



TATA POWER DELHI DISTRIBUTION LIMITED

TPDDL GIVES SLUM DWELLERS A NEW LEASE ON LIFE THROUGH ITS CSR INITIATIVE

OVERVIEW

Electricity suppliers have low revenue expectations in slum areas due to various risk associated social and economic conditions. The Aggregate Technical and Commercial (AT&C) losses in India have been accelerating at an alarming rate. In 2012 alone, the AT&C losses amounted to over ₹10,000 cr (USD 2.02 Billion) in slum areas. Aggregate Technical and Commercial losses occur for several reasons, the prime problems being metering inefficiency, incorrect energy accounting, improper auditing, thefts and pilferages. To curb this significant AT&C loss, Tata Power Delhi Distribution Limited (TPDDL) decided to focus on an exclusive segment of classified slum consumers called the Special Consumer Group (SCG).

In this case, the SCG was created to take a holistic approach on improving the socio-economic conditions the slum dwellers were accustomed to. Here, the SCG consisted of residents living in the JJ cluster of slums. As part of their efforts, TPDDL realised that it was not going to be enough to just encourage the slum dwellers to pay for services received, but they were going to have to be made aware of larger issues like education, healthcare and employment to better understand the problem. They also had to instil the desire to legally pay for electricity, in the minds of the slum dwellers. To inculcate this, TPDDL conducted many corporate sustainability activities like making available free medical facilities, accidental insurance schemes, drug de-addiction camps, and training women in vocational courses to enhance household income and provide scholarships to children. The initiative also aimed to create entrepreneurship through metering and bill collection in the JJ clusters with a clear focus on underprivileged communities.

This remarkable initiative has given rise to a situation where both, suppliers of utilities and the residents of the JJ cluster, have benefitted.

THE BIG IDEA

The rampant theft of electricity occurs primarily through energy being illegally harnessed from open networks, amounting to huge AT&C losses. It is because of this that, as per the last Shunglu Committee Report, India clocked in one of the highest levels of AT&C losses of ₹72,000 cr (USD 14.56 Billion) with ₹10,000 cr (USD 2.02 Billion) occurring in slum clusters. Out of the more than 200 slums that fall under TPDDL's area of supply, a survey conducted by the McKinsey group indicated that major losses occurred due to illegal harvesting of energy. In 2009, after reducing TPDDL losses from 53% to 15%, the company still faced challenges in slum areas (Special Consumer Group) where theft was still at 68%. This section comprises of 80% under privileged section of society, and high theft is primarily on account of need and lack of resources to pay, and therefore, there still seemed to be no sustainable solution to this persistent problem.

To narrow in their focus, TPDDL looked to the JJ cluster as its Special Consumer Group because 80% of its members consisted of an underprivileged population, lacking in the resources to avail the facility of an electric connection. To better understand the underlying issues this faction of the community faced, it was important for TPDDL to clearly

CASE STUDY

YEAR OF IMPLEMENTATION: 2012

INNOVATION IN A NUTSHELL

An initiative to facilitate the availability of paid and legally harvested electricity that is affordable to slum dwellers.

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understand the group's socio-economic issues before they could bring about a significant change in their behaviour. Therefore, TPDDL conducted a survey through Koreth Consultancy, and the results demonstrated that the issues TPDDL needed to focus on to affect positive change within their SCG were education, health care and provision of job opportunities.

Once, all the research and consumer psyche understanding were in place, a plan to make power usage affordable was commenced. While a regular consumer would be charged ₹4,200 for an electricity connection, TPDDL developed a plan to instil an inherent desire of paying for a legitimate electricity connection within its SCG through some special provisions. The plan they offered the JJ cluster was one that gave the residents a same-day connection at a nominal cost of just ₹350, followed by monthly charges of ₹ 50 for the next 24 months.

