



**ABSTRACT**

Implementation of NILAAVU scheme for replacing conventional street lights with LED Street Lights in all local bodies across the State of Kerala – Accounting Procedure for NILAAVU Project – Orders issued

**Corporate Office (Planning)**

B.O.(FTD) No. 366/2021 (CP/Plg.2/NILAAVU/LED Street Lights/Acc. Procd./2021-22), Thiruvananthapuram, dated 14.05.2021

- Read :**
1. KSERC order No. 38/2020 dated 03.12.2020
  2. GO(MS) No. 202/2020/LSGD dated 25.12.2020 according AS for NILAAVU project
  3. Proceedings No.LSG007-01/APR-1/2021/KIIFB issued by the CEO, KIIFB
  4. Remarks of the Financial Adviser No. FA/RC/NILAAVU/2021 dated 17.03.2021
  5. Remarks of the Financial Adviser No. FA/RC/NILAAVU/2021 dated 27.04.2021
  6. Note No.CP/Plg.2/NILAAVU/LED Street Light/Acc.Procd./2021-22/29 dated, 06.05.2021 of the Director (Planning & Safety) (Agenda No.19/5/21)

**ORDER**

The NILAAVU scheme of Local Self Government Department (LSGD) targets the replacement of all conventional street lights with LED Street Lights for illuminating all the roads across Kerala, in a phased manner. KSEBL is the SPV for implementing the project through Energy Efficiency Services Limited (EESL), utilising financial assistance from KIIFB.

Kerala State Electricity Regulatory Commission had approved the role of KSEBL as SPV, as per order read as 1<sup>st</sup> above, subject to the condition that KSEBL shall maintain a separate account for the NILAAVU scheme, and account all the direct and indirect cost associated with the implementation of the NILAAVU scheme by utilizing its assets such as manpower, storage and transportation facilities.

For online monitoring and reporting of the progress of the project, Material Accounting Software has to be updated for the transactions under NILAAVU project. The Financial Accounting for the procurement of lamps from EESL and PMC charges payable to EESL need not be done at KSEBL end, however the financial transaction towards the installation charges @ Rs. 500/ lamp to be reimbursed by KIIFB to KSEBL need to be accounted. Hence for accounting of the NILAAVU scheme, SCM and SARAS softwares have to be updated.

The Financial Adviser as per Note read as 4<sup>th</sup> above has indicated the accounting entries for various heads as Installation charges to be received from KIIFB, Labour charges through contract or departmental execution, Street Light maintenance charges if entrusted to KSEBL and any other unexpected expenditure involved.

The Director (Planning & Safety) as per note read as 6<sup>th</sup> above has suggested that the ARUs concerned shall book the expenses incurred towards labour charges in the accounting software:

- At estimate rate as provided in the ULD in case of departmental execution
- Actual labour charges incurred if executed through Contract
- If services of transportation contractors are engaged exclusively for NILAVU project, the expenditure towards the same shall also be accounted at the respective ARU

Also it was suggested to authorize the Chief Engineer (IT, CR & CAPS) to update the SCM software and SARAS software as per the procedure for maintaining Numerical Stock Ledger and Financial Accounting Procedure, attached as Annexure I & II, in consultation with the O/o. the Director (Distrn, IT & HRM) and to authorize the Financial Adviser to finalize the issues related to TDS/TCS involved in the Financial Accounting for NILAAVU scheme, in consultation with the Tax Authorities.

Having considered the matter in detail, the Full Time Directors in their meeting held on 07.05.2021, resolved to authorize the Chief Engineer (IT, CR & CAPS) to update the SCM software as per the Procedure for maintaining Numerical Stock Ledger attached as Annexure I and the SARAS software as per the Financial Accounting Procedure attached as Annexure II, in consultation with the O/o. the Director (Distrn, IT & HRM).

Further resolved to authorize the Financial Adviser to finalize the issues related to TDS/TCS involved in the Financial Accounting for NILAAVU scheme, in consultation with the Tax Authorities.

Orders are issued accordingly.

By order of the Full Time Directors,  
Sd/-  
(Lekha.G )  
Company secretary I/C

To

The Director (Planning & Safety)

Copy to: Chief Engineers (DS/DC/DN/DNB)/Chief Engineer (REES)/State Nodal Officer (Soura)/TA to Chairman & Managing Director/PA to Director (Finance)/TA to Director (Planning & Safety)/TA to Director (D, IT & HRM)/TA to Director(T&SO)/TA to Director(SCM&Gen-E)/TA to Director(Gen-C)/Company Secretary/Secretary Admn/LA&DEO

Forwarded by order,

  
Assistant Executive Engineer



(Annexure I to B.O.(FTD) No. /2021 (CP/Plg.2/NILAAVU/LED Street Lights/Acc. Procd./2021-22), dated .05.2021)

### **Procedure for maintaining Numerical Ledger for Material Accounting**

The material transactions have to be tracked exclusively for NILAAVU scheme as the project is being monitored at Chief Minister level. Hence a separate head in SCM software in the name "NILAAVU" for accounting street light materials under this project similar to DDUGJY and IPDS scheme shall be created. Role of KSEBL in the NILAAVU project is only as implementing agency for the work of replacing existing Street Lights with LED Street Lights for LSGIs. Capital works such as adding street main or installing metering/control kiosk etc. is not included in the scope of works under NILAAVU scheme and the same would be accounted in normal deposit works under Electrical Divisions concerned.

