

RURAL ELECTRIFICATION CORPORATION, NEW DELHI

Evaluation of Franchisee System under RGGVY

PURULIA District (West Bengal)

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Executive Summary

I. *Whether Franchisee is working as per REC Guidelines on RGGVY and in consonance with Ministry of Power, GOI, dated 18.3.06?*

The Franchisee system is deployed for management of rural electricity distribution system, to be in consistence with REC Guidelines, and to avail the subsidies in project of rural electricity distribution infrastructure development.

Rajeev Gandhi Grameen Vidhuti Karan Yojana (RGGVY) is being implemented through REC provided grants for rural electrification. The Franchisee in west Bengal belong to the institution of the Self help groups (SHG), formed under Swarnajayanti Gram Swarozgar Yojna (SGSY) provided by panchayati raj institutions and District Rural Development Cells, SHG is promoted by different district level co-operative banks also.

In the first phase of development of Franchisee (SHG), WBSEB is utilizing the services of SHG, limited to consumer mobilization, meter reading and bill dispatch. Some times bill dispatch is also done by separate agency.

In second phase of franchisee development, which has yet to take shape in West Bengal, revenue collection is proposed to be assigned to SHG/ Franchisee. In this phase the franchisee would be allotted either area fed by an 11KV feeder based on the existing metering arrangement for 11 KV feeders, which already exists. It may be noted that, there is no metering provision at the distribution transformer.

Franchisee would be allocated a cluster of villages with total consumer strength not less than 600. When newly electrified villages do not have scope to provide 600 consumers, already electrified villages are also included in the cluster. On an average eight to fifteen villages are allotted to each groups, so that they get some compensation from the beginning. At present the metering provision is made at the consumer premises

In the first phase of deployment of SHG as franchisees model of west Bengal does not fall into any of the defined models in the REC guidelines. With out revenue collection being included in

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the role and responsibilities of SHG/ Franchisee .At this stage only some process outsourcing has been done by WBSEB.

SHG are selected as Franchisee by a screening committee constituted by WBSEB. Self Help Group is selected for one gram panchayat. A gram panchayat consists of, on an average 10-15 mouzas. And each mouza consists of few villages. The village residents form the groups, and GP and the respective co-operative banks forward their names to the District Rural Development. The screening committee of SEB interviews them and the best group is selected for each gram panchayat.

To enter into the second phase of franchisee operations through SHG revenue collection from 11 kv feeder command area, or cluster of villages. The utility (WBSEB) takes bank guarantee equal to months estimated cash collection from SHG..

WBSEB takes suitable bank guarantee from Purulia District Rural co- operative bank, on behalf of the SHG for the first phase. In some BG was obtained from SBI or United bank of India.

In the second Phase of SHG operation for revenue collection is included, as specified in model B of REC guidelines. The SEB plans to assign the works of revenue collections, minor repairs and maintenance, attend to fuse call, replacement of fuse, cutting of trees, etc to SHG.

To ensure that SHG could operate in an effective manner after entering the second phase of revenue collection. WBSEB will organize extensive four weeks training in classroom, and for two weeks, on job for 3 persons in each SHG operating in PURULIYA.

WBSEB has provided a budget of RS 1.73 crores for training 3 persons in each SHG throughout West Bengal. One hundred SHG were targeted to be trained by Dec 2006. This work has not started in surveyed area.

When the input based franchisee operations will be made operational by WBSEB in Line with model 'B' of REC guidelines, they are contemplating to allow 15% loss on measured supply in 11 KV feeders and 7% loss on measured supply at outlet of distribution transformer. Further SHG would be paid 15% commission on the revenue collection.

Power interruptions and shortage of power have to be addressed by WBSEB to ensure that growth in consumers and consumption of electricity in villages grows gradually. For Puruliya district many villages are included in the RGGVY electrification project. This work has been entrusted by WBSEB to NHPC under the grant of REC. Substantial progress has been made in electrification of these villages and works will be completed within this financial year 2006-07.

II. *Method of appointment of Franchisee (Transparency, procedure of selection, security) and Documentation?*

The Franchisee members are resident of the Gram panchayat, whom they are going to serve. The franchisee is a group consisting of 10 to 20 members. The Gram panchayat, PRI, Blocks officer and DRDC are the agencies, who help them to form the group. The members should have prior experience of functioning in one of the self help group promoted by these agencies for agriculture, toy making, handicraft, fisheries, animal husbandries etc. Most of these SHG work after taking loan from district cooperative Banks. Their loan repayment records are verified for eligibility for being member of Franchisee. At least two members of the group must be educated to class ten and above. Though there is no restriction that the members of the group should be from BPL, but preference is given to women and weaker section of the society. The group so formed are forwarded for selection to District level Screening committee headed by the Superintending Engineer & Circle Manager of Purulia, representatives of District Cooperative banks, Public Participation cell of SEB, DRDC, DE(RE). The team conducts interview of the groups nominated for a village. The screening committee selects the best SHG for the task of Franchisee for the Gram panchayat. Once a group leader is selected, an agreement is signed between SEB and Franchisee (A copy of contract is enclosed).

III. *Type of Franchisee (NGO/SHG/Individual), Franchisee Model (Revenue Collection/Input based), recovery mechanism and incentives:*

The West Bengal village management under Panchayati raj Institution was having self help group system for socio-economic development of villages. Self-help group has guided the Franchisee selections. The Franchisee system can be termed as Users Association at the micro-management system of the Panchayat Area.

IV. Franchisees whether organized or un-organized group?

The franchisees are organized group. They need capacity building on team working, leadership, organization structure suitable for the job, distribution of work and interaction with other SHG working in the villages.

V. Whether appointed Franchisees are operating?

In all the surveyed villages, the franchisees selected by the screening committee of SEB are functioning.

VI. Experience of Franchisee system, lessons learnt and remodeling, if any?

The franchisee has started functioning since last few months (Less than three months in most of the cases). It is in the state of gaining maturity. In view of delegation of work of maintenance of electrical network to the franchisee, some able bodied male member should be included in the Franchisee. In view of difference of income between rural and urban sector, there will be migration of qualified technician from village to cities (This has been indicated by Panchayat members). The SEB will have to organize training regularly.

VII. The problems faced by Franchisees on likely solutions:

The problems indicated by the franchisee were (a) they wanted meters to be installed at the eye-level, as most of the meter readers were women. (b) They were facing problem in Bill format of the invoice they raise to get payment from SEB. (c) The telephonic network of these villages appeared to be weak. The private cellular network operation was also not satisfactory. The communication between the members is not proper. (d) The franchisee do not have their office.

VIII. Impact of Franchisees of revenue collection:

The Franchisee in Purulia, WB are not involved in revenue collection.

IX. Training need of Franchisees:

To expand the scope of service of SHG to include 'revenue collection' and 'provide minor Operation & Maintenance to the Distribution network'; WBSEB have undertaken a training/

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capacity building programme for SHG. One Thousand SHG are targeted to be trained by December 2006, Four (4) weeks of residential training plus two (2) weeks of on the job training is planned to be imparted.

To ensure that SHG could operate in an effective manner after entering the second phase of revenue collection, WBSEB will organize extensive four weeks training in classroom, and for two weeks, on job for 3 persons in each SHG operating in PURULIYA.

Advanced training is needed before they could undertake the work, in first and second phase. WBSEB has provided a budget of RS 1.73 crores for training 3 persons in each SHG throughout West Bengal. One hundred SHG were targeted to be trained.

West Bengal is progressing in introducing franchisees through SHG. They are organizing training. They are likely to implement input based franchisee system in FY 2007-08 as per Model 'B' of REC guidelines

X. How Franchisees are addressing Consumer grievances on hours of supply and minor repairs?

The Franchisees report the fault of the network to the Group Electricity supply office for necessary action. The offices have contractual arrangement for repair of network. The few franchisees reported, due to problem of telephonic connection, they have to go to block office to submit consumer grievances.

XI. Role of Franchisee in giving new connections/any discrimination to BPL/SC-ST families?

The SEB has clubbed BPL connection with the village electricity network development, so most of the newly electrified villages have only BPL connection. The franchisees are paid commission for mobilizing APL and BPL consumers for electricity utility at the rate of Rs 30.00 and Rs. 20.00. The discrimination of SC/ST population for obtaining new connection was not visible.