TPDDL set various payment structures in place to minimize the possibility of any outstanding dues. Accidental Insurance Cover of ₹1 lac was provided, and instant billing for delivery was also made available. Further, the franchisees to JJ cluster locals and SC/ST entrepreneurs were given a preference based on the Collection Efficiency and AT&C models.

To encourage the progress of affordable and paid-for electricity, other perks like tutorial classes for students in Class 6 and 7, vocational training programmes in trades like plumbing and electrification, scholarships for students from government schools to eliminate the rate of drop outs and functional literacy for women in the slums were provided. Creating franchisees run by the local leaders called "Pradhan" to monitor the usage of electricity and keeping a track of bill payments ensured that TPDDL as well as the residents of the JJ cluster were at an advantage.



CHALLENGES

For an initiative of this magnitude, it was essential to gain the support of all administrative divisions of the country. Apart from creating a sustainable model, the need to modify a few formalities was a prerequisite. In order to facilitate this initiative and encourage SCG members to invest in legitimate sources of energy, the team at Tata Power Delhi Distribution Limited partnered with the government of Delhi to request a waiver of all the credit that the slum dwellers owed the government prior to May 2008.

Due to the resident settlements being makeshift in nature, they had no proper Proof of Resident documentation like an MLA letter, consumer Indexing/tagging and linking with GIS. This made the assigning of legally harvested energy for electricity a major concern because strict commercial formalities had to be relaxed.

IMPACT

Along with improved conditions of living for 6 lac residents (i.e. 1.4 lac families) in the JJ cluster, the initiative has generated a flow of funds amounting to ₹ 2,16 cr (USD 43.7 Million) starting 2009. Over 1 lac legal connections to obtain energy and a straight 90% rise for collection of payments, against a mere 30% in 2009 was one of the significant effects of this endeavour. The amount of energy required to power the initiative toned down to 160 MUs due to smart usage and brought down AT&C losses at TPDDL level by 2.7%. It resulted in an increase in a phenomenal 1 lac legal, legitimate electricity connections and an impact on PAT by ₹ 115 crores.

The reduction in energy consumption by 160 MUs has resulted in carbon emissions decreasing by 15 million kg. Furthermore, saving 190 trees through spot billing has further led to carbon emission reduction of over 2 lacs. TPDDL truly created a win-win scenario for themselves by increasing their corporate revenue and improving the socio-economic conditions of their SCG consumers and their families, resulting in them being empowered with the ability to pay for their energy needs. This further has a direct impact on the national exchequer and reduces the state's theft-related utility losses.

CHALLENGES FACED

- Partnering with the state government and requesting the officials to clear the dues before May 2008
- Easing the burden of legal documents due to lack of ownership and residential proofs
- Devising a plan in which electricity could be made affordable to the underprivileged in comparison to a regular consumer

Along with improved conditions of living for 6 lac residents (i.e. 1.4 lac families) in the JJ cluster, the initiative has generated a flow of funds amounting to Rs. 2,16 cr (USD 43.7 Million) starting 2009.

A new concept of Pay'n'Win was introduced wherein prompt and timely payment of dues resulted in the recovery of Rs. 1.08 cr (USD 0.16 Million) for an investment of Rs.1.74 lacs (USD 25,970) spread across 58 cash collection camps.

THE SOLUTION

- The SCG which TPDDL exclusively focussed upon making the slum dwellers self-sufficient in order to financially and socially support themselves
- Provided facilities to empower women and take charge of monitoring the administrative area of electricity supply along with a host of other cultural and social benefits



Taking the incredible lead from TPDDL, many utilities and power corporations across the country are making strides in adopting this practice for themselves in areas of high losses.