### **Accounting in SCM :**

Numerical Stores Ledger is to be maintained without assigning any value of materials. The following items shall be accounted under NILAAVU scheme:

- 1) LED Street Light 18W (Existing item in SCM)
- 2) LED Street Light 35W (Existing item in SCM)
- 3) LED Street Light 70W
- 4) LED Street Light 110W
- 5) Street Light Fitting 25mm for LED SL with CBN
- 6) Street Light Fitting 40mm for LED SL with CBN

The following are the requirements in SCM transactions:

- Receiving stock from EESL
  - LED Street Lights as a per GRN (invoice quantity of EESL)
  - Buffer Stock (5% Additional supply free of cost for warranty replacement)
  - Street light fittings for LED street lights with CBN as per GRN
- Issue of stock to Section Offices as per allocation by Dy CE of Electrical Circle concerned
  - LED Street Lights
  - Buffer stock
  - Street light fittings for LED street lights with CBN
- Issue from Section stock to Work
- Return of Dismantled Street Lights and Fixtures to SRS from Section Offices and subsequently to LSGIs concerned ( if owned by LSGIs)
- Return of Faulty Street Lights to EESL for warranty replacement
- Return of Buffer stock, if any, to EESL after completion of warranty period

### **Releasing Payment**

For releasing payment to the supplier (EESL), KIIFB has to receive payment release instruction from KSEBL. Provision may be provided in the software to make available the acceptance report

from SRS to State Nodal Officer, immediately on acceptance of supply at SRS to ensure that the payment is not delayed.

**Monitoring & Reporting:**

For tracking the progress of the project, analysing and reporting details to the Board and Government, Electrical Circle/Division/Section wise, Local body wise, Village/District wise and Assembly Constituency wise data are required. The following details are to be captured for each location of Street Light:

- Name of Grama Panchayat/Municipality/Corporation including Ward Number & Name
- Name of Electrical Section & Code
- Name of Village/District
- Name of Assembly Constituency
- Location/Post Number or Nearby Post Number available
- Details of existing Street Light
  - Type
  - Wattage
  - Street main required or not
  - Metered or not
  - Working condition or not
- Requirement of new installation with nearby post number
- Wattage of LED light to be installed

Information Kerala Mission (IKM) has developed a software for LSGD for capturing details of existing Street Lights for NILAAVU scheme. Hence the facility for extracting the requisite data may also be incorporated in the software being developed for monitoring and reporting the project details of NILAAVU scheme.

(Annexure II to B.O.(FTD) No. /2021 (CP/Plg.2/NILAAVU/LED Street Lights/Acc. Procd./2021-22), dated .05.2021)

**Financial Accounting procedure**

**1. Installation Charges received:**

On receipt of installation charges from KIIFB based on the payment release instruction issued by the Chief Engineer (DS), the same may be collected in the Non-Operative Collection Account of the O/o the Chief Engineer (DS) for administrative convenience.

The accounting entry for the installation charges received will be:

24.110/243xx - Cash/Collecting Bank A/c..... Dr.

To 629xx – LED Street Light Installation charges – NILAAVU Scheme

(New Account Code)

All the direct and indirect costs associated with the implementation of the NILAAVU scheme utilizing its assets such as manpower, storage and transportation facilities, such direct / indirect cost is to be transferred to the 'expenditure head for implementation of NILAAVU scheme' as given below:

**2. Labour Charges:**

The expenditure on account of labour charges towards replacement of existing LED street lights will have to be booked at the ARU level, and can be executed by employing either contract manpower or departmental staff. Details of street lights replaced/installed departmentally as well as employing contract labour shall be maintained separately.

**a) Contract (Direct Cost):**

Separate M-Book shall be maintained at ARU for measuring the works under the scheme for dismantling/installation of street lights and the M-book and the bills shall be stamped with the name of the scheme 'NILAAVU' for easy reference. Consolidated report shall be furnished to CE(DS)/Corporate Office as and when required. The contract bills may be audited and passed at the ARUs concerned. The accounting entry for passing the labour contract bill under the scheme will be:



761XX – Expenditure under NILAAVU Scheme a/c.....Dr.

