

## KESC withdraws 5pc mark-up facility on consumer deposits

### RECORDER REPORT

KARACHI: The Karachi Electric Supply Company (KESC) has withdrawn the 5 per cent 'mark-up' facility on 'security deposits' of consumers that would result in saving of over Rs 1 billion interest accrued on such deposits per annum.

Around Rs 1.64 billion interest is being passed on to consumers against their security deposits in KESC for the last over 20 years. This has been stopped by the company this year citing that there was no legal binding to continue the facility.

According to KESC's Annual Report-2012, one of the 'operating incomes' of the company during the financial year 2011-2012 was the 'reversal of accrued liability of mark up on customer security deposits' worth Rs 1,064,214,000. The reversal of this amount has also contributed in the over Rs 2 billion profit

shown by the company in the financial 2012.

According to KESC, the Company had a practice of accruing and paying mark-up of 5 per cent per annum to consumers on the security deposits maintained by consumers with the Company for their connections. During the year ended 30 June 2012, Management determined that this practice of accruing and paying mark up on security deposit is not followed by any other distribution company and there is no requirement specified or prescribed in a) the rules and regulations promulgated under the Nepra Act, b) regulation of generation, transmission and distribution act, 1997, c) the consumer services manual, or d) any contractual arrangement between KESC and its consumers.

Management have obtained a legal opinion which supports the Management's position and con-

firms that there appears to be no legal obligation on the Company to pay any mark-up/return on the security deposits of the consumers of the Company and accordingly Management may discontinue the existing practice of accruing and paying mark up to its consumers on their security deposits, and considering the same principle in respect of accrued mark up presently recorded as a liability the same amount may be reversed. Further the lawyer contends that there is no legal obligation on the Company to notify the consumer as it discontinues its practice of paying mark up on security deposits. In light of the above, the Company has decided to discontinue the practice of payment/adjustment of mark-up on security deposits to consumers and the unpaid liability accrued for mark-up on security deposits has been reversed.

## KESC extends bill payment date

KARACHI: Karachi Electric Supply Company has extended last payment date of the bills falling on Dec 26 till Dec 27, in view of the law

and order situation in the city.

KESC has informed residential, commercial and industrial customers and all

banks that no late payment fee would be charged for this one day extension and the payment could be made on the same bills the next day.—PR

### TO ALL MEMBERS OF THE ASSOCIATION

Being circulated to all members for their information.

Thanks & Best Regards,

M. Jawed Bilwani, Central Chairman