

**PRESENTATION**  
**ON**  
**FRANCHISEE OPERATION**  
**BACKGROUND INFORMATION**

1. WESCO first DISCOM in Orissa to have gone for franchisee operation in Rural Areas to improve Revenue Collection in LT.
  - Initially franchisee started in selected rural areas of Sundargarh, Deogarh & Bargarh Divisions in 2001 despite opposition and stiff resistance from the Unions.
  - Payment of incentive was based on percentage of overall LT collection.
  
2. With experience gained and installation of feeder meters, WESCO went in for Input based franchisee on experimental basis in Dec 02 in Godbhaga area of Bargarh Division by giving one feeder consisting of 1703 consumers and covering 15 villages. Later more feeders were given on Input based system.
  
3. From 1 Apr 06, all franchisee operations in WESCO are now on Input based Model. As of now, we have 37 feeders covering 46047 consumers and 542 villages.

## **INPUT BASED MODEL PRACTISED IN WESCO**

1. Conceptually Model is based on AT&C concept taking into consideration billing and collection efficiency.
2. Existing level efficiency is evaluated by multiplying  
Billing Efficiency & Collection Efficiency
3. Billing efficiency is equal to billing units/input. Collection efficiency is equal to amount collected/Billed Amount.
4. While evaluating billing efficiency, Input units are calculated by subtracting consumption of all the 11 KV consumers connected to the feeder and 5% of the consumption recorded in the input meter to cater for line loss.
5. For evaluating performance of the Franchisee, the benchmark is the base level Efficiency as fixed which is different for different areas. Base level efficiency should be equal to or somewhat higher than the existing level of operation upto which the franchisee must perform.
6. Base level efficiency not fixed below existing level of efficiency prevailing prior to handing over the operation to franchisee.

## **RESPONSIBILITY OF THE FRANCHISEE**

- Meter Reading of consumers meter
- Bill Distribution
- Revenue collection
- Consumer data sanitisation
- Surveillance and assistance in theft control
- Promoting new connections
- Assistance in consumer services including meter replacement.
- Bill generation through spot billing machines as and when implemented in different areas.
- Any other responsibility assigned by WESCO from time to time.

## **FRANCHISEE PAYMENT STRUCTURE AS PER MODEL**

As an example, for Base level efficiency of 20%, incentive scheme is appended below:

<b><u>Sl.No.</u></b>	<b><u>Criteria</u></b>	<b><u>Incentive</u></b>
1.	Operating below Base Level Efficiency	Nil
2.	Attaining Base Level Efficiency	5.5%
3.	Performance below or equal to 25% efficiency	Ser.2 plus 6% of incremental increase in collection over base level collection.
4.	Performance above 25% but below or Equal to 30% efficiency.	Ser.3 plus 6.5% of incremental increase in collection above 25% efficiency.
5.	Performance above 30% but below or equal to 35% efficiency.	Ser.4 plus 7%of incremental increase in collection above 30% efficiency.
6.	Performance above 35 but below or equal to 40% efficiency.	Ser.5 plus 8% of incremental increase in collection above 35% efficiency.

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| 7. | Performance above 40% but below or equal to 45% efficiency. | Ser.6 plus 9% of incremental increase in collection above 40% efficiency.  |
| 8. | Performance above 45% but below or equal to 50% efficiency. | Ser.7 plus 10% of incremental increase in collection above 45% efficiency. |
| 9. | Performance above 50% efficiency.                           | Ser.8 plus 11% of incremental increase in collection above 50% efficiency. |

Any collection made centrally against arrears from Government consumers not taken into account in above figures.

**PROCEDURE FOLLOWED FOR RAISING BILLS**  
**BY FRANCHISEE**

1. Monthly joint meter reading taken of Input Meter to 11 KV feeder by the person authorised by EE . No person below the rank of Junior Engineer assigned the job.
2. Meter reading of the 11 KV consumers taken by MRT taken into account for calculating input energy to the franchisee.
3. Monthly 11 KV input to franchisee evaluated as under:-  
11 KV Input energy to Franchisee = 11 KV feeder input energy –  
(Sum of consumption of all 11 kV consumers on the Feeder/  
Feeders + 0.05% consumption recorded in the input meter)
4. Franchisee Efficiency = (Billed units/Input units) x (Amount collected/ Billed amount).
5. Considering amount billed to LT consumers on the feeder, collection is worked out for evaluating performance vis-à-vis base level efficiency fixed for the feeder.
6. Depending upon the amount collected, incentive is calculated every month following the table as indicated earlier.

7. In case Meter reading of input meter is not available in any month due to defective meter or otherwise, the average consumption of preceeding three months is taken into account for calculation of the billing efficiency. Amount paid to franchisee is treated as provisional and later revised on the availability of healthy three month's consumption of succeeding months after meter replacement/rectifying defect in meter reading.
8. Franchisee to submit bill by 25<sup>th</sup> of every month to EE.
9. Franchisee not permitted to engage WESCO employee
10. Franchisee responsible for compliance of all taxes, duties etc. of the land applicable from time to time. Franchisee to comply all statutory requirements for his employees such as PF, ESI, Gratuity, Bonus etc.

## **ADDITIONAL SAFE GUARDS FOR FRANCHISEE OPERATION**

Every franchisee executes MOU on the aspects highlighted earlier. MOU also to cover following: -

- Franchisee to deposit entire Revenue Collection within a maximum of 5 days from date of collection. However collection up to last day of the month must be deposited latest by 2<sup>nd</sup> of the succeeding month without fail. In case of default, interest @ 15% is levied for a maximum period of 15 days. If the amount collected is not deposited within 15 days from the date of collection or collection upto the last day of the month by 7<sup>th</sup> of the succeeding month, agreement is treated as terminated and entire money alongwith interest amount recovered by operating the Bank Guarantee.
  
- If the same franchisee is again revived after termination on the above grounds, the same is done by imposing a one time defaulter penalty. Amount of penalty will be 50% of the defaulted amount.
  
- Franchises to produce proof of monthly joint meter readings, consumer meter readings, bill distribution, cash collection etc. Failure on this account attracts suitable penalty.



- Franchisee required to furnish list of employees & their salary details alongwith original Labour License, PF registration details etc. for verification, before commencing work and also at the time of any change in employees or salary details.
- Franchisee to submit employee wise PF deposition details.
- Franchisee authorised to collect energy bill from consumers by issuing WESCO's money receipt to the consumers. EE issues Money Receipt Books to the franchisee in double the number of cash collectors employed by him. New money receipt book issued only after deposition of the exhausted money receipt books.
- Collection and billing figures indicated by the franchisee in the monthly bill must be certified by the Finance Executive & EE.

## **ANALYSIS OF PERFORMANCE OF INPUT BASED FRANCHISEE IN WESCO**

### **PROBLEM AREAS**

- Very few credible Franchisee Operators available.
- Most Franchisees do not have sound financial backing. Hence they find it difficult to provide requisite Bank Guarantee. Therefore need for entry of good entrepreneurs
- Overall performance of Franchisees much below the desired level & only slightly better than own employees.