(New Account Code)

To 46.924 - IT - TDS On Payments to Contractors a/c

To 46929 - Kerala Const. Workers Welfare Fund a/c

To 46.410 - Liability for Expenses - Sundry Creditors a/c

**b) Departmental execution:**

**i) Employee cost:**

Labour charges for dismantling of existing conventional street lights and installation of new LED street Light done by the departmental staff shall be transferred to the expenditure head under the scheme at estimate rates as provided in the B.O.(FTD) No. 129/2021 (CP/Plg.2/NILAAVU/LED Street Lights/2020-21) dated 11.02.2021 and is mentioned in the table below.

|   | Existing Lamp  | Amount    |
|---|--|-----------|
| 1 | Ordinary Light/ CFL fitting                            | Rs. 260/- |
| 2 | 1x40W fluorescent tube light fitting                   | Rs. 225/- |
| 3 | 2x40W fluorescent tube light fitting                   | Rs. 288/- |
| 4 | Sodium Vapour/Mercury Vapour/Metal Halide Lamp fitting | Rs. 609/- |

\*As per prevailing Labour Data 2018, labour charges for new installation is Rs. 209.

The accounting entry at ARU for transferring the employee cost transferred to NILAAVU account to the expenditure head under NILAAVU will be:

761XX – Expenditure under NILAAVU Scheme a/c.....Dr.

To 75.9xx - Employee cost transferred to NILAAVU Scheme a/c

(New Account Code)

**3. Other Cost:**

Other direct and indirect expenditure incurred by the Board such as supervision charges, transportation cost, storage cost, overhead, contingency expenditure etc. will be estimated and transferred to the expenditure under the scheme at corporate level subsequently. Accounting of the same will be done at the O/o. the Chief Engineer (DS)

based on the details furnished from ARUs.

The accounting entry at ARU for transferring the same will be:

761XX – Expenditure under NILAAVU Scheme a/c.....Dr.

To 76.9xx - A&G Expenses transferred to NILAAVU Scheme a/c  
(New Account Code)

#### 4. **Street Light maintenance charges:**

The maintenance charges are to be met by the LSGDs. If the maintenance of the LED street lights is entrusted with KSEB Ltd. by the LSGDs, the same may be done on work deposit basis as per prevailing practice.

The accounting entry at ARU in connection with the maintenance of street light are as follows:

- **Receipt of Maintenance Charges:**

24.110/243xx - Cash/Collecting Bank A/c.....Dr.

To 47. 605 - Deposits from Consumers for Street Lights

- **Contract Bill Passing:**

47.605 - Deposits From Consumers for Street Lights a/c.....Dr.

To 46.924 - IT - TDS On Payments to Contractors a/c

To 46929 - Kerala Const. Workers Welfare Fund a/c

To 43200 - Liability for Works - O&M –

Contractors Control A/c

#### 5. **Unexpected expenditure:**

Any unexpected expenditure incurred by KSEB Ltd has to be got reimbursed from KIIFB. ARUs concerned are to intimate the details of such expenditure to Chief Engineer (DS) in time to get it reimbursed from KIIFB. While incurring such expenditure, the ARUs concerned may account the same as "Amount receivable from KIIFB under NILAAVU Scheme". The accounting for the same will be as follows:

- a) **On passing such expenditure for payment:**

Unexpected expenditure is to be passed by the ARUs concerned in the Administrative and General Expenses day book:

**i) Accounting entry for the same will be:**

28xxx - Receivable from KIIFB under NILAAVU Scheme a/c...Dr  
(New Account Code)

To 46410 - Liability for Expenses - Sundry Creditors

**ii) Accounting entry for payment:**

46410 - Liability for Expenses - Sundry Creditors a/c.....Dr.

To 24401 -SBT Disbursement Bank A/c

**b) Refund from KIIFB:**

When the unexpected expenditure is refund by KIIFB, the receipt in the Non-Operative Collection account of the O/o the Chief Engineer (DS) will be accounted as:

24.110/243xx - Cash/Collecting Bank A/c..... Dr.

To 28xxx - Receivable from KIIFB under NILAAVU Scheme a/c

After receiving the amount, IUTN is to be issued to the ARU concerned for adjusting the receivable account balances through the following journal entries

**i) Accounting entry at the O/O the Chief Engineer (DS) for the IUTN will be:**

28xxx - Receivable from KIIFB under NILAAVU Scheme a/c... Dr

To 37xxx - IU A/c Other Trans.

**ii) Accounting entry at the ARU concerned for accepting the IUTN will be:**

37xxx - IU A/c Other Trans. a/c.....Dr.

To 28xxx - Receivable from KIIFB under NILAAVU Scheme a/c

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