



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Indian Companies Act, 1956)

Vydyuthi Bhavanam, Pattom Thiruvananthapuram 695 004

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CIN : U40100KL2011SGC027424

ABSTRACT

One Time Settlement Scheme (OTS-2025) – Implementation in KSEBL– Sanction accorded – Orders issued.

CORPORATE OFFICE (Commercial & Tariff)

B.O(FTD) No. 210/2025(TRAC/GL/OTS-2025/24-25/) Dated Thiruvananthapuram 30.04.2025

- Read: 1. Note No. KSEBL/DIR/DIST/850/2024-AEE1 dated 30.06.2024 of Director (D&SCM)
2. Kerala Electricity Supply (Fifth Amendment) Code, 2024
 3. Note No. KSEB/ TRAC/GL/OTS-2025/24-25/45 dated 12.03.2025 of the Deputy Chief Engineer (TRAC) in charge of Chief Engineer (Commercial & Tariff)(Agenda Item No 04/94/04/25)
 4. Minutes of meeting of the Full Time Directors held on 24.04.2025 vide resolution 04/94/04/25

ORDER

As per the amended Regulation 136(5) of the Kerala Electricity Supply Code, 2014, the licensee is authorized to formulate a scheme for the one-time settlement of long-pending arrears and implement the same with intimation to the Hon'ble Commission. The regulation also stipulates that such schemes should be open only for a short duration. Previously, prior approval of the Hon'ble Commission was required for implementing the above scheme. However, the amended regulation allows the licensee to implement such schemes with mere intimation to the Commission.

The last One Time Settlement (OTS) scheme was implemented in KSEBL with the prior approval of KSERC from July 2023 to December 2023 and later extended up to 31.03.2024 with Commission approval. Under this scheme, KSEBL successfully collected Rs 41.46 Cr (Rs 30.58Cr as principal and Rs 10.88Cr as interest).

Considering the fact that an effective implementation of OTS scheme can restrict the accumulation of arrears to a great extent, the Deputy Chief Engineer (TRAC) in charge of Chief Engineer (Commercial & Tariff) as per note read as 3rd above has recommended for

implementing the OTS – 2025 scheme, and had suggested various measures for implementing the same.

The Full Time Directors in its meeting held on 24.04.2025 observed that although the OTS scheme has been introduced multiple times, the low collection percentage indicates limited attractiveness of the scheme. It was also noted that KSEBL is borrowing funds from banks to address working capital shortages, while significant amounts and man power are been spent on legal proceedings - yet arrears continue to the rise. FTD emphasized that offering attractive terms for arrear collection can help reduce these expenditures. Furthermore, it was noted that frequently introducing OTS schemes is not advisable.

In light of the above, the Full Time Directors, decided to introduce the OTS scheme with some modifications and passed the following resolutions.

- a. Resolved to implement the new OTS - 2025 scheme in KSEBL from 01.05.2025 to 31.07.2025 with the following modifications.

1. The interest rates will be as follows

1	Age of Arrear above 10 year	Nil
2	Age of Arrears between 5 year to 10 year	4%
3	Dues above 2 year and below 5 year	6%

2. A rebate to 5% on principal will be given if the entire principal and total reduced interest is remitted in one lump,
3. This OTS facility is the last chance for settling old outstanding arrears.

- b. Further resolved to approve the terms and conditions and the guidelines for settling cases under OTS - 2025 scheme attached as Annexure.
- c. Further resolved to entrust the Deputy Chief Engineer (TRAC) in charge of Chief Engineer (Commercial & Tariff) to intimate the above scheme to the Hon'ble KSERC in compliance to Regulation 136(5) of the amended Supply Code 2024 and also to report the final collection details after the scheme.
- d. Further resolved to designate the Accounts Officer, Arrear Clearance Cell, O/o the Chief Internal Auditor as the nodal officer of the OTS - 2025 scheme.