XII. Impact of Franchisee on socio-economic development, employment:

The Franchisees working in their Gram Panchayat were new to the current job. The members of Franchisee have experience of working in other self-help group for economic development of the village. It can be assumed that the electricity Franchisee will have impact on socio-economic development of the village. The potential of franchisee system generating employment is not envisaged, until franchisee take up maintenance of electrical network.

XIII. *Whether state is moving towards input based Franchisee and how Franchisee feels about it for Commercial viability?*

The SEB has offered them all facilities to make a good start to achieve sustainability. They have provided, good compensation for their task, and assisted them by including consumers from pre-electrified villages. They are enthusiastic about their jobs.

XIV. *The feed back from Panchayat, consumer, Franchisee and Utility*

a. Consumer + Panchayat

- They need more street light
- They proper telephonic access to register their complaints.
- The adjacent villages (Unelectrified village) of the newly electrified villages should be taken up. They are unaware, where to register their demand
- There should be separate transformer for small scale Industrial Activity.
- Defective Household energy meter should be replaced.
- There should be enough power to assist SS industrial activity. To support handicraft and small scale and cottage industry, the villages need more and reliable power.
- They want power between 5.00 pm to 9.00 pm during the time the childrens are studying. During examination time there should not be any load shedding at night.
- They had some apprehension about operation of gang switches. They wanted appropriate guidelines for gang switch operation from, may be WBERC.
- Why electricity supply line, are switched off when they see clouds in the sky.

b. Franchisee

- In the villages, where population is small or consumption is low, their compensation expected to be low. This expenditure in this total effort is more than the compensation they receive.
- They require better quality streetlight.
- When the bills are high, people are complaining about the meter and their work.
- In some villages they have phase problems. How they can find out nature of faults, so that they can register complaints properly.
- Load shedding duration varies from 2 hrs or more. This does not include line interruption.
- Complain about defective meter, varies from 5 to 10 percent.
- They want SEB assistance to get more LT feeder for new connections to unelectrified villages
- The Franchisee, GP, and consumer are providing helping hand to SEB personnel in restoring line interruption
- They need a village Franchisee office. They have to work from their home. The villages have banking facility. They want that in future, when they are given responsibility of revenue collection, they should have facility to deposit money in Bank (multiple in their gram panchayat area).
- The meter height should be at eye-level, so that they can read the meter without climbing the chair or stool.

c. WBSEB

They are satisfied with system. The board wants to promote decentralized management of the distribution system in the rural and remote area. The local people in the remote area can provide service on call. The subject of O&M of electricity network was discussed with WBSEB was discussed. Their views are/ were that the SHG could be entrusted with total responsibility of domestic network maintenance.

The maintenance of single-phase commercial connection can be taken up by SHG, while Industrial and poly phase commercial connection maintenance should be with the power utility.

XV. *A suitable Franchisee Model for the state/ District studied:*

The Franchisee model has been introduced in the last one year. The state has implemented the first stage of the Franchisee model. The franchisees also known as “Self help group (SHG)” are constituted of personnel selected from the villages within the gram panchayat, as specified by SEB in consultation with DRDC. Their task is limited to meter reading of the electrical meter installed at the premises of existing electricity consumer, and updating the reading data in the card placed at the consumer premises and the card maintained at state electricity board office. The state electricity board produces the electricity bill based on the data provided by Franchisee and generates bill. The bill is collected by the Franchisee, and distributed in their area. The consumer deposits the bill amount at the SEB office. The present process has just started, and will require some time to mature as an effective unit.

XVI. *Suggestion on adoption of new technologies, if any:*

It is early to recommend adoption of new technologies. The present LT network is based on use of low capacity distribution transformer, e.g. 10, 16, 25 KVA transformers. SERC has issued strict ordinance on hooking and theft from LT lines. The use insulated input lines, ABC cables may be recommended. The observation during survey was that the consumers were provided with electronic meter. On maturity of franchisee, when they are delegated with responsibility of revenue collection, the process of spot billing and collection can be implemented. Purulia district is lightning prone area. A better lightning protection scheme may be considered. One of the problems faced by the SHG and consumers was of the telephonic communication. The frequency of cellular network failure was quite frequent.

XVII. *Improvement brought about by Franchisee in repair of faults reported by the consumers:*

The Franchisee leaders appeared to be enthusiastic to their assigned jobs. They take their own initiatives to report the line faults, to power distribution office quickly. The franchisees do not repair faults, on their own. However, some members assist in repair of the residential fuse.

XVIII. *Improvements in quality of supply, voltage level, supply time during the day etc. due to Franchisee:*

There have been improvements in maintaining voltage at a stable level. The consumers attribute the same to commissioning of substation (33/11 KVA) at the block level. There is power interruption during northwesterly, storms etc. due to uprooted trees. Purulia district is highly lightening prone area. In some of the blocks, they switch off the line, when they get warning of excessive lightening. Some of the villagers/ consumers complained about unauthorized use of Gang switch. This was to cut-off power on the spur lines. This observation could not be validated.

XIX. *Whether local or outside persons are employed by Franchisee:*

At present Franchisee do not employ any local or outside persons. Most of the self-help group had greater involvement of women. The few women members mentioned that they seek assistance of male member of their family, while doing their task in the area, which they consider dangerous.

XX. *Monitoring mechanism used by Franchisee and used by the utility to monitor Franchisee functioning:*

The utility has assigned the task for station manager at the block level to crosscheck the meter reading of five percent of consumer, submitted by the Franchisee. If the performance is found satisfactory, then the bill is submitted by the SHG is forwarded for further processing. At the division level there are four teams, who also check two percent of the meter reading (on random basis) submitted by the SHG.

XXI. *Feedback from Franchisee about his appetite to expand his operation and capacity:*

There is large scope of expansion of operation and capacity of SHG in surveyed blocks of district Puruliya, provided an initial support is provided by the SEB, and state administration. The BDO and gram panchayat can assist them in the growth of registration process of the domestic, commercial, industrial consumers. The teams are in nascent stage, and they require proper capacity building for team working, communitization of effort. The state has power to support growth of cottage Industry, food processing, and handicraft and agro business.

There is multidimensional scope of expansion in the technical, commercial activities of SHG. They need motivation and leadership skill to ensure socio-economic growth of the village.

Considering the economic profile of village, it is unlikely, that a sustainable revenue generation can be achieved through domestic connection only. The stresses have to be given to commercial and industrial growth.

XXII. *Impact of Franchisee on eliminating hooking and theft:*

It appears from the consumer feedback that there are cases of hooking. Power theft is a punishable offence vide WBERC ordinance. The SHG members claimed that there have been significant improvements in the pre RGGVY electrified villages, after they have taken charge of monitoring electrical network in the village. To improve their earning, they have to contribute significantly in reducing hooking and theft of electricity.

XXIII. *Financial Sustainability of Franchisee:*

The SHG group, have provided bank guarantee for undertaking electricity Franchisee task for their panchayat area. Under the scheme they deposit a fixed amount every month. The sustainability of the system can be ensured once the significant revenue generation is ensured in the panchayat area. SEB have provided a lucrative scheme for registration of new consumers. There appeared cases of unequal efforts, within the SHG team. Adequate importance should be assigned to organization and team building during capacity building exercise for the SHG (Electrical).

XXIV. *Future planning by the Franchisee to expand operation:*

Franchisees are willing to expand their business network in general. They strongly felt the necessity of mobilizing new domestic consumers and commercial and industrial consumers in the village. The SHG are new to the job. They are very slowly realizing the importance of their job. The WBSEB has followed the RGGVY model, and has chalked out the expansion strategy. The model deals with revenue collection and technical experience. The SHG task should also be viewed as a business operation. The SHG training module should include business aspect.

XXV. *Planning of Franchisee to cater to increasing demand in his area and distribution system strengthening:*

The subject was discussed with experienced SEB employees. Their views are/ were that the SHG could be entrusted with total responsibility of domestic network maintenance.

The maintenance of single-phase commercial connection can be taken up by SHG, while Industrial and poly phase commercial connection maintenance should be with the power utility.

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Topography

Purulia is the western most district of West Bengal state. The district shares its border with state of Jharkhand. Historically Purulia district was part of Manbhum area. During state reorganization of 1956, Purulia was carved out of Manbhum and made a part of West Bengal. Purulia is predominantly a rural district.

