

CHAPTER - 11

The Budget Allocated to each Agency

[Section 4 (1) (b) (11)]

11.1 Please provide information about the details of the budget for different activities under different schemes in the given format..

1. Revised Estimates for the year 2009-10:

1.1 Income

The Revised Estimated financial results of operations for the year 2009-10 are shown in the annexed Annual Financial Statements.

The Revised Estimated income for the year 2009-10 will be at Rs.442.54 crores, as against the original estimates of Rs.450.00 crores. The estimated income has come down by Rs.7.46 crores (1.72 %). This is mainly due to non receipt of collections from new connection charges including connection charges from Multi-storied Buildings on conversion from domestic category. Further as a result of slowdown in real-estate sector, there is a fall in new connections for water.

1.2 Expenditure before Depreciation and Interest

The total expenditure (before Interest & depreciation) for the year is estimated at Rs.466.24 crores, as against the original estimate of Rs.455.47 crores. The expenditure mainly comprises of Rs.155.31 crores on Establishment cost (35.00 %), Rs.206.00 crores on Power cost (46.5 %), Rs.83.28 crores on maintenance of Water Supply and Sewerage Systems (19.00 %).

The Revised Estimated expenditure (before interest and depreciation) will be higher by Rs.10.47 crores (2.00%). The net increase in the expenditure is mainly due to, increase in (i) power cost by Rs.3.20 crores, (ii) Staff cost by 10.84 crores and reduction in (iii) Operational & Maintenance expenditure by Rs..0.92 crores. Chemicals by Rs.1.28 crores.

1.3 Deficit

The operations are estimated to result in a gross deficit (before interest & depreciation) of Rs.23.70 crores, against the original estimated deficit of Rs.5.77 crores.

After the provision of Interest and depreciation of Rs.89.55 crores for the year, the net deficit is estimated at Rs.113.25 crores, as against the original estimated deficit of Rs. 100.79 crores.

The deficit could not be made up due to non-receipt of revenue grant from HMDA amounting to Rs.50.00 crores and and share of property tax collected by GHMC during the year 2009-10.

2. **Budget Estimates for the Financial Year 2010-11**

2.1 **Income**

The income projections are worked out considering the full utilisation of water available from Krishna Project Phase I & II, with normal draws from Osman sagar, Himayath sagar, Singur and Manjira sources. The Board has been extending the daily water supply to more and more areas on account of improved water supply position. However, keeping the tariff at existing level, the water and sewerage cess is projected at Rs.366.66 crores for 2010-11, an increase of Rs.13.16 crores over the revised estimates for the year 2009-10. The economic slowdown has affected the real estate sector and this has an effect on the Board's revenue, for the second year. Accordingly, new connection charges are projected at Rs.100.00 crores for the year 2010-11, with an increase of Rs.25.63 crores over the revised estimates for the year 2009-10. The average monthly income on account of water and sewerage cess is working out to Rs.30.55 crores per month against Rs.29.46 crores during the previous financial year.

2.2 **Expenditure**

Due to the full utilisation of water available from Krishna Project Phase I & II through out the year, the power cost is estimated at Rs.12.50 crores per month for Krishna Project. With other usual power cost for Manjira and Osman Sagar and Himayath sagar sources, the total power cost works out to Rs.206.00 crores for the year 2010-11, with a monthly average of Rs.17.15 crores. The increase in the staff cost is on account the normal increments, D.A increases etc. In addition to the above, provision has been made to cover the additional expenditure on account of P.R.C., and new employees joining the Board during the ensuing financial year 2010-11. The estimated Staff Cost works out to Rs.14.60 crores per month, for the year 2010-11 as against Rs.12.95 crores per month for the previous year.

The total expenditure before interest and depreciation is estimated at Rs.488.94 crores. The depreciation charges for the year 2010-11 are expected to increase by Rs.8.54 crores mainly on account of capitalisation of major works and NRCD Project.

2.3 **Deficit**

According to these projections, the operational deficit (before interest and depreciation) is estimated at Rs.6.78 crores. The interest on existing and new loans, net of capitalisation, is estimated at Rs.28.62 crores. The depreciation for the year 2010-11 is estimated at Rs.66.89 crores. After the provision of depreciation and interest, the net deficit is estimated at Rs.102.29 crores, at the existing tariff levels.