- e. Further resolved to entrust the Nodal Officer with the task of monitoring the progress of OTS-2025 on a monthly basis and to report the same before the Full Time Directors and also collect the entire details after the completion of the scheme within one month and submit the same to the office of the TRAC for reporting it to the Hon'ble Commission.
- f. Further resolved to entrust the Public Relations Officer to give wide publicity of the above OTS-2025 scheme through print, audio, visual media, KSEBL website and to display the same in all offices of SBU-Distribution. Budget provision of Rs.2 Crores is earmarked for advertisements.
- g. Further resolved to authorize the Chief Engineer (IT, CR & CAPs) to make the desired modifications in the Orumanet software for smooth implementation of the OTS-2025 scheme and also for getting the collection details and reports from the software.
- h. Further resolved to authorize the TA to the Director (Distribution & SCM) to formulate a methodology for providing incentive/appreciation to the field offices and the SOR office based on the achievement made by these offices for recovery of arrears.
- i. Further resolved to hereby entrust the Senior Superintendent of the Electrical Sections and the Special Officer (Revenue) to intensify the RR proceedings to attract more consumers to settle old dues under OTS scheme. The disconnection procedures shall be strictly enforced to avoid chances of arrear accumulation.

Orders are issued accordingly

By Order of Full Time Directors

Sd/-
LEKHA G
Company Secretary

To

The Chief Engineer (IT, CR & CAPs)
The Deputy Chief Engineer (TRAC) i/c of Chief Engineer (Commercial & Tariff)
The Chief Engineer Distribution (North/ North Malabar/Central/ South)
The Financial Advisor
Special Officer (Revenue)
The Chief Internal Auditor/ Company Secretary
The Public Relations Officer

All Deputy Chief Engineers (Distribution)
The Deputy Chief Engineer (TRAC)
All Executive Engineers (Distribution)
All Regional Audit Officers

Copy to:

T.A to (Chairman & Managing Director),
T.A to Director (Distribution & SCM)
T.A to Director (Transmission & System Operation)
T.A to Director (Generation Civil),
T.A to Director (Gen Electrical, REES & SOURA)
T.A to Director (Gen- Civil)
T.A to Director (HRM, Sports, Welfare, Safety & Quality Assurance),
PA to Director (Finance)/ Sr. CA to Secretary (Admn.)
CA to CVO, KSEB,
Fair Copy Superintendent / Library.

Forwarded by order



Assistant Executive Engineer

One Time Settlement Scheme (OTS-2025)

A. Terms & Conditions

1. Eligibility

Consumers with arrears for more than two years will be eligible to apply for One-time-settlement scheme-2025. ie; arrear resulted from demand raised prior 01.05.2023. The actual date in which the amount becomes originally due will be taken for assessing eligibility. The scheme will also be open to those cases where RR action has been initiated and those pending before courts. However, theft cases booked under section 135 of Electricity Act 2003 will not be considered under this scheme.

2. Period of the scheme:

The scheme shall be open from 01.05.2025 to 31.07.2025.

3. Time schedule of the scheme

01.05.2025 - Intimating consumer about the scheme.

12.05.2025 - Acceptance of application.

12.05.2025 - Commencement of issue of demand notice

26.07.2025 - Last date of accepting application form

31.07.2025 - Last date to issue of demand notice and remittance of first installment by the consumer

4. The Scheme:

The Consumer will be eligible to get reduced rate in interest as per the scheme. The Interest can be remitted in six months time with equal instalments. The consumer has the option to remit the principal portion of the arrear in lump sum along with first instalment of interest, or avail the instalment facility with interest as per the Clause-7 of the Terms and Conditions of OTS 2025.

5. Interest Rates :

(1) Age of arrears above 10 years- Nil

(2) Age of arrears between 5 years to 10 years- 4%

(3) Age of arrears above 2 years and below 5 years- 6%

For arrears of continuous nature, the entire arrear will be split age wise and the applicable rate of interest will be applied. ie; No interest rate for arrears above 10 years, 4% interest on arrears between 5 to 10 years, and 6% for arrears between 2 to 5 years.

No further interest will be levied for payment of interest portion in installment upto six months.

