

# Appraisal of City Development Plan Vijayawada

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# Appraisal of City Development Plan: Vijayawada

The City Development Plan (CDP) of Vijayawada provides a reasonably good idea of the existing situation, the goals and service outcomes, the strategies and action plans as well as the capital investment plan.

## 1. Stakeholder Consultations

Key stakeholders such as corporators, officials from various other convergent departments and representatives of community based organizations and civil society organizations etc., were familiarised with the purpose, process, and expected outcomes of the CDP. An important feature of formulation of CDP was constitution of working groups with sector specialists. The following working groups were constituted:

- Governance
- Poverty and slums
- Economic development
- Land use planning and environment
- Roads and traffic
- Water supply and under ground drainage
- Sanitation and solid waste management
- Health
- Education
- Revenue and expenditure management

## 2. Analysis of the Existing Situation

### 2.1 Institutional arrangements:

The CDP highlights the importance of multiple agencies working together for the provision of basic services and infrastructure. The table below shows the institutional arrangements at the city level.

#### Governance Institutions

| Agency  | Legislation   |
|---|---|
| Vijayawada Municipal corporation  | VMC Act 1981 and VMC Act 1955                         |
| Vijayawada, Guntur, Tenali, and Mangalagiri Urban Development Authorities | AP Urban Development Act 1994                         |
| Andhra Pradesh Pollution Control Board                                    | Water (Protection and Control of Pollution) Act, 1974 |
| Mangalagiri Municipality  | AP Municipality Act 1965                              |
| Gram Panchayats   | AP Village Panchayats Act, 1994                       |

The CDP shows an understanding of the problems of overlapping functional jurisdictions and the difficulties faced by these agencies in working together for the provision of basic services in the city. One of the items on the reform agenda is to minimize the ambiguities and overlapping of functions between urban local bodies (ULBs) and other agencies by transferring the functions under the Twelfth Schedule of 74<sup>th</sup> Constitution Amendment to ULBs. In the state of Andhra Pradesh so far actual transfer of these functions has not been made due to the lack of enabling legislation and constraints on institutional capacity and financial resources at the ULB level. Therefore, the status of transferring of these functions is only on paper and de facts they have remained more or less with the existing agencies.

## 2.2 Population

The information on population provided in the CDP shows a decadal change of 22.2 % in the last decade, i.e., 1991 to 2001. The existing situation analysis with respect to population and areas of the city is explained very well. However, growth rates used for the purpose of projecting future population seem to be on the higher side: the annual exponential growth rate for the past decade was merely 2 percent, whereas growth rates used for the projections are above 3 percent. Since the projected demand in the core sectors depends crucially on the actual population in those years therefore population projections must be estimated carefully and should be defensible.

### Projected population of Vijayawada

|                           | 2001         | 2011         | 2021         | Assumed Growth rate % |             |
|---------------------------|--------------|--------------|--------------|-----------------------|-------------|
| <b>Vijayawada U.A</b>     | <b>10.34</b> | <b>14.48</b> | <b>19.91</b> | <b>3.37</b>           | <b>3.19</b> |
| <b>Vijayawada M.Corp.</b> | <b>8.45</b>  | <b>11.78</b> | <b>16.41</b> | <b>3.32</b>           | <b>3.32</b> |
| Mangalagiri town          | 0.62         | 0.85         | 1.10         | 3.13                  | 2.64        |
| 2OGs + 4Ps                | 1.21         | 1.85         | 2.40         | 4.25                  | 2.60        |
|                           |              |              |              |                       |             |
| Kanuru P                  | 0.31         | 0.53         | 0.74         | 5.54                  | 3.25        |
| Prasadampadu OG           | 0.10         | 0.14         | 0.18         | 3.31                  | 2.44        |
| Ramavarappadu             | 0.13         | 0.17         | 0.22         | 2.95                  | 2.27        |
| Yenamalakudru P           | 0.25         | 0.42         | 0.56         | 5.02                  | 2.88        |
| Tedapalli P               | 0.42         | 0.58         | 0.70         | 3.30                  | 1.87        |

## 2.3 Water Supply and Sewerage:

There are no comprehensive master plans in the water supply and sewerage sectors and it is well understood by the CDP that without such plans planning for the growing demand of in these sectors in terms of quantity (as well as in terms of quality) will be difficult. Coverage under these sectors is low (70 and 40 percent, respectively, for water and sewerage). Present water supply is shown as 157 lpcd (litres per capita daily) but it is not clear from the data provided whether or not this has been calculated after deduction of distribution losses. While non-revenue water is listed at 60% cost recovery is shown as 63%, which is puzzling. Further, supporting data is not presented in the CDP. Key issues and challenges of this sector are explained very well in sections 4.1 and 4.2. Similarly other core sectors

such as sanitation, storm water drainage and solid waste management are well explained in sections 4.3, 4.4 and 4.5.

