief Engineer (Billing & Revenue)

Encl: - Annexure A (Sample Calculation sheet to determine EMI)

Copy as per mailing list.

Annexure-A

Sample calculation to determine EMI

1) Amount Receivable-(P)- Rs 10,00,000/-

2) Monthly Interest Rate-(n)- 1%

3) No. Of EMI granted -(r)- 7 Nos

Consumer Name : ABCDEFGH

Consumer No : XXXXXXXXXXXXX

Amount Receivable: Rs 1000000.00

Monthly interest Rate: 1%

Installment period in months: 7 Nos

EMI: Rs 148628/-

$$EMI = \frac{P \times r \times (1+r)^n}{(1+r)^n - 1}$$

Months	Opening Balance	EMI	Interest	Principal paid
1	1000000	148628	10000	138628
2	861372	148628	8614	140015
3	721357	148628	7214	141415
4	579942	148628	5799	142829
5	437114	148628	4371	144257
6	292856	148628	2929	145700
7	147157	148628	1472	147157