

## 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 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 drawls 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 tarriff 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”.***