6. **Full settlement option/Revocation:**
Consumer may also remit the entire principal amount and total reduced interest in one lump sum. In such cases, a rebate of 5% on principal amount would be granted. If a consumer defaults in the payment of any instalment (in principal or interest), the benefit of the reduced interest rate under the OTS scheme shall stand revoked. In such cases, the outstanding amount will attract the applicable interest rate as per the rules in force and benefits given to the consumer as per the OTS -2025 scheme will be forfeited.
7. **Installment on principal amount**
The consumers with arrears have the option to remit the principal amount in one lumpsum along with the first instalment of the interest, or can avail upto 12 instalment facility for remitting the principal amount with simple interest rate of 11.00%. The interest amount on principal amount during the instalment period is over and above the interest under OTS-2025. The sanctioning authority of the OTS is the sanctioning authority for providing installment facility under the OTS scheme. ie; the Electrical Circle Deputy Chief Engineer for LT cases and FTD in the case of EHT/HT cases.
8. **Dismantled connections :**
The MD charges /fixed charges demanded will be limited to six months after disconnection. No charges will be levied after the date of dismantling or six months after disconnection whichever is earlier. Fresh application for new connection will have to be submitted for reconnection of services in dismantled cases.
9. **Industrial units/Plantations with different spells of closure (intermittent period of closure):**
The MD charges /fixed charges will be limited to six months from the date of disconnection in each spell of closure.
10. **Reduction in MD for Demand based billing consumer during period of closure**
"In the case of EHT/HT/LT consumers having demand based billing, there are instances where the closed down unit/shop will have only a nominal consumption for a considerable period. Even under such conditions, the monthly billing demand will be 75% of contract demand. Several such demands may have ended up in litigations and may be remaining unrealized. In such cases, the outstanding demand of the consumer can be settled as per the item 5 of the "B. Guidelines for settling arrears under OTS 2025".
11. **Revenue Recovery action cases:**
The surcharge and the Demand notice charges with respect to the revenue department will have to be remitted by the consumer additionally when RR action is initiated by KSEBL.

12. Arrears under litigation :

“Arrears under litigation can also be settled under OTS-2025. KSEB Ltd shall assess the interest and principal payable under OTS-2025, the net savings if the scheme is availed etc to all consumers having arrears of age more than two years held up in court cases, to each consumers within one month from the date of this Order.

The consumers having arrears of more than two years of age held up in court cases shall withdraw the case before commencement of first instalment under OTS 2025.”

13. Receipt and processing of Application for settlement :

Application from LT consumers will be accepted in respective Electrical Section Office and forwarded to Deputy Chief Engineers of electrical circle for settlement. Deputy Chief Engineers of all Electrical Circles will be authorized to settle arrears of LT consumers without limit. Applications from HT & EHT consumers will be accepted by SOR. Those cases will be put up before FTD.

14. Publicity:

The Public Relations Officer, KSEBL and Deputy Chief Engineers of Electrical Circles shall give wide publicity about the scheme in local newspapers, cable TV, FM radios etc; periodically till end of the scheme. The Senior Superintendent at Electrical Section Office and Special Officer (Revenue) at Corporate Level will be responsible for informing consumers with arrears about the scheme. Intimation shall be given to all such consumers clearly indicating the savings the consumer would get by opting the scheme. The Accounts Officer (Arrear Clearance Cell), O/o CIA shall intimate the details of the scheme directly to heads of all Government departments, PSUs, Government institutions and local bodies.

B. Guidelines for settling arrears under OTS 2025

General:

The alarming accumulation of pending arrears has been a constant cause of concern for KSEB Ltd. A substantial share of such arrears is being held up in litigation before various Courts. This in turn precipitates huge revenue arrears in Board's accounts, which includes amounts that may be practically unrecoverable by any lawful means. The OTS schemes implemented previously has been quiet effective as large no of arrears pending has been realized. In order to collect the maximum amount of arrears held up in litigation and other issues, the Board is introducing a new scheme named as OTS -2025. The present scheme covers all arrears which are more than two years but specifically **excludes theft cases booked under Section 135 of the Electricity Act 2003.**

As the judicial processes involved in resolving disputes are time consuming affairs and as the parties are at liberty to go for appeals, such disputes would be shuttling back and forth by way of appeals, remissions, de-novo disposals etc., and the Board would remain deprived of a fair share of its revenue by way of the predicament. Taking a serious view

of the matter, the Board has decided to issue the following guidelines which is almost in line with the earlier guideline issued for OTS -2023.

1. **LITIGATIONS PERTAINING TO ASSESSMENTS MADE IN METER FAULTY CASES**

Probable situations and positions : Back assessments for meter faulty cases are being affected in several cases, pursuant to RAO audit/AG audit. In majority of such cases, assessments are issued for several months without any uniformity. In this context it is worth mentioning the fact that the licensee KSEBL is bound to issue such assessments under Regulations 125 of the Kerala Electricity Supply Code, 2014 only. If the consumer was already issued with monthly/bi-monthly bills for average consumption, then the Board is not empowered to issue revised short assessments after taking into consideration the average consumption after the meter is replaced. This position has been clarified by the Kerala State Electricity Regulatory Commission vide clarification letter dated 30.05.2017 wherein it is clearly stated that "*there is no provision for re-assessment of current charges for the meter faulty period by taking an average of subsequent meter reading, after realizing the electricity charges on the basis of average consumption of the past three billing cycles*". Moreover, as per Section 55(1) of the Electricity Act, 2003 "*No licensee shall supply electricity, after the expiry of two years from the appointed date, except through installation of a correct meter in accordance with the regulations to be made in this behalf by the Authority*".