3. **Conclusion**

The Board is rendering the service in water supply and sanitation sector to the large population covered under GHMC (which includes the erstwhile surrounding municipalities of

MCH), besides en-route villages and towns. The Board is passing through a critical financial phase due to the following reasons:-

- Non –revision of basic tariff since 2002.
- Non - receipt of Revenue Grant of Rs.150.00 crores from HMDA for the years 2007-08, 2008-09 & 2009-10.
- Non- receipt of share of property tax from GHMC

The Board is finding it difficult to meet the financial commitments. The servicing of loans outstanding as on date of **Rs 358.75 crores** affecting the cash flows of the Board seriously. In view of the above, the Board requests the Govt. of A.P. to provide a non-plan grant of Rs 102.29 crores during the financial year 2010-11 to meet the operational deficit. The Board also requests the Govt. of A.P. to direct the HMDA to release Rs.150.00 crores to H.M.W.S.& S.B. which is over due for the financial years 2007-08, 2008-09 & 2009-10.

The matter is placed before the Board of Directors for consideration and approval of the Annual Financial Statement for 2010-11, Capital Expenditure for the year 2010-11 and review of the Revised Estimated performance for the financial year 2009-10 The following resolutions are proposed for adoption with or without modifications as deemed appropriate.

“Resolved that the Annual Financial Statement for the year 2010-11 together with the Revised Estimates for the current financial year 2009-10, is hereby approved and adopted”.

“ Further Resolved that the Capital Budget showing the sources and deployment of funds in various projects, for the financial year 2010-11, is here by approved and adopted”.

“Further Resolved to request the Government of Andhra Pradesh to provide the non plan revenue grant of Rs 102.29 crores during the financial year 2010-11 to cover the operational deficit, which would help the Board to ensure smooth operations and to improve the quality of services to the citizens”.

HYDERABAD METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

Capital Budget for the year 2010-11

(Rs.in Lakhs)

PARTICULARS	Amount
I Source of Funds	
Contributions from Govt.of Andhra Pradesh/GOI for Projects	5,398
Loans from Banks/Financial Institutions	50,400
Grants from Govt of Andhra Pradesh for continuing schemes	7,050
Loan from Govt.of A .P for GDWSP	30,000
Sub-Total	92,848
Decrease in Net Working Captiol	6,200
Total	99,048
II Deployment of Funds	
Expenditure on Plan & Non-Plan Schemes	
1 Moulana Abdul Kalam Hyderabad Sujala Sravanthi(GDWSP)	80,000
2 Remodelling of Existing Sewerage System	100
3 Extensions & Improvements to WS & Sew	500
4 Conservation of Musi River	398
5 Implementation of sewerage master plan	0
6 Assistance for Sewerage works	2,500
7 Externally aided Projects	0
8 WS & Sew improvements in Slums & ST areas	3,950
9 Works under JNNURM	0
10 Strengthening of Water Supply in GHMC area	5,000
Sub-Total	92,448
1 Repayment of Loans	5,200
5,200	5,200
Additions to Fixed Assets & Capital Works	
1 New Administrative building	400
2 Additions to Office Buildings	100
3 Replacements/Additions to Pumps/Motors etc	350
4 Computers/ related hardware	200
5 Other Equipments	350
Sub-Total	1,400
Total	99,048

HYDERABAD METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

Annual Financial Statement

Estimates of Income & Expenditure for the Financial Year - 2010-11

(Amount Rs.in Lakhs)