The total geographical area of the district is 6259 sq. kms (Census 2001). The Urban and Rural areas are 79.37 sq. kms (1.27%) and 6179.63 sq. kms (98.73 %) respectively. The total population of Purulia district is 2,536,516 (Rural being 2,281,090 and urban population is 255,426) and percentage of SC & ST population is 18.3 each.

The district is characterized by undulating topography with rugged hilly terrains in the western and southern parts. General elevation of the land surface ranges from 150 m to 300 m, the master slope being towards the east and south-east.

District has predominantly single-crop cultivation. About 60 % of the total cultivated land is upland. Out of the total agricultural holding about 73 % belongs to small and marginal farmers having scattered and fragmented smallholding. Paddy is the primary crop of the district. 50% of the total land is under net-cropped area and only 17% of the net cropped area is under multi crop cultivation. 77% of the net-cropped area is under Aman paddy cultivation. The crops are grown mostly under rainfed condition; generally with low fertilizer consumption per unit area. Thus per hectare food production is also low as compared to other district of West Bengal.

Important minerals so far explored and reported are Coal, Rock Phosphate of Beldi, Panrkidi, Barabazar etc, Limestone of Jhalda, Basemetal of Tamakhun, China clay of Mahatomara, Fire clay of Malti, Quartz of Mirmi, Siliminite of Paharpur, Decorative Stone of Bero, Dhunia etc.

The main rivers passing through or bordering the district are Kangsabati, Kumari, Darakeswar, Subarnarekha due to undulated topography nearly 50% of the rainfall flows away as run off. There are check dams on these rivers. In some of the villages they have lift irrigation.

Chapter 1. Electricity Distribution System In The Purulia District

The Purulia district has a well-planned electrical network to supply electricity to Urban and rural areas. West Bengal State Electricity Board (WBSEB) is the primary body responsible for management of electricity related issues, and it was established in 1955 under the Electricity (Supply) Act 1948 in the composite state of West Bengal. Calcutta Electricity Supply Company a private licensee continued to operate in West Bengal even after creation of WBSEB. West Bengal Power Development Corporation Ltd. (WBPDC) was set up later as a generating company to specialize in generation of electricity. Some of the generating plants of WBSEB were also transferred to WBPDC when de-merger of SEB and setting up of state electricity; regulatory commission in west Bengal was undertaken.

The Transmission and Distribution of electricity in the urban areas is handled by the WBSEB in the state of West Bengal. West Bengal Rural Energy Development Co. Ltd was also set up in West Bengal by separating Urban and Rural 11Kv feeders Later after the enactment of Electricity Act 2003 in June 2003, the West Bengal REDC's role has been restricted to the construction of Rural Electricity infrastructure under restructuring and it is proposed to be divided in two portions. "Transmission Company" would be the State Transmission Utility under the EA-2003. The "Distribution Company" would handle the business of the distribution of electricity throughout the state of West Bengal. WB Rural Energy Dev. Company (WBREDC) is likely to be utilized as the Special Purpose Vehicle of WBSEB for undertaking construction work, monitoring Franchisees in rural areas and for working as a franchisee to WBSEB for managing Distribution system in certain areas including Rural Distribution.

Each Distribution Circle in West Bengal is headed by a Superintending Engineer who is assisted by Divisional Engineers (Executive Engineer) and Sub Divisional Engineers (Assistant Engineer). At the field level in villages, junior engineers are responsible.

The district of Purulia gets its power from Nation grid of 132 KV (The 220 KV transmission line also passes through the district) transmission line. The district has 132/33 KV substation for HT distribution to various blocks of the state. The location of 132/33 KV substation is at

Bongabari. The 33 KV feeder line is the power carrier to block level substation. At the block level, there is sub-station to step-down to 33/11 KV. From the block level substation the 11 KV HT feeder lines are drawn to central village, within the jurisdiction of Gram panchayat. From there, spur lines of 11KV HT (protected with Gang switch) feeder lines are drawn to nearby villages within jurisdiction list of Gram Panchayat for power distribution to consumers. The villages are provided with distribution transformer (DT) to provide power to consumers. The number of DT installed in a village depends on the composition of village, i.e. number of tola, dih etc. The DT of capacity 10, 16, 25, 63, 100 KVA is installed depending upon number households, household layout, and economic profiles. It appears WBSEB prefer to use low capacity transformers. There were no metering features in the distribution transformer in the villages surveyed. The 11 KV feeder line had metering at the source i.e. at the substation. Each consumer had been provided with the electronic meter.

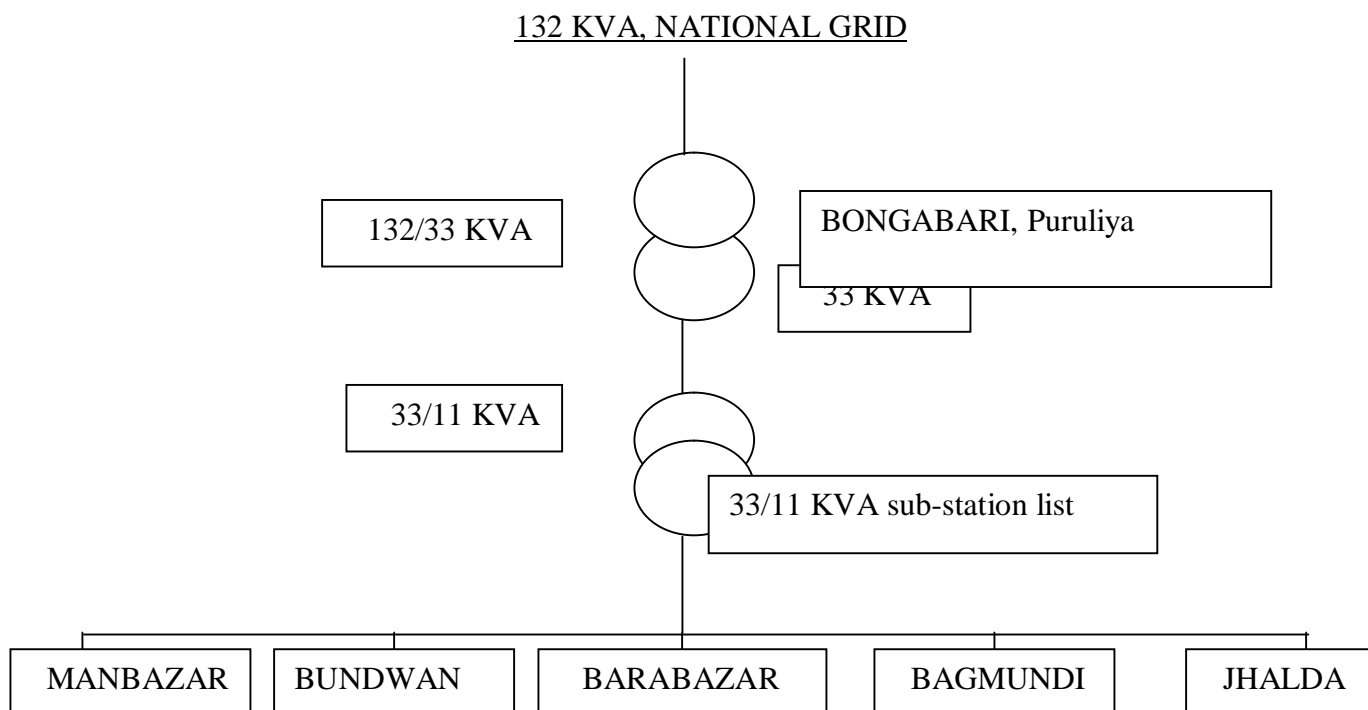
One of the important features of Purulia is that, it is highly lightening prone area. Necessary protections are incorporated in electrical network design. However, during northwesterly and cloudy condition, precautionary load cutout is exercised for the villages.

The Franchisee system in west Bengal has been studied based on the information obtained from WBSEB head quarters and the field survey of randomly selected *twenty-seven* villages. The surveyed villages receive power from 33/11 KV substation of Barabazar, Manbazar, Jhalda, Bagmundi and Bandwan. The substation capacity are listed in Table -1

TABLE -1
HT SUB-STATION

Sl. No	Block	Capacity	Comment
1	MAN-BAZAR	33/11 KVA, 2* 3.15mva	
2	BUNDWAN	33/11 KVA, 1* 3.15mva	For commercial purpose Bundwan SHG and consumers interact with Manbazar E/S
3	BAGMUNDI	33/11 KVA, 1* 3.15mva, 1* 1.5 MVA	
4	JHALDA	33/11 KVA, 2* 6.3 mva	
5	BARABAZAR	33/11 KVA, 2* 3.15mva	

FIGURE -1



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The Total installed capacity of Electrical Network in the district is 83 MW, and the peak load is 62MW.