General guideline for settlement : Back assessments for periods of meter fault, where regular bills were issued on average consumption is unlawful and is liable to be withdrawn. Hence litigations in such issues can be closed by withdrawing such demands.

2. **DISPUTES PERTAINING TO MINIMUM GUARANTEE**

Probable situations and positions: The concept of Minimum Guarantee is no longer in existence and there are certain isolated instances of disputes pertaining to the same subject matter which had its genesis based on the previous regulations. Many of such demands are presently tied up in litigations. Most of such installations might have already become self remunerative with a few exceptions.

General guideline for settlement: In cases where the installations have become self remunerative, demands already issued can be revoked. The benefit of reduced interest rate for age wise category as per the OTS-2025 scheme can invariably be extended to the consumers in such cases.

3. DISPUTES REGARDING UNCONNECTED MINIMUM (UCM)

Probable situations and positions: Unconnected Minimum is the offshoot of the erstwhile regulation and there are a few disputes/ litigations still pending on it. By placing reliance upon whether the infrastructure has become self remunerative bills already issued can be withdrawn, recording genuine and convincing reasons. Whereas, if the infrastructure is being erected for the sole purpose of the party in dispute and if the same is still remaining unutilised, the party is legally bound to remit the said amount.

General guideline for settlement: In cases where the installations have become self remunerative, demands already issued can be revoked. Reduction in interest shall be considered at the interest rates as per the OTS-2025 scheme.

4. DISPUTES CONNECTED WITH WRONG APPLICATION OF MULTIPLICATION FACTOR

Probable situations and positions: Instances of detection of wrong application of multiplication factor at a later date and its consequential back assessment has led to several legal wrangles. In such cases the licensee is well within the legal frame work to back assess the consumer notwithstanding the time span.

General guideline for settling: Reduction in interest rate based on age wise category as per the OTS-2025 scheme and suitable instalments can be considered in genuine cases.

5. REDUCTION IN MAXIMUM DEMAND (MD) FOR DEMAND BASED BILLING CONSUMER DURING PERIOD OF CLOSURE

In the case of EHT/HT/LT Industrial consumers having demand based billing, there are instances where there will be nominal consumption for a considerable period due to closed down. Even under such conditions, the monthly billing demand will be 75% of contract demand. Several such demands may have ended up in litigations and may be remaining unrealized. In such cases, the outstanding demand of the consumer can be settled as per the above OTS scheme as detailed below;

- i. The consumer with monthly consumption less than 25% of the average monthly consumption of closed down unit immediately preceding year can be considered for reduction in MD.
- ii. For availing this facility, the minimum period of reduced consumption shall be six consecutive months in each spell.
- iii. The maximum demand charges on satisfying the above conditions may be decided as charges applicable for 10% of the contract demand or recorded maximum demand whichever is higher.

6. **RECONNECTION OF SUPPLY ON PART PAYMENTS**

A dismantled consumer may be given a new connection to his premises only after settlement of entire dues and no new connection shall be given to the premises on remittance of part payment of the arrears .

7. **BILLS ISSUED UNDER SECTION 126 OF ELECTRICITY ACT, 2003**

The bills issued under section 126 and 127 of Electricity Act, 2003 (excluding theft cases booked under section 135 of the Act) can be settled under OTS-2025 scheme. If the bills issued under the above sections are disputed at any legal forums then the consumer may withdraw the case before settling it under OTS-2025 scheme. However, **no relaxation shall be given for the assessed amount under section 126(6) / appeal finalized amount**, except installment facilities for remitting the assessed amount in deserving cases.

8. **SETTLEMENT OF ARREARS UNDER LITIGATION**

The arrears pending at various legal forums are allowed to be settled based on the copy of the affidavit submitted by the consumer at Court for withdrawal of case or based on the joint submission given at Court by KSEBL and the consumer for withdrawal of case. In such cases the consumer can remit the OTS amount subject to the condition that the benefit of the OTS will be confirmed only after producing the Court order sanctioning withdrawal of case within 6 months from the date of filing application for withdrawal of case.

Sd/-

**Deputy Chief Engineer (TRAC)
In Charge of Chief Engineer (Commercial & Tariff)**