

The kerala state electricity board



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To start any business, First of all we need finance and the success of that business entirely depends on the proper management of day-to-day finance and the management of this short-term capital or finance of the business is called working capital management.

But most of the firm's failure is due to the improper handling of this working capital. From this project I am trying to know how the working capital is being managed, reason for the improper handling of the working capital and through that suggest suitable solutions. I am trying to put my best effort to complete this task on the basis of skill that I have achieved during the last one year study in the institute.

The Kerala State Electricity Board (KSEB), largest public sector undertaking in the State of Kerala, a statutory Body constituted under section 5 of the Electricity (Supply) Act, 1948(repealed) engaged in generation, transmission, distribution and trading of electricity in the State of Kerala. It has a seven member board headed by the Chairman, which takes management decisions and reviews and evaluates the operations of the organization. There are other Electricity Distribution Licensees in the State, viz., KDHP company Limited,(TATA) Munnar, Thrissur Corporation, KINFRA, CESS, Cochin Trust, Rubber Park. Apart from providing infrastructure to all development activities in the State, the Board fulfills the social responsibility of providing electricity to vast majority of households in the State, at an easily affordable cost.

In consistence with the State Power policy 1998 of State of Kerala, the board has been functioning profit centre model, generation, transmission, distribution profit centers with single corporate entity. Liberalization and

integration of the Indian economy starts momentum with the policy statement of 1991. The Administered nature of electricity to market oriented one starts momentum with the enactment of the Electricity Regulatory Commission Act, 1998. Enactment of Electricity Act, 2003 changes the Indian power scenario and open access and trading of electricity is salient the feature of the act and mandatory provision to restructure the State Electricity Board.

Now the KSE Board is functioning as State Transmission Utility and licensee. Kerala State Electricity Board Limited a new entity, as per provisions of Companies Act, 1956 has registered with Registrar of Companies, Kochi on 14. 01. 2011 with authorized capital of Rs. 3500crore for revesting the assets and liabilities which was taken over by the State of Kerala on 25. 09. 2008 as per provisions of the Electricity Act, 2003.

There is no nuclear power station in State of Kerala. The Hydel installed capacity of KSE Board is 1893 MW of which Idukki Power Project having 780 MW. Small hydel stations were in force in Munnar Region, especially in Vaguvarai Dam in the last decade of 19th Century. The Pallivasal generation station was commissioned on 19th March, 1940. Private entrepreneurs also contribute to State Power Grid.

The stations such as Maniyar Hydro Electric project (12 MW) (M/s Carborundum Universal Ltd) and Kuthungal Hydro Electric Project(21MW) of IndsilElectrosmelts limited, besides Ullungkal (7. 5 MW)and Karikkayam Project(15MW). The KSEB owns and operates 2MW windfarm at Palakkad, where as wind farms in Agali and Ramakkalmedu totaling 28MW are under

private sector. Thermal stations of KSE Board contribute 235 MW of energy besides 200 MW in private sector owned and operated mainly by Reliance Power and RPG group in Ernakulam and Kasargode.

Transmission and Distribution losses coupled with commercial losses (T, D&C) causing concern to State Electricity Boards and Electricity entities in the nation. The national Electricity Policy and National Tariff policy targeted losses at 15% and funds from Government of India in the form of Restructured Accelerated Power Development and Reforms made available to State EBs and envisage compulsory metering at Generation, Transmission, distribution and trading points to ascertain actual losses as majority States in the nation is offering free electricity to agricultural sector.

In the KSEB technical and commercial losses has reduced from 28.46 % during 2003-04 to 19.41% in 2010-11. Price of power varies from time slot and demand basis and availability based tariff (ABT mechanism) has introduced in India in 2003, which mandates optimum utilization of generating station preferring merit to low variable cost, effective utilization of transmission corridor and good quality power as measured by frequency thereby augmenting trading of power and Power Exchanges.

The power mix of KSE Board is 40: 60 that is 40% by internal generation and 60% by purchase from Central Generating Stations, Power Exchanges and from private power producers. The State Electricity Regulator, a statutory body, act as watchdog to the participants in power sector from generation to trading to policy matters. The power entity can work based on the approved Aggregate Revenue Requirement and Expected Revenue from charges

approved and ratified by the said body during the financial year. Variance if any is approved based on statutory approval made by the Auditor. As far KSEB is concerned the Auditor is Comptroller and Auditor General of India(CAG).

The spiraling prices of coal coupled with high interest cost burden the financial viability of the State Electricity Boards/DISCOMS. High cross subsidy enjoyed by the domestic and agricultural sector causing huge revenue deficit to these entities, though Electricity Act mandates minimum return of 15. 5% (post tax) Energy derivatives as reflected by HDD or CDD and Carbon Credit are order of the day in European nations. In the India context Renewable Energy Certificates(REC) as traded just like bonds in bond market. In the State of Kerala ANERT is the accredited agency to Renewable Energy Certificates.

The Board has been functionally organized in to three business entities namely: * Generation profit centre. * Transmission profit centre. * Distribution profit centre; with a corporate office for coordination. After the enactment of Electricity Act 2003, KSEB has been functioning as the State Transmission Utility (STU) and a licensee w. e. f. 10-12-2004 under section 172 (a) of the Electricity Act 2003 with the mutual agreement between the State Government and the Central Government.

The Government has decided the name of the company as Kerala State Electricity Board Limited and appointed the existing members of the board as the First Directors of the proposed Company. The Government has also approved the Memorandum of Association and Articles of Association of the

company. The Application for registration of the Company has been submitted to the Registrar of Companies, Kerala and now KSEB became company as per the companies act 1956 by the Government of India.

KSEB is functionally organized as three profit centres as follows: * Generation profit centre (GPC). * Transmission profit centre (TPC) * Distribution profit centre (DPC). There is a Corporate Office to coordinate and control the activities of the Board in a systematic manner.

Generation Profit Centre:- (GPC) The following five Chief Engineers and three Deputy Chief Engineers with full powers of Chief Engineers manage the operations of the GPC. * Chief Engineer (Generation). Chief Engineer (Projects Electrical Design). * Chief Engineer (Civil Construction- south). * Chief Engineer (Civil Investigation and Planning). * Chief Engineer (Civil Dam Safety). * Deputy Chief Engineer with full powers of Chief Engineer, Civil Circle, Kothamangalam. * Deputy Chief Engineer in full charge, O/o the Chief Engineer, Civil Construction North, Kozhikode. * Project Manager, kuttiadi Additional Extension Scheme.

The GPC operates and maintains 26 hydroelectric generating stations, 2 thermal power plants and the wind farm at Kanji ode. Renovation modernization and up rating works of the hydroelectric projects are also being carried out. Investigation, planning, and design of all hydroelectric projects, land acquisition matters connected with various hydel projects, work connected with the environmental aspects of generation schemes, safety and maintenance of dams and connected structures, construction work of all hydroelectric and thermal projects come under the project centre.