The profile of rural electrification work in the district is as follows;

A. Mouza-wise Electrification work in the district as on 10.01.2007

- i. No of inhabited Mouza in the district: : 2456
- ii. No of Mouzas energized: : 1912
- iii. No of virgin Mouzas to be electrified under REDC : 17
- iv. No of virgin Mouzas to be electrified under NHPC: : 414

- v. No of Virgin Mouzas not covered under any scheme : 113
(Proposal sent for inclusion in any scheme)

TABLE -2

B. Existing 33/11 KV station in the Purulia district

Bundwan	2* 3.15 MVA	Arsha	
Manbazar	2* 3.15 MVA	Jhalda	
Puncha	2* 3.15 MVA	Barabazar	2* 3.15 MVA
Hura	2* 3.15 MVA	Adra	2* 3.15 MVA
Kashipur	2* 3.15 MVA	Anara	2* 3.15 MVA
Bagmundi	1*3.15+1*1.6 MVA	Gobag	2* 3.15 MVA
Balrampur	1*6.3+1*3.15 MVA	Raghunathpur	2* 3.15 MVA
Tamna	2* 3.15 MVA	Bhojudih	3* 5 MVA

C. On going 33/11KV substation under RIDF-VII/ WBSEB own fund

- i. Joypur 2* 3.15 (One transformer was operational during our visit)
- ii. Purulia Town commissioned on 16.02.2007

D. Proposed 33/11 KV sub-station under RGGVY scheme / WBSEB Own fund.

- i. Boro- Brojaragona

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- ii. R. N. Pur –II- Gobradanga
- iii. Jhalda – II – Tatura
- iv. Santuri – Talberia
- v. Para – Pabra
- vi. Charra – WBSEB Own fund

E. Existing 132/33KV sub-station

- i. Bongabari 2* 31.5 + 1*20
- ii.

F. Ongoing 132/33 KV substation

- i. Raghunathpur – I

Chapter 2. Electricity Distribution In Villages

Rural electrification and electrification of villages involves feeding small loads which may or may not be much dispersed geographically. Consequently, infrastructure costs tend to be high compare to the returns expected. Commercial operations of the village distribution system are therefore in question.

Flat rate subsidized electric supply to irrigation pump sets in the rural areas together with extended distribution network to villages with hardly any domestic load became the main source for leakage of valuation electric energy leading to bankruptcy of most State Electricity Boards. Commercially sustainable Rural Electrification program has thus become the necessity after the enforcement of Electricity Act 2003 when SEBs are unbundled and GOI has announced a policy to provide access to Electricity to All households by 2012. The policy targets:

- Electricity to all villages and habitations by 2007.
- Access to electricity to all households (including rural) within 5 years i.e. by 2010.
- Electricity connection to (free of charge) to all below poverty line families (BPL) latest by 2012.

Rajeev Gandhi Grameen Vidyutikaran Yojana (RGGVY) was thus launched by GOI in April 2005 with Rural Electrification Corporation (REC) as the nodal agency. The on going programmes of rural electrification under implementation by REC are as under.

- Accelerated Electrification of one lakh villages and one crore households.
- Minimum Needs Program (MNP) for villages was merged into RGGVY with a view to develop electricity infrastructure in the villages.
- Ministry of Power, GOI, thus provided grants of a substantial order to the states under RGGVY through REC to create village electricity infrastructure in each village. Grants were focused to be used for setting up Rural Electricity Distribution Backbone (REDB) with at least one 33/11 kv (or 66/11 kv) sub station in each block.

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- Village Electrification Infrastructure (VEI) with at least one distribution transformer in each village/ habitation.
- Decentralized Distribution Generation (DDG) system where grid is not feasible or cost effective.

The Rural Electricity Infrastructure (REI) is the prerequisite for operating the electricity distributor in the village and RGGVY initiative is meant to bring better quality of life to the villages. Thus it is meant to bring economic activity to villages in such a manner that it is commercially sustainable. Village electricity infrastructure is meant to be created to facilitate

- Rural Development
- Irrigation to Agriculture
- Promoting Small Scale Industries
- Support Education and Information Technology
- Give Incentives to Health Care
- Cold storage and preserve Agricultural Products
- Generate Employment
- Alleviate Poverty
- Drinking Water Availability

The sustainability of the REI is essential for growth and development of villages to facilitate the economic activities stated above, this sustainability is crucial is from following angles:

A) REI should be well maintained to deliver electricity and it should be feasible to strengthen it to cater more consumers and to fulfill growing demand for electricity.

B) Electricity supplied should be paid for so as to create a revenue stream which will maintain the generation and supply of electricity to the villages.

C) Distribution Management System introduced in the villages should be commercially viable. Expenses of utilities should be fully met from the revenue realized in each village.

Even though Rural Electrification Program in India was started way back in 1966-67 and electricity infrastructure was created in large number of villages constituting about 80% of the

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total villages, the absence of commercial sustainability resulted in very minimal achievements in the past. RGGVY after the enactment of Electricity Act 2003 is intended to result in effective rural electrification.

Chapter-3. Introduction Of Franchisee System In Purulia

WBSEB Started mulling engagement of the franchisee long before the REC circular of the 18th March 2005. The Board decided in its meeting held on 16th 2003 to engage self Help groups (SHG) as franchisees. This decision was ratified in the meeting of joint Management council on 16th dec 2003 and 8th sept. 2004 in the presence of recognised unions and associations of employees. Up to this stage called the 1st Place the SHG as franchisees were required to take up the jobs of.

- Consumer Mobilisation – with one time commission @ RS 30 and RS 20 for energing each household living above (APL) and below poverty line (BPL) respectively reward of RS 500/- was also giving to SHG for mobilising 80% households in a village (total consumes not less than 50)
- Meter reading – Franchisee is entitled to RS 2 for every meter reading. If consumer strength is less than 400 the commission could be enhanced up to RS 4 per reading.
- Bill Despatch – collect bill from WBSEB office and distribute to consumers commission entitled is RS 2 per bill.

Presently WBSEB is in the first phase of implementing the Franchisee through SHG. Most of SHG have women workers as franchisees with low academic background and little technical knowledge. Adenine training is needed before they could undertake the work, in first phase and second phase. Origin of self Help Groups (SHG) in West Bengal dates back to 1998 under Swarn Jayanti Gram Swarojgar Yojna (SGSY).

Additional 4283 villages have been identified (Aug, 2004) to be electrified by March 2007 in the 18 District of West Bengal. In the Purulia (District) Distribution circle 273 villages have been identified for establishing electricity infrastructure for which the implementing agency is NHPC.

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Public Participation cell (PPC) has been set up in WBSEB since sept.2004 to seek participation of SHG, and other service organizations to serve as franchisee in villages, in specific for those to be electrified by March 2007.

So far Purulia circle, WBSEB has engaged 34 SHG till August 2006 in phase I & II of the Franchisees (Meter reading and delivery of bills). The SHG are serving nearly 27402 consumers in the districts of Purulia,. Regular meetings are conducted by PPC representative of WBSEB with the SHG engaged in electricity distribution for effective utilization of their services.

To expand the scope of service of SHG to include 'revenue collection' and 'provide minor O & M to the Distribution network'; WBSEB have undertaken a training/ capacity building programme for SHG. Thirty-four SHG are targeted to be trained for Four (4) weeks of residential training plus two (2) weeks of on job training.

After observing the performance of SHG over a period of six months or more, those SHG who are found capable and trustworthy, may be given the job of collecting the revenue from consumers in second phase of franchisee work, When allocating area to franchisee of collect revenue, WBSEB is contemplating one of the two methods:

- i. Method I – To allocate the entire area that is fed by an 11 KV feeder to a franchisee: Metering is done on each 11 KV feeder out of the revenue collected 15% would be paid to franchisee as commission.
- ii. Method II – The franchisee will be allotted a cluster of village (One franchisee in one Gram Panchayat area): Thrust would be given to mobilize at least 600 consumers in the cluster of villages. Cluster may include villages already electrified prior to RGGVY. New villages to be electrified will have a distribution transformer with metering arrangement for each and every village. Such arrangement shall be later ensured for villages already electrified. Bulk consumers in the area connected through separate Distribution Transformer would be excluded from franchisee's scope. WBSEB intends to bear the taxes and duties to be paid on the commissions to be paid to franchisee.

