

Prepayment in Manipur



To help alleviate the situation the Government of India allocated additional power supply to the state bringing the peak supply to 180 MW. Even with this additional power, the electricity availability in the state did not improve substantially. Leaders at MSPDCL and in the Manipur State government realised a radical new approach was needed.

Pre-payment metering was introduced to Imphal in 2014 with the promise of 24x7 power. The State Government, under a dynamic Chief Minister, began a major public relations campaign to educate the citizens of Imphal about why pre-payment will help them:

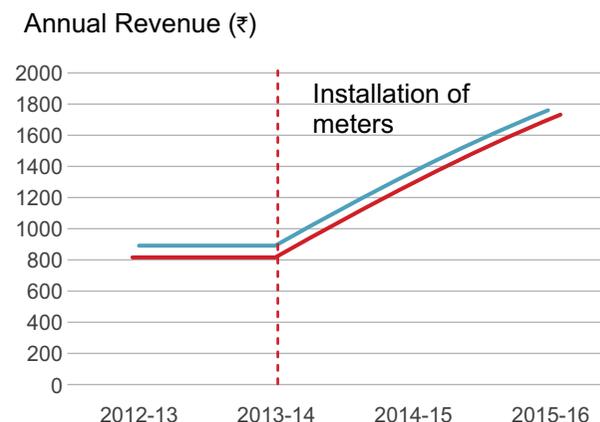
- Improved visibility of cost of power
- Budgeting is easy
- Easy payment options, including using mobile phones
- Promise of 24x7 power availability

Pre-payment has been a win-win solution for Manipur. Revenue is collected prior to consumption, creating a positive cash cycle for MSPDCL and allowing it to participate freely in the energy exchange markets. It helped users conserve money as well as run their businesses for a full working day increasing their own revenue. It has even helped with the law and order situation in Manipur, as prosperity is returning to Imphal.

Manipur State Power Distribution Company (MSPDCL) serves 2.7 million people in the north eastern state of India. With technical and commercial losses greater than 81% in 2008-2009, the utility was unable to supply electricity to consumers for more than a few hours per home per day. 16-18 hour power cuts were commonplace, even in the state capital Imphal. Power availability was identified as the biggest impediment to growth and prosperity. The poor state of the economy coupled with no signs of improvement fuelled unrest and violence, caused mainly by a poverty stricken population in the region.

The result was poor revenue realisation. In addition, Manipur was faced with huge Unscheduled Interchange (UI) charges as a result of exceeding its allocated energy draws. This added heavily to an already burdened exchequer.

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At present, Manipur is extending its pre-payment service (from 230,000 to 350,000 meters) to the rest of Imphal and other urban centres. Imphal has seen power availability rise from 4-6 hours a day to 16-20 hours a day. The overall demand in the state has decreased from a peak of 180 MW to 80 MW, even though availability has increased.

The improvements at a glance:

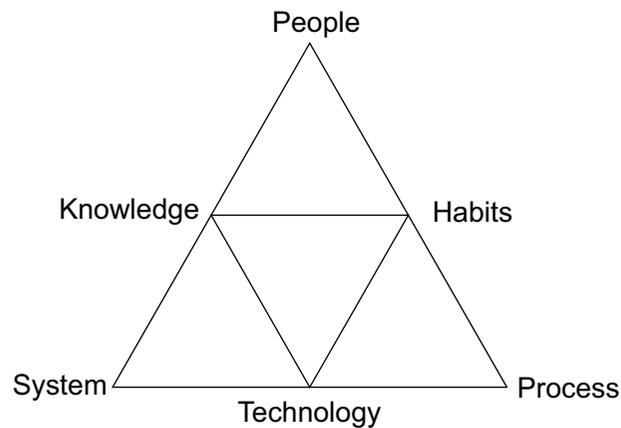
- Peak demand has gone down from 180 MW to 80 MW
- Average revenue collections have gone up from INR 65 Mn to INR 166 Mn
- Power availability to citizens is up from 4 hours a day to 14-20 hours a day

Bibek Debroy of Niti Aayog (the policy cell of the government of India) recognised the benefits MSPDCL, by thinking differently, has delivered to the economy of Manipur and to the well-being of its citizens.

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¹ <http://indianexpress.com/article/opinion/columns/an-experiment-with-power-manipur-electricity-2981674/>

It is pertinent to quote from his article in the 18/08/2016 Indian Express “My respondents - not just people who work for the government - told me all this with a sense of pride. If consumers know exactly how much electricity they are consuming (there are instant alerts) and how much that costs (not quite the same with post-paid bills), they are more judicious in using electricity.”¹



The government completed the journey around the triangle of change. The chief-minister developed the knowledge of prepayment and its benefits, looked at changing the entire paradigm of how electricity is paid for and managed. The government was able to choose prepayment technology (from meters to the back end secure operating systems) that enabled brand new effective payment processes. The ease of buying coupled with the promise of uninterrupted power quickly changed consumer habits, reduced theft and in turn benefitted all the people of Imphal.

A chance meeting of Mr Babel, recently retired from Secure, with Lt. General NK Singh, who was till recently the Director General of Indian Army in the North East, resulted in the conversation that follows.

“General Singh told me that Secure Meters has done a lot and should be allowed to do more for “peace and prosperity” in the North East and other states. I was intrigued by his comment and requested him to elaborate. He said “The Manipur electricity situation has been totally transformed by your prepayment meters and as a result the economic situation is improving and people are a lot happier. This helps the peace process.”

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Scenario