JOURNEY POST-INNOVISTA

The effect of the initiative on the national exchequer has been a commendable one considering the huge task of regulating the process. Setting its sights on achieving higher business results, TPDDL has not lost its momentum. It has continued to grow through new innovative initiatives to further strengthening more slum clusters through its SCG model. Taking on a very clear goal to empower female residents in slums, TPDDL has now appointed members of the Women Literacy Centre as “Abha Members” that are responsible for recovery, bill distribution, complaint handling, awareness etc. An initiative that began with just 5 Abha lady members has now grown to 741 members being associated with TPDDL. The Abha ladies are now successfully distributing 100% bills and the collection franchisee is phased out in all but very few clusters. This initiative has led to a substantial jump in earning of these Abha members. The team at TPDDL has now taken up the cause of installing RO plants through which they aim to provide clean drinking water to the residents at a nominal cost which again, will be monitored by the members of Abha.

The model was improved on ongoing basis based on customer feedback also, like instant bills which were given initially were too small and at times had ink issues, therefore as desired by customers normal A4 bill was brought back and the collection data reflected quick gains. Another improvement was aligning due date of cluster with salary payment date when most of the households of a cluster received their monthly salary.



Deployment of 3 cash collection vans, which by rotation make 503 visits across various slum clusters, resulted in collection of ₹ 5.06 cr (USD 0.76 Million) in the financial year 2015-16 through 52,563 transactions. A new concept of Pay ‘n’ Win was introduced wherein prompt and timely payment of dues resulted in the recovery of ₹ 1.08 cr (USD 0.16 Million) for an investment of ₹1.74 lacs (USD 25,970) spread across 58 cash collection camps.

An Innovation Council of Abha discusses the problems faced in the clusters and have implemented 15 ideas to tackle and logically solve a problem. Further, an Abha Cultural Club was also formed to foster talent of children and women from the slum clusters. The cultural events curated by this club, not only showcases local talent of the children and women of the slums, but aims at improving and strengthening the bond between the SCG consumers and TPDDL.

To ensure a safe and smart energy usage, TPDDL team visits each household within a cluster to analyse the safe and smart usage of energy which includes parameters like internal wiring, type/quality of electricity equipment and awareness of energy savings. The household with the best of both are instantly rewarded which, in turn, encourages them to continue and preach the same practice.

Consistent efforts have also been actively taken to promote online payments within the JJ cluster of slums through posters, banners and basic raising of awareness through Abha members and reward schemes. With these awareness-raising processes in place, approximately 19.6% of the SCG consumers have become familiar with online payment and have begun using it smoothly.

The number of slum residents who are receiving the benefit of various consumer friendly schemes has now gone up to 1 Million and 100% houses are now have legal electricity connection (i.e. 0.196 Million families). The monetary gains have now increased to about ₹ 518 cr (USD 77.31 Million) starting 2009. The billing efficiency has gone up to 86%, collection efficiency has gone up to 99%, and AT & C losses have come from 68% to 15%. The initiative has led to bringing down AT&C losses at TPDDL level by 4.28%. It has resulted of an increase in a phenomenal 1 lac legal, legitimate electricity connections and an impact on PAT by ₹ 278 cr (USD 41.49 Million).

As part of their efforts, TPDDL realised that it was not going to be enough to just encourage the slum dwellers to pay for services received, but they were going to have to be made aware of larger issues like education, healthcare and employment to better understand the problem.

In order to facilitate this initiative and encourage SCG members to invest in legitimate sources of energy, the team at Tata Power Delhi Distribution Limited partnered with the government of Delhi to request a waiver of all the credit that the slum dwellers owed the government prior to May 2008.

RESULTS ACHIEVED

- Steady rise in the collection of payments and smart usage of energy in slums
- Awareness about self-sustainability through vocational training and educational programs
- Shifting the tag of leadership from a CSR perspective to one where residents themselves take charge of the proceedings

ABOUT TPDDL

Tata Power Delhi Distribution Limited is constantly working towards ideating and implementing power reforms in the capital city through its consumer-friendly approach. It aims at changing the way power is distributed through the city and is striving to achieve an optimum balance between usage and conservation of energy.