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Franchisee system in WBSEB is in first phase where SHG are employed only for meter reading bill despatch and consumer mobilisation. Over a period of time input based franchisee system would be practiced in West Bengal after SHG are adequately trained.

Chapter 4. Ministry Of Power Guidelines On RGGVY

Ministry of Power, Government of India issued OM dated 18th March 2005 conveying the president's approval to "Rajiv Gandhi Grameen Vidyutikaran Yojana scheme of Rural Electricity Infrastructure and Household Electrification".

The scheme to be implemented through the Rural Electrification Corporation (REC) envisages 90% capital subsidy for the project.

Responsibilities of States:

- In order to utilize the subsidy, the states are required to meet certain conditions as below:
- States must make adequate arrangements for the supply of electricity.
- There should be discrimination in the hours of supply between the urban and rural households.
- Prior commitments of the states for the deployment of franchisees for the management of rural distribution in projects under RGGVY.
- Commitments of the states to provide requisite revenue subsidies to state utilities as required under the Electricity Act 2003.

Projects Included in RGGVY Scheme:

The capital subsidy would be available for provision of:

- Rural Electricity Distribution Backbone (REDB)
- Village Electrification Infrastructure (VEI)
- Decentralized Distributed Generation (DDG)

The OM included overall cost estimates of different components of all villages and households, un-electrified villages and households having access to electricity as per census 2001.

Franchisees:

The OM stated, “In the management of rural distribution through ‘Franchisees’ who could be NGOs, Users, Associations, Cooperatives or Individual Entrepreneurs, the Panchayat institutions would be associated.” The franchisees arrangement could be for system beyond and including feeders from substation or from and including Distribution Transformers.

Revenue Sustainability:

The OM states that based on the consumer mix and the prevailing consumer tariff and likely load, Bulk Supply Tariff (BGST) for the franchisee would be determined after ensuring commercial viability of the franchisee.

Wherever feasible, bidding may be attempted for determining the BST. BSTs would be fully factored into submissions by state utilities to the SERCs.

Services of Central PSUs:

Services of NTPC, Power Grid Corp, NHPC and DVC have been offered to the states to provide their project management expertise and capabilities. REC has entered into an MOU with these CPSUs.

Chapter 5. REC Guidelines

The main objective of the REC guideline is to facilitate induction of franchisees, especially covering the following aspects:

- Who would be a franchisee?
- What would be the minimum technical/financial/expertise of the franchisee?
- How would a franchisee be selected?
- For different sizes of franchisees, what would be their responsibilities and rights including mode of tariff fixation?
- What would be the interface with Panchayat Raj Institutions (PRIs)?

Role of Franchisee in Rural Distribution Management:

Franchisee may be an entity empowered by the state who is either develop/ operate generation and distribution system or ready to distribute electricity within an identified area and collect revenues directly from rural consumers. Franchisee will have the option to generate its own electricity or off take supplies from power utility or do both. Franchisee will have the option to expand its own sub-transmission network based on:

- Approval of the state government
- Approval of the state utility
- Load growth in the area

Franchisee Model:

Even though franchisee may also be involved in Decentralized Distribution Generation (DDG), the REC guidelines presently focus on distribution of electricity. The basic models of franchisee operations could be four:

- Revenue collection franchisee.
- Energy purchase, sell and collection franchisee.

- Energy purchase, sell, collection and operation & maintenance franchisee- In this model, franchisee is permitted to use the existing distribution infrastructure and could add to the infrastructure within the franchised area.
- Electricity co-operatives as franchisee- created under Co-operative Societies Act, as owner of the distribution infrastructure

The franchisee model defined in REC guideline could be defined in the following paragraphs:

a. Revenue Collection Franchisee:

This type of franchisee is responsible for collection of revenue on behalf of utility.

b. Revenue Collection Based:

In this franchisee system the role of the franchisee is limited to billing, connection new service connections, redressal of complaints and keeping vigil on network. Here, franchisee is given the target of revenue collection every month. They are given margins as percentage of collection on achievement of target. In case, if they are not able to achieve the given target, they are penalized. At the same time, when they exceed the given target, they are provided incentives.

c. Input Energy Based:

In this model the energy input into the franchisee's area is measured by the utility and the target for collection are based on the percentage of input energy supplied beyond the point of metering in the previous month. Franchisees may be decided for input energy based in 11kv feeders and input energy based on distribution transformers.

d. Energy Purchase and Sale Franchisee:

This model is similar to previous one where the franchisee purchases the energy from the utility at a predetermined rate and sells it to the consumers is fully accountable for the same.

e. Energy Purchase and Sale and O & M Franchisee:

Apart from purchase and sale of electricity, franchisees are responsible for the operation and maintenance of 11kv and LT feeders, which include distribution transformers. O & M expenses

are given to the franchisee either on monthly basis or else adjusted to the energy purchase price. The franchisees are permitted to use the existing infrastructure of the utility with the permission of the state and the state power utilities.

f. Rural Electric Cooperative Societies as Franchisees:

In this model, the Cooperative Societies work as Electric Cooperative Society which own all cooperative assets and is operated by the members of the society. It can be described as a mini distribution utility. Societies are formed through MOA with following key features:

- All households in the area are members of the society.
- The members elect board of director of the society.
- Net profit of the society is shared among the members.
- Cooperatives are distribution licensees.
- Society carries equity from members and debt from the market.
- Society is responsible for the full operation if the licensee.
- Society would purchase the power from state utility or set up its own generation capacity.

g. Electric Cooperative Society Operations Management through Contracting:

The cooperative society in this model gives the management of the society to an external experienced agency on a contract fee with the concurrence of the state and state utility. This would need an appropriate operations contract.

Chapter 6. Status Of Franchisee System Operation in Purulia

A committee consisting of block development officer (BDO), rural cooperative Bank representative and gram panchayat (sarpanch) is authorized to recognize SHG for specific service and also to grade them as grade I and grade II SHG. Grade II being more skilled.

WBSEB approached District Rural Development Cell and District. Central Coop Banks of concern districts to nominate qualified self help groups with required eligibility stipulated by WBSEB authorities. Screening committees have been formed at district level to select the best groups from the nominated groups.

Selected SHG are given basic training in consumer mobilization, meter reading and related book keeping for electricity distribution and then engaged in rural areas as franchisee under RGGVY.

The smallest unit of population settlements (for administrative purposes) in rural west Bengal is called a mouza. Mouza may consist of small villages, tolas, dih. Normally the village electrification is also known as mouza electrification.

SHG are engaged by WBSEB first for a one-year (MOU) contract. In the first phase SHG are required to provide only mobilization of consumers, meter reading and bill distribution, start had been made in many cases during 2006. On satisfactory performance of SHG their contract will be renewed.

After the training program for SHG, WBSEB intends to get the examination conducted through chief electrical inspector /State Govt. licensing board to testify the skills of the SHG members working in electricity distribution as qualified licensed electricity workers.

The engaged self-help group in first and second phase are as under:

TABLE 3

Engaged Self Help Group

No of Blocks	No of Gram Panchayat	No of SHG	No of villages covered under RGGVY	No of Household to be covered for consumer mobilization	No of Existing consumer wherein the SHG have already been engaged	No of Mouzas/ Villages already covered with the engaged SHG	Re
8	34	34	273	27402	9838	203	

Action Plan for Engagement of Self Help Group in third phase

No of Blocks	No of Gram Panchayat to be covered	No of SHG to be engaged	No of villages to be covered under RGGVY	No of Household to be covered for consumer mobilization	Remarks
4	25	25	296	17366	

Chapter 7. Selection Of Sample Village For Survey

The status of electrification in the district of Purulia is as under;

X;Mouza-wise Electrification work in the district as on 10.01.2007

- i. No of inhabited Mouza in the district: : 2456
- ii. No of Mouzas energized: : 1912
- iii. No of virgin Mouzas to be electrified under REDC : 17
- iv. No of virgin Mouzas to be electrified under NHPC: : 414
- v. No of Virgin Mouzas not covered under any scheme : 113

(Proposal sent for inclusion in any scheme)

The Franchisee system in west Bengal has been studied based on the information obtained from WBSEB head quarters (Sr. Manager (P&A), Public Participation Cell, WBSEB, Kolkata). From list of villages provided by PPC, which is with the implementation agency (NHPC), the field survey has been done, of randomly selected villages. Some of the pre-electrified villages were also surveyed. Total twenty-seven villages were surveyed.