Particulars	Sch. No.	2008-09				2009-10				2010-11	
		Budget Estimate	Actuals	% to Income	Variance	Budget Estimate	Revised Estimate	% to Income	Variance	Budget Estimate	% to Income
Income	1										
Water Cess & Sewerage Cess		34,100.00	32,834.88	78.51%	(1,265.12)	34,800.00	35,350.00	79.88%	550.00	36,666.00	76.05%
New connection charges		10,000.00	7,112.85	17.01%	(2,887.15)	8,400.00	7,437.00	16.81%	(963.00)	10,000.00	20.74%
Sub-Total		44,100.00	39,947.73	95.52%	(4,152.27)	43,200.00	42,787.00	96.69%	(413.00)	46,666.00	96.79%
Other Income		1,650.00	1,874.77	4.48%	224.77	1,800.00	1,467.00	3.31%	(333.00)	1,550.00	3.21%
Total		45,750.00	41,822.50	100.00%	(3,927.50)	45,000.00	44,254.00	100.00%	(746.00)	48,216.00	100.00%
Expenditure											
Salaries, Wages & benefits	2	12,921.00	12,946.34	30.96%	(25.34)	14,447.23	15,531.00	35.10%	(1,083.77)	17,535.00	36.37%
Power & Electricity		19,850.00	18,042.97	43.14%	1,807.03	20,280.00	20,600.00	46.55%	(320.00)	20,600.00	42.72%
Chemicals		360.00	246.39	0.59%	113.61	300.00	172.00	0.39%	128.00	200.00	0.41%
Operational Maintenance Expenses	3	9,750.00	8,418.43	20.13%	1,331.57	8,420.49	8,328.00	18.82%	92.49	8,400.00	17.42%
Administrative Expenses	4	2,130.80	1,817.30	4.35%	313.50	2,129.00	1,993.00	4.50%	136.00	2,159.00	4.48%
Total		45,011.80	41,471.42	99.16%	3,540.38	45,576.72	46,624.00	105.36%	(1,047.28)	48,894.00	101.41%
Surplus/(Deficit) before Interest & Depreciation		738.20	351.08	0.84%	(387.12)	(576.72)	(2,370.00)	-5.36%	(1,793.28)	(678.00)	-1.41%
Less: Interest:											
Interest on Loans	5	3,876.00	3,274.00	7.83%	602.00	3,470.50	3,212.00	7.26%	258.50	3,132.00	6.50%
Less: Interest Capitalised		595.00	225.00	0.54%	370.00	657.50	92.00	0.21%	565.50	270.00	0.56%
Net Interest		3,281.00	3,049.00	7.29%	232.00	2,813.00	3,120.00	7.05%	(307.00)	2,862.00	5.94%
Surplus/(Deficit) after Interest but before Depreciation		(2,542.80)	(2,697.92)	-6.45%	155.12	(3,389.72)	(5,490.00)	-12.41%	2,100.28	(3,540.00)	-7.34%
Less: Depreciation		5,230.00	5,835.00	13.95%	(605.00)	6,689.00	5,835.00	13.19%	854.00	6,689.00	13.87%
Net Surplus/(Deficit)		(7,772.80)	(8,532.92)	-20.40%	760.12	(10,078.72)	(11,325.00)	-25.59%	1,246.28	(10,229.00)	-21.21%

HYDERABAD METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

Annual Financial Statement-2009-10

Schedule-1:Revenue

Rs in lakhs

Particulars	2008-09			2009-10			2010-11
	Budget Estimate	Actuals	Variance	Budget Estimate	RE	Variance	Budget Estimate
Revenue Income							
Water & Sewerage Cess	34,100.00	32,834.88	(1,265.12)	34,800.00	36,340.00	1,540.00	37,800.00
Less: Prov. For Bad & Doubtful Debts	-	-	-	-	(1,090.20)	(1,090.20)	(1,134.00)
	34,100.00	32,834.88	(1,265.12)	34,800.00	35,350.00	450.00	36,666.00
New connection charges	10,000.00	7,112.85	(2,887.15)	8,400.00	7,437.00	(963.00)	10,000.00
Sub-total	44,100.00	39,947.73	(4,152.27)	43,200.00	42,787.00	(413.00)	46,666.00
Other Income							
Centage Charges	350.00	885.33	535.33	700.00	520.00	(180.00)	550.00
Miscellaneous Receipts	1,300.00	989.44	(310.56)	1,100.00	947.00	(153.00)	1,000.00
Sub-total	1650.00	1874.77	224.77	1,800.00	1467.00	(333.00)	1,550.00
TOTAL	45,750.00	41,822.50	(3,927.50)	45,000.00	44,254.00	(746.00)	48,216.00

HYDERABAD METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

Annual Financial Statement-2009-10

Schedule-2: Salaries, Wages & Benefits

(Rs in lakhs)

