

	<p style="text-align: center;">MAHAVITARAN Maharashtra State Electricity Distribution Co. Ltd. (A Govt. of Maharashtra Undertaking) CIN: U40109MH2005SGC153645</p> <p style="text-align: center;">Office of Chief Engineer (Billing & Revenue)</p> <p style="text-align: center;">5th Floor, Prakashgad, Plot no. G-9, A.K.Marg, Beside Bandra Court, Bandra (E), Mumbai 400 051 Email: cebillingho@gmail.com</p>	
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Ref:CE(B&R)/Recovery/03411

Date: 31.01.2024.

CIRCULAR-03/2024

Subject: Procedures of Recovery of Arrears.

Background:

It is observed that recovery of Energy bill arrears from some consumers is not done timely by field offices. Arrears of these consumers accumulate and even exceed the amount of security deposit/ bank guarantee held by MSEDCL. When such consumers account is permanently disconnected the arrears remains unrecovered and turns into bad debts causing loss to the company. It is also observed that there are 40 Lakh consumers having arrears amount more than the SD held amount. In some cases where arrears amount is more than SD held amount and if consumers is declared bankrupt/financially sick or approaches for relief under Insolvency and Bankruptcy Code from NCLT the outstanding arrears cannot be recovered *beyond the approved CIRP plan; hence results in permanent loss of legitimate revenue of the company.*

As per *Supply Code Regulations*, utilities have right to recover the security deposit equivalent to two months average demand. Every year MSEDCL issues additional Security Deposit (SD) bill to the eligible consumers in the month of April, but very few consumers (4% to 5% only) pay the additional SD bill and no efforts are made by field officers for recovery of SD arrears which result in insufficient SD protection in the event of default by the consumer.

To address the said issue & to avoid revenue loss to the company followings procedure should be followed scrupulously-

A. Security Deposit Recovery:

- The amount of security to be maintained by consumers based on the actual billing of the Consumers previous financial year will be recalculated and additional demand (if any) will be issued to the consumer in April every year along with the energy bill.
- Consumer can pay this demand in maximum six equal monthly instalments (Apr to Sep).
- Consumer will have to pay at least 1/6th of demand raised by the due date along with the energy bill. The unpaid SD demand will be treated as SD arrears.
- In case of default, disconnection notice ('30 days' as per EA 2003 section 47') via SMS & email will be issued to the consumers having outstanding SD arrears. Also the message will be printed on the energy bill showing outstanding arrears of SD.
- The efforts for recovery of SD arrears should be at par with regular arrears. Outbound calling will be done through call centers for reminder of payment. The field officers will ensure the recovery by using all legal provisions available.


 31/01/24

B. Arrears Recovery:

- The consumers who are having arrears of energy bill will be issued a notice u/s 56 of EA 2003 on SMS or email in case of default the supply should be disconnected. In case if the consumer has SD arrears also then while reconnecting such consumer if notice period of SD u/s 47 is completed then such consumer will be reconnected only after recovery of
 - a. SD arrears
 - b. Energy bill arrears
 - c. Reconnection Charges

The amount paid by such consumer through any channel (online/OCCS/) will be posted in above sequence only. HT consumers who pay the amount through RTGS, the circle office will ensure the recovery of all the charges as above before restoring the supply.

C. Adjustment of SD/BG against arrears & recovery thereof:

- As per 13.8 of Supply code regulations 2021 "*The Distribution Licensee may adjust any security so deposited, towards satisfaction of any amount which is due or owing from the Consumer.*" Hence if the consumer does not pay the energy bill arrears even after disconnection till generation of next bill, the existing SD will be auto adjusted through the system against the energy bill arrears. The consumer will have to pay SD, Reconnection charges and balance arrears before restoration of supply. However to avoid the large number of transactions the provision SD adjustment will be effected only in case the arrears are exceeding twice the SD held amount.

For ex. if consumer is having average monthly bill of Rs. 500, the SD available is Rs. 1000. In case the arrears have exceeded Rs. 2000 the available SD will be auto adjusted against the arrears upon disconnection and consumer will have to pay Rs. 2248 (Rs. 1000 towards SD arrears + Rs. 1000 balance arrears+ Rs. 248 for reconnection charges) to claim restoration of power supply. Any amount received through any channel will be adjusted in above sequence only.

D. Part payment & Installment:

- To avoid the unauthorized part payment of electricity bill the facility of part pay bill through any channel will be restricted. Consumer will have to pay entire amount through online channels available.
- In exceptional cases installment may be allowed as per the prevailing policy and with approval of competent authority.



Chief Engineer (B&R)

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