Chapter 8. Methodology For Conducting Field Survey

Letter of Award dated Jan 17, 2007 to conduct the study on Franchisee Evaluation of Purulia District West Bengal, was received from Rural Electrification Corporation New Delhi. A letter was issued by REC to Additional Secretary (Public Participation Cell), WBSEB introducing IRADe to conduct the study. Nodal officer was named by the Additional Secretary (PPC), WBSEB to help so as to conduct the study. The TOR of the study is very comprehensive and cover the entire range of the issues connected with the efficient and effective functioning of the franchisee system.

Preparation of Survey Formats:

IRADe team had in-depth discussions with the Manager (P&A)-PPC - WBSEB at WBSEB headquarters, Kolkata. The feedback received on the working of franchisee system in the state provided significant input to conduct the field survey in villages. The evaluation study would depend on the working of the franchisee system in the selected 30 villages. During the survey, various stakeholders connected with the working of the franchisee system were approached. Questionnaire through which the information was obtained during the field survey address the following issues:

- How the franchisee system was introduced in the state and the manner in which these are appointed? Whether competition could be made the basis of selection?
- What kinds of franchisee system are in operation and whether these are operating in this REC/ GOI guideline?
- Experience about performance of the franchisees and franchisee system to bring financial viability in electricity distribution to villages?
- What are the optimal manners of operating in the franchisee system?
- Training and other ways to ensure required skill information in franchisees?
- Socio-economic impact of franchisee system to approach revenue sustainability and financial viability in the village distribution management?

Organization System to Conduct the Study:

Integrate Research and Action for Development (IRADe) is an institution with multidisciplinary teams to conduct research, which can be converted into action. IRADe provides an appropriate platform to conduct this evaluation study.

The study was conducted under overall supervision of the Executive Director (IRADe). The study team shall be provided leadership by a senior advisor having multidisciplinary experience in various components of the power sector, design, engineering, construction, management, policy making and reforms and financing the power sector. A senior advisor is assisting him and two research assistants at the head quarters. The team at the head quarter develops survey questionnaire, detailed methodology, strategy and the blue print to conduct the study at the field level.

During the village survey at the field level, the retired utility experts in distribution guided IRADe staff. The field teams included qualified research assistants and the relevant information was obtained through regular reviews and feedback on the field interactions.

Field Survey in Villages:

Formats have been prepared detailing the information to be obtained on the working and feedback of the franchisee system with respect to:

- Village
- Distribution Network
- Franchises
- Gram Panchayat
- Village Families
- Consumers
- Financial Operations between Utility and Franchisee

During the field visits, the survey formats were discussed with the field groups to finalize the strategy of visiting the villages and reach all intended groups. Field surveys were conducted in the villages by the IRADe teams who visited the villages during February 2007. Interaction

between field groups and headquarter teams were to review the progress of field and to adjust the formats to the limitations on the available information.

Data Assimilation and Conclusions:

Data collected for the states/ districts/ villages was assimilated and the information was systematized. Data was discussed in small groups and brainstorming was conducted to reach the conclusions.

The study has been conducted with a frame of mind that is looking for making the village as a unit for conducting business of electricity distribution through franchisees. Survey was conducted in a friendly atmosphere of mutual trust. Questions posed to the individuals were without prejudice to the performance of an individual or an institution and focused on facts and possibilities of making the franchisee system successful.

Chapter 9. Data And Information On The Surveyed Villages

The village survey was conducted. The interaction was established between SEB executive, BDO, Sabhapati, Gram Panchayat, Franchisees, and consumer. The structure of administration is as follows:

TABLE – 4
Administration Structure

Designations in Government Administration	Panchayat Management.		SEB (Public Participation cell)	Designations in Panchayat Administration
			Additional Secretary (PCC)	
			Sr Manager (P&A), PPC	
District Magistrate	Zila parishad (District Level)		Manager (P&A)/ Nodal Officer	Sabhadhipati
Block development officer	Anchal Panchyat (Block Level)		Station manager	Sabhapati
	Village Panchyat (GP)	SHG		Pradhan
	Mouza			
	Village (Gram)			

The compiled data are in annexure 1.

Chapter 10. Interpretation Of The Field Survey Data

The sample survey of the villages has been conducted mainly to study and analyze the performance of the franchisee system to serve as a sustainable model for the distribution system management. Such a study is being performed in the backdrop of RGGVY scheme being concurrently under implementation.

The data and information obtained during the survey needs to be studied from the following perspective

- i. What kind of a franchisee system is in operation and whether it follows the guidelines of MOP/GOI?
- ii. What is the effectiveness of the franchisee system in terms of:
 - o Improvements in revenue collection
 - o Accesses of more consumers to electricity in villages
 - o Redressal of consumers grievances and ensure reliable supply of electricity

Interpretation of the data /information from the above perspective has to take into account that the grant element of 90% which is Govt. of India is investing in creating electricity infrastructure in the rural India through RGGVY, has to be effectively utilized for common good of rural consumers.

The data obtained during the survey have limitations both from the point of view of comprehensiveness of the survey format, and also due to the kind of information and data, which the respondents could make available. In spite of these limitations the conclusion drawn after analysis of sample survey results are expected to be reasonably reliable.

In Purulia (district) circle of West Bengal it is seen that a number of villages are yet to be electrified and in some of them self help groups (SHG) have been appointed as franchisee. In some of the villages recently electrified, only BPL household have been provided electricity under BPL scheme. Regarding consumer registration, Franchisees have to be further motivated. The field survey indicated that the Franchisee have been doing the job of meter reading as per

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schedule. Regarding distribution of bills, some of the franchisees are yet to collect the bills from group supply office, as they have been recently appointed. The mobilization drive of consumer appears to be low. A consumer has to deposit Rs. 545.00 (Rs. 350.00 as security, Rs 185.00 as service connection charge, and Rs. 10.00 as cost of application) for an APL connection.

Chapter 11. Operation Of Franchisee System

Operation of the Franchisee system includes all such aspects, which are seen to generate capability and confidence in the system in the system. These aspects include type of franchisee & model, method of appointment/transparency in selection, type of agreements, security provisions and operating experience.

When conceiving the RGGVY, GOI desired that the Panchayat institutions would be associated with Franchisees. The copy of the agreement is attached as an annexure - 5

1. Method of Appointment:

Large numbers of Self Help Groups (SHG) have been promoted in West Bengal under the aegis of Panchayat Raj Institutions (PRIs) and the District Rural development Cells (DRDCs). SHG are steered by the policy guidelines of Panchayat and the rural development Dept. of the GOWB. The members of SHG are drawn up to 80% from the BPL families and women. The SHG operate in all areas of economic activities in the villages. One SHG has 10- 20 members and they raise loan from the banks. WBSEB has decided to use the services of SHG duly selected by a screening committee, to operate as franchisee in villages, first to provide services of meter reading and billing. Later SHG would be used as input based franchisees with a distinct Bulk Supply Tariff (BST).

One screening committee has been constituted as per order of the Competent authority in Member, Secretary WBSEB.

- i. Circle Manager, Purulia(D) Circle
- ii. Project Manager, Purulia Re-Project-VII
- iii. The Project Director, District Rural Development Cell, Purulia
- iv. The Manager (P&A), Purulia(D) Circle

This committee selects one best group suitable for one G.P. (Gram Panchayat). One Gram Panchayat may constitute any number of Mouzas ranging from 10-15 Mouzas on an average

under their jurisdiction. However the number of Mouzas may vary in exceptional case depending upon the size of Mouzas, their population and other parameters. One of the criteria is to see that at least 600 nos. of consumers shall be under one SHG. Such that the functional control and financially viability of franchisee is ensured for long term.

Other selection criteria is to ensure that the particular SHG has one or two member having Madhyamic Passed/Higher Education & the SHG is suitably graded(means they are experienced & functioning satisfactorily in other shapes of activities as per past record.)

Thus the selection is based on the nomination from District Authorities. Competitive bidding procedure is not used. The Franchisee (SHG) belong to Panchayat Raj Institutions and meet the REC guidelines.

2. Transparency in selection:

A duly constituted screening committee on the basis of nominations recorded from District Authorities does the selection of SHG as franchisees. The past record of performance of SHG forms important criteria for selection.