Particulars	2008-09			2009-10			2010-11
	Budget Estimate	Actuals	variance	Budget Estimate	RE	variance	Budget Estimate
Salaries & Wages							
Officers & Staff	8,808.00	8,831.78	(23.78)	10,000.23	10,947.00	(946.77)	12,330.00
Wages	130.00	192.79	(62.79)	200.00	140.00	60.00	170.00
Overtime	1,200.00	1,165.32	34.68	1,200.00	1,339.00	(139.00)	1,540.00
Provision for pensions-future liabilities	900.00	900.00	-	900.00	900.00	-	900.00
Sub-Total	11,038.00	11,089.89	(51.89)	12,300.23	13,326.00	(1,025.77)	14,940.00
Staff Welfare Expenses							
Uniforms	40.00	38.24	1.76	40.00	77.00	(37.00)	40.00
Leave Travel Concession	20.00	11.43	8.57	15.00	11.00	4.00	15.00
Medical Reimbursement	115.00	111.72	3.28	115.00	132.00	(17.00)	150.00
Others	95.00	34.60	60.40	75.00	27.00	48.00	40.00
Sub-Total	270.00	195.99	74.01	245.00	247.00	(2.00)	245.00
Staff Training	20.00	10.12	9.88	20.00	8.00	12.00	10.00
Pensions for existing retired employees	1,593.00	1,650.35	(57.35)	1,882.00	1,950.00	(68.00)	2,340.00
Sub-Total	1,613.00	1,660.47	(47.47)	1,902.00	1,958.00	(56.00)	2,350.00
TOTAL	12,921.00	12,946.34	(25.34)	14,447.23	15,531.00	(1,083.77)	17,535.00

HYDERABAD METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

Annual Financial Statement-2009-10

Schedule 3: Operational Maintenance Expenses

Rs. In lakhs

Particulars	2008-09			2009-10			2010-11
	Budget Estimate	Actuals	Variance	Budget Estimate	RE	Variance	Budget Estimate
Repairs & Maintenance							
Water Supply & Sewerage System	8,300.00	7,341.37	958.63	7,295.49	7,381.00	(85.51)	7,400.00
Hire Charges of water tankers	650.00	586.56	63.44	600.00	447.00	153.00	500.00
Plant, Machinery etc	800.00	490.49	309.51	525.00	500.00	25.00	500.00
Total	9,750.00	8,418.43	1,331.57	8,420.49	8,328.00	92.49	8,400.00

Schedule-4: Administrative Expenses

(Rs. In lakhs)

Particulars	2008-09			2009-10			2010-11
	Budget Estimate	Actuals	Variance	Budget Estimate	RE	Variance	Budget Estimate
Rent, Rates & Taxes	150.00	66.67	83.33	125.00	99.00	26.00	139.00
Rent for Ameerpet office	142.80	142.80	-	36.10	63.00	(26.90)	-
Travelling Expenses	45.00	20.35	24.65	34.90	16.00	18.90	18.00
Office Expenses	1,243.00	976.39	266.61	1,188.00	711.00	477.00	780.00
Vehicle Maintenance							
Fuel	225.00	277.99	(52.99)	350.00	327.00	23.00	350.00
Repairs & Maintenance	50.00	41.00	9.00	50.00	27.00	23.00	40.00
Legal & Professional Charges	125.00	152.93	(27.93)	165.00	215.00	(50.00)	237.00
Insurance	50.00	41.09	8.91	50.00	40.00	10.00	50.00
Others	100.00	98.08	1.92	130.00	495.00	(365.00)	545.00
Total	2,130.80	1,817.30	313.50	2,129.00	1,993.00	136.00	2,159.00

HYDERABAD METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

Annual Financial Statement- 2009-10

Schedule-5: Interest Charges

(Rs. In lakhs)

Particulars	2008-09			2009-10			2010-11
	Budget Estimate	Actuals	Variance	Budget Estimate	R E	Variance	Budget Estimate
On Loans for Krishna Project/Refurbishment Project							
Banks	3,219.00	3,096.85	122.15	2,717.00	2,095.00	622.00	2,100.00
Tax-Free Bonds	164.00	163.80	0.20	84.00	92.00	(8.00)	-
Sub-Total	3,383.00	3,260.65	122.35	2,801.00	2,187.00	614.00	2,100.00
Interest Accrued							
On old Loans from							
LIC Of India	18.00	13.35	4.65	12.00	12.00	-	12.00
Sub-Total	18.00	13.35	4.65	12.00	12.00	-	12.00
INTEREST ON NEW LOANS	475.00	-	475.00	657.50	1,013.00	(355.50)	1,020.00
Total before Capitalisation,	3,876.00	3,274.00	602.00	3,470.50	3,212.00	258.50	3,132.00
Less: Capitalised	595.00	225.00	(370.00)	657.50	92.00	(565.50)	270.00
INTEREST CHARGEABLE TO OPERATIONS	3,281.00	3,049.00	232.00	2,813.00	3,120.00	(307.00)	2,862.00