For all practical purposes the selection is made in a transparent manner under a predefined methodology. The process of selection is considered transparent.

3. Documentations/Agreement:

The franchisee system through SHG in WBSEB is in the first phase of its implementation. The scope of work of SHG in 1st phase is limited to consumer mobilization, meter reading and bill dispatch.

After observing their performance in 6-12 months, the SHG found capable and trustworthy would be given the job of revenue collection that would be deposited in banks who provide loan to SHG. The bank would send the deposits to station manager WBSEB with enclosed for reference. The agreement form defines:

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- Scope of work
- Functional terms
- Operational issues
- Liabilities
- Termination clauses
- Arbitration, and
- Schedule of command area

Documentation shall under go changes with the introduction of 2nd phase, when revenue collection shall also be entrusted to the SHG.

4. Security Deposit:

The SHG are required to furnish a Bank Guarantee under their command areas, in the first phase of their operations. The amount varied from Rs 180 to Rs 500.00 per month.

In the second phase, when revenue collections would also be entrusted to them, they would be required to provide a Bank Guarantee to secure three months revenue. Most of the franchisees (SHG) working in the first phase in most of the sample villages in Purulia (District) circle, have opened a Bank account for bank Guarantee

5. Operating Experience/Problems:

Handling electrical energy is a job requiring skills. Before entering into the second phase of revenue collections, franchisees need to be familiarized and training to ensure skill formation. The SHG consist of less educated persons and women who need training in Distribution system management.

Unless the SHG find their activities economically viable, it is fraught with the degree of the SHG falling prey to collusive and corrupt practices. Newly electrified villages under RGGVY scheme may not have adequate consumers, estimated by WBSEB to be minimum 600 for economic viability; already electrified villages are given to SHG.

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In the sample villages surveyed it is found that the SHG are operative on an average in five to six villages/ SHG and the average number of consumers handled by each SHG is about 435 consumers. Quality of power supply has been reported to be satisfactory in 75% of these villages.

Chapter 12. Skill formation and Training Needs of Franchisee

To expand the scope of service of SHG to include 'revenue collection' and 'provide minor Operation & Maintenance to the Distribution network'; WBSEB have undertaken a training/capacity building programme for SHG. One Thousand SHG are targeted to be trained by Dec. 2006, Four (4) weeks of residential training plus two (2) weeks of on the job training is planned to be imparted.

To ensure that SHG could operate in an effective manner after entering the second phase of revenue collection, WBSEB will organize extensive four weeks training in class room, and for two weeks, on job for 3 persons in each SHG operating in Puruliya. Advanced training is needed before they could undertake the work, in first and second phase.

WBSEB has provided a budget of RS 1.73 crores for training 3 persons in each SHG throughout West Bengal. One hundred SHG were targeted to be trained. West Bengal is progressing in introducing franchisees through SHG. They are organizing training. They are likely to implement input based franchisee system in FY 2007-08 as per Model 'B' of REC guidelines.

Capacity building and skill development of the SHG members are important issues. Unless capacity building and skill formation are done properly, there are risk of of accidental hazards and associated litigations. The executives of the SEB felt that the success of the SHG depends upon their social skill and their standing in the village, and their capacity to undertake responsibility associated with assigned work. Existing Capacity building exercise should include training on team building, organization building, communitization methods, their role in socio-economic development of village, motivation to register APL and BPL consumers, and management and administration associated with their job. Some SHG members felt that, the communication between members is a problem. The SHG for electricity have women members in majority. The women having education till class X and above were well aware of distribution network in the village. The RGGVY concept envisages that the responsibility of maintenance of distribution network should be undertaken by SHG franchisee. The aspect of participant for technical training should be carefully reviewed, under electricity act of government of India.

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WBSEB has designed a six-week residential training for three members from each SHG group. There they will be taught Basics of electricity, House-wiring, House service connection, Meter installation and meter reading for spot billing, LT overhead line, transformers, safety, environment and hands on training. The trained persons of SHG should be encouraged to train more persons of their gram panchayat. The SEB should study mode of awarding license issue to these trained personnel.

Chapter 13. Sustainable Franchisee System

The project division has provided the cost breakup of various activities for village electrification as under:

TABLE 5
Cost Sheet of of Network Activity

1.	11 KV overhead PCC pole 8 meter long with 30mm sq ACSR cable – on plain land	Rs 1,51,000/-
2.	LT line 3 phase all aluminum conductor with PCC pole 8 m long	Rs. 2,50,000/-
3	33 Kv line with rail pole ACSR conductor	Rs 4,00,000/-
3a	33 Kv line with PCC pole, 8 meter long ACSR conductor	Rs 2,50,000/-
4.	Distribution substation 16KVA	Rs. 80,000/-
5	Distribution substation 25KVA	Rs. 80,000/-
6	Distribution substation 63KVA	Rs. 1,05,000/-
7	Distribution substation 100KVA	Rs. 1,85,000/-
8	Substation on PCC pole spread out type 2*6.3 KVA	Rs 2,00,00,000/-
9	Substation on PCC pole spread out type 2* 3.15 KVA	Rs 1,60,00,000/-
10	Substation on PCC pole Box type 2*6.3 KVA	

The cost of electrification of a village is assumed to be minimum of Rs 5,00,000/-, considering average of 1 Km of 11KV HT line and 1Km of LT line and 1 distribution transformer of 25KVA, and neglecting average cost of 33 KV HT line and 132/33 KV and 33/11 KV substation. The revenue of village was not available. The average revenue generation for

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consumers in the Barabazar Block was Rs 100.00 per month (Refer Annexure 3). Thus the issue of sustainability of the utility needs further improvement with higher revenue generation. In another analysis of data (Annexure 4) of Jan, 2007 for Purulia district as a whole the analysis showed:

Revenue Generation per unit in Domestic Sector --	Rs 62.40
Revenue Generation per unit in Commercial Sector --	Rs 115.00
Revenue Generation per unit in Industrial Sector --	Rs 764.00
Revenue Generation per unit in Agricultural Sector --	Rs 1072.00

From the data given above, it appears that, to resolve sustainable issue, due importance must be given to agricultural and industrial sector. To ensure sustainability of the franchisee it is assumed that each member of the Franchisee should earn a minimum of Rupees one thousand from their work. Each Franchisee must earn rupees twelve thousand per month or rupees thirty six thousand quarterly. The tariff structure for electricity supply:

TABLE – 6
Billing rates

Quarterly Consumption Rate					
Domestic Rural		Commercial Rural		Commercial PU	
Units	Rate P/Kwh	Units	Rate P/Kwh	Units	Rate P/Kwh
First 75	209	First 180	287	On All	265
Next 105	232	Next 120	397		
Next 120	284	Next 150	422		
Next 600	325	Next 450	462		
Next 450	559	Next 450	547		
Above 1350	577	Above 1350	547		

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Minimum	Rs. 20.00		Rs. 60.00		Rs. 60.00

Meter rent per month for single phase for Domestic Connection is Rs 9.00

Meter rent per month for three phases for Domestic Connection is Rs 27.00

Meter rent per month for single phase for Commercial Connection is Rs 20.00

Meter rent per month for three phases for Commercial Connection is Rs 100.00

Rebate for timely payment is 2% of the amount of the bill excluding taxes, duties levies and arrears.

The SEB has specified a charge of Rupees twenty five only for electricity consumption of 23 units for BPL connection under Kutir Jyoti scheme. If his consumption crosses 23 units, he has to pay as per APL rates.

Tariff Structure for Industrial and Agricultural Purposes:

Monthly Consumption & rate			Electricity Duty		
Rs	Units	Rate P/Kwh	Units	Rate P/Kwh	
10.00	First 500	280	Upto 500	Nil	
per HP	Next 1500	390	501 - 2000	2.5%	
per month	Next 1500	410	2001 - 3500	7.5%	
plus	Above 3500	410	Above 3500	12.5%	

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Minimum Charges is Rs 120/- per month for industrial consumer.

Meter rent per month for one 3 phase or three single phase for Industrial purpose for induction type is Rs 45.00

Meter rent per month for one 3 phase or three single phase for Industrial purpose for electronic type is Rs 400.00

Meter rent per month for one 3 phase or three single phase for Agricultural purpose is Rs 22.00

The question of revenue sustainability can not be specified for SHG when they are being used only to provide some services and new to the job. The first invoice of some franchisee was less than rupees thousand only. At the stage only, individuals for services provided can make the earnings. The question of revenue sustainability will arise at second phase of SHG services when input based second phase of SHG services when 'input based franchisees (SHG)' are in place.

If the way WBSEB has planned the introduction of 'input based franchisee system for SHG' would be finally implemented; i.e. keeping the size of consumers for one SHG as a criteria; it has good chances of becoming financially to be allowed and the commission to be paid to franchisee seem to be rationally derived by WBSEB. However the economic condition of domestic consumers and their capability impact on financial viability of franchisee operations.

The revenue supply is required to be paid by the state to the utility on account of the electricity supplied at subsidized rates to any category of consumers in the villages. This is a stipulation in the RGGVY scheme. The manner in which this subsidy has to be calculated also needs to be analyzed by the utilities and franchisees, to make the village electrification sustainable.

Chapter 14. Franchisee Data

Model and Type of Franchisee system used:

The Franchisee selections have been guided by self-help group concept. The Franchisee system can be termed as Users Association at the micro-management system of the Panchayat Area.

Improvement due to Franchisee system:

It is premature to evaluate the improvement. Some of the franchisee was conducting their assigned task for the first time.

Chapter 15. Comments on the Success of Franchisee System in the State

The consumers surveyed maintained that the Franchisee member do their job of meter reading. From their engagement date it, appears they have taken meter reading for village electrified under RGGVY only once and twice for pre-electrified villages. Two of the franchisee have-not received compensation for the first time.

Chapter 16. Electricity Market in the Village and Strength of the Franchisee System

The Purulia district is predominantly a rural district. The district has potential to develop economically. The electrical power can drive the economic growth of the region. The people of the area should be encouraged to use electricity for lighting; thereby they can save in cost of Kerosene. There is potential for registering half of rural population to electrical lighting.

The local people depend upon agriculture as their source of earning. The agriculture produce of the district can increase be increased with judicious use of fertilizer, supporting irrigation facility, and use of high yield variety seeds. The electrical power can boost the irrigation potential of the district. The use of electrical pump set is low.

There is scope of agro-based industry. The cold storage unit can be commissioned. There is potential for small-scale industry. Handicraft of Purulia is quite popular, and the same can be encouraged with the electrical power. The district has good forest cover; wood based products industry can be developed. The local agriculturist can use electrical rice husking machine, stone crusher etc. The franchisees have fruitful opportunities for use of electricity for small-scale industry. If these enterprise, they can make good amount of money.

The franchisee members had previous experience of working in SHG. Thus they have experience of interacting with Banks, and doing small business. It is only matter of taking quantum jump in their approach to working.

Chapter 17. Suggested Alternatives to Franchisee System

It is not prudent to suggest an alternative to the Franchisee System. WBSEB started mulling engagement of Franchisee long before the mandate of REC was issued through its circular No.44/19/2004-D (RE) dated 18th march 2005. The SHG concepts had/ have been in force in other social activities like agriculture, Fisheries also. WBSEB consulted key stakeholder decided in its meeting held on 16th September 2004 to engage SHG as Franchisee.

The SHG system for electricity network in Purulia (West Bengal) is only few months old, should be further strengthened, by the capacity building of the SHG members. The executives of the SEB felt that the success of the SHG depends upon their social skill and their standing in the village, and their capacity to undertake responsibility associated with assigned work. Existing Capacity building exercise should include training on team building, organization building, communitization methods, their role in socio-economic development of village, motivation to register APL and BPL consumers, and management and administration associated with their job. Some SHG members felt that, the communication between members is a problem, due unavailability of telephone. The SHG for electricity have women members in majority. The women having education till class X and above were well aware of distribution network in the village. The RGGVY concept envisages that the responsibility of maintenance of distribution network should be undertaken by SHG franchisee. The aspect of participant for technical training should be carefully reviewed, so that fit person gets the training.

Some of the observed limitations in the villages are absence of transport and communication facility. The SHG leaders have to make frequent visit to block electricity supply office. There were common complaints about telephonic network failure, precluding any reporting of line failure to electricity office at the block level. The SHG members appeared happy about the job, and were enquiring about procedure to enhance the compensation amount.

To SHG should participate in development of village, in collaboration with the Gram Panchayat and other SHG in their area. In cooperation with other SHG of different area, they can workout economic opportunities for socio-economic development of Panchayat area. Their need is more

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concepts and support from government. There is good scope of development in handicraft Industry, food-processing units etc. And the members should look beyond their Mouzas.

There were complaints about maintenance of the supply network, and manpower allocated for the job. The height of electronic meter may review, to suit women meter reader considering other safety aspect.

The SHG do not have their office in the village. They work from the home of the chairman or in any other members' house. They should be provided with a room in Gram panchyat office of the village.

The SEB is developing electricity infrastructure villages, at a rapid rate (Though they are behind schedule vide their commitment). The Franchisee must act to register more consumers, take up case for electrification of other nearby villages in the jurisdiction of their GP.

Chapter 18. Compensation Structure

In the first phase the Franchisee will take up the task of Consumer Mobilization, Consumer meter reading, and bill dispatch. For these tasks his compensation structure will be as follows:

- i. Consumer mobilization: For this task he will be paid one time commission for mobilizing consumers for electricity utility. The quantum of commission is @ Rs 30/- for APL consumer and RS 20/- for BPL consumer. If a Franchisee can mobilize 80% of house-hold of a particular village, and total number of consumer is not less than 50, they will be given a reward of Rs 500/ for each such villages for each group of 50 consumers.
- ii. Meter reading Franchisee: the Franchisee will be responsible for taking meter reading on quarterly basis and record the data on both the blue and yellow card, and submit the record of the reading to the respective Group Electricity supply office timely (The Franchisee also updates the record at the office in time). The rate for the work is provided in chart below;

TABLE – 7

Compensation rate for Meter Reading

100 consumers and below	Rs. 3.00
101 – 200 consumers	Rs. 2.75
201 – 300 consumers	Rs. 2.50
301 – 400 consumers	Rs. 2.25
400 and above consumers	Rs. 2.00

- iii. Bill Dispatch: He will collect the printed bill from the Group Electricity supply office and distribute those to respective consumers at least three days before the due date. They would get Rs 2.00 for dispatch to each individual.

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For their services, Franchisee submits bill for compensation to Group Electricity supply office. The payment is made after necessary check-up. It appears, the Franchisees faced problem during first bill collection. For future, bill submission process should also be included in capacity building process.

Conclusions:

The franchisee system developed by WBSEB in West Bengal is being implemented under the REC guidelines through Panchayat. They have accepted, existing Self Help Group model under the Swarnajayanti Gram Swarajgar Yojna, drawing eighty percent members from the families living under BPL and women, conceived to give employment to weaker sections and women.

The Franchisee system is operating in the first phase through SHG, which follows partially stage one of REC guidelines. They SEB have taken more cautious steps to progress on input based franchisee system (through SHG). They will implement stage one of proposed model of Revenue collection franchisee after training the SHG for that purpose. Development work is now in progress in West Bengal.

Intensification of rural electrification and creation of rural electricity Infrastructure in village is in progress in virgin mouzas.

Commercial viability of the input based franchisee system is a necessity for effective growth of franchisee system. It would be worth considering the increase in area of operation of franchisees to make them commercially viable. For commercial viability they have to generate consumers for domestic, commercial, Agriculture and irrigation, and industrial sector. The industrial consumers will be managed by the State utility. The domestic consumers can increase significantly, if they realize use of electricity for lighting is cheaper and better than use of Kerosene (Some villagers indicated, that they have to buy at black market rates.).

It would be desirable to prevent urban rural divide by extending the role of franchisees.

To protect the interest of utilities in extending their operations to unviable rural areas, as well as to protect the interest of widely dispersed rural population; it would be desirable to work out realistic models of calculating cash subsidies which is transferred from REC to the utilities, ultimately tariff structure in rural area.

The franchisee members have previous experience of working in SHG. They have experience of interacting with Banks (taking loan and making repayment), doing small business. It is only matter of taking quantum jump in their approach to working. Their main problem is market structure, where they have to sell their quality agro product, at low price. The area has decent transport infrastructure. It can be safely assumed, that development of electrical infrastructure will boost rural economy with proper support from the market.

Photo Gallery



Meter installed in BPL House-hold

Distribution Transformer



Panchayat Office Herbona

Residence of Franchisee leader Temporary Office