Chapter 5 on Urban Poverty (basic services to the poor) is also well written. It has explained cogently various programmes initiated through central and state sponsored schemes as well as multiple agencies involved in carrying out various programmes in the area of poverty alleviation.

#### *2.4 Finance and Investment Plan: (pages 85 to 96)*

The chapter on “Finance and Investment plan” is well presented explaining income and expenditure patterns over the past four years. 49% of the revenues are generated by the Vijayawada Municipal Corporation (VMC) from its own resources whereas dependency on state transfers is to the tune of 51% for the year 2004-05. There is a surplus on revenue account for all the past four years. In reality, however, if state transfers are excluded (and only own resources are considered) the revenue account is in deficit. Similar financial analyses have been presented for the Mangalgiri municipality and for Vijayawada, Guntur, Tenali, Mangalgiri urban development authorities as a whole. The section on investment sustenance could have been elaborated more clearly and more in detail (section 7.7). Table 7.10 could not be located in the CDP that could have given idea about the financial operating plan. The following observations need to be highlighted:

- Financial projections in the CDP are not made on the basis of past years’ performances for the JNNURM period for both of the ULBs, i.e., VMC and Mangalagiri. Estimates could have been provided at this stage using past years’ growth etc., together with some assumptions based on the reforms that will be implemented in future especially under JNNURM in the next 6-7 years.
- Without an idea about the future years’ estimates of incomes and expenditures, it is difficult to assess the internal revenue generating capacity of these ULBs to co-fund projects under JNNURM.

### **3. Vision: Present situation, Goals and Service Outcomes, Strategies and Action Plan**

#### *3.1 Sector-wise Funding:*

The total amount required for projects under various sectors is Rs.7,300 crores. However, the amount sought from the government of India under JNNURM is 50% of the total amount, i.e., Rs. 3,650 crores. Funding for the remaining fifty percent is to be achieved by way of arranging internal revenues at the ULB level and through grants from the government of Andhra Pradesh.

Further, the sectors related to core services namely (namely, water supply, sanitation, solid waste management, sewerage, storm water drainage and urban poverty alleviation) require less than Rs. 2,000 crores from GoI under JNNURM. Excluding projects related to light rail systems and traffic and transportation at this stage, the highest priority has been given to storm water drainage to the tune of Rs. 650 crores followed by urban poverty alleviation (Rs. 533 crores). Sewerage and water supply

sectors require less than Rs. 300 crores each and solid waste management and sanitation together require less than Rs.100 crores for the next seven years. (See table below—core services in bold)

| Vijayawada City Development plan | Total Amount Required in Rs. crore | Required Funding under JNNURM in Rs. crore | Required Funding from Govt. of AP in Rs. crore | Internal Funding of ULB in crore Rs. |
|----------------------------------|------------------------------------|--|--|--------------------------------------|
| Light rail                       | 2500.00                            | 1250.00                                    | 500.00   | 750.00                               |
| <b>Storm water drainage</b>      | 1299.00                            | <b>649.50</b>                              | 259.80   | 389.70                               |
| Traffic and transport            | 1140.35                            | 570.17                                     | 228.07   | 342.11                               |
| <b>Urban poverty</b>             | 1066.00                            | <b>533.00</b>                              | 213.20   | 319.80                               |
| <b>Sewerage</b>                  | 583.00                             | <b>291.50</b>                              | 116.60   | 174.90                               |
| <b>Water supply</b>              | 540.00                             | <b>270.00</b>                              | 108.00   | 162.00                               |
| <b>Solid waste management</b>    | 121.65                             | <b>60.83</b>                               | 24.33  | 36.49                                |
| <b>Sanitation</b>                | 50.00                              | <b>25.00</b>                               | 10.00  | 15.00                                |
| Total                            | 7300.00                            | 3650.00                                    | 1460.00  | 2190.00                              |
| <b>Allocation in percentage</b>  |                                    |  |  |                                      |
| Light rail                       | 34.25                              | 34.25                                      | 34.25  | 34.25                                |
| <b>Storm water drainage</b>      | 17.79                              | <b>17.79</b>                               | 17.79  | 17.79                                |
| Traffic and transport            | 15.62                              | 15.62                                      | 15.62  | 15.62                                |
| <b>Urban poverty</b>             | 14.60                              | <b>14.60</b>                               | 14.60  | 14.60                                |
| <b>Sewerage</b>                  | 7.99                               | <b>7.99</b>                                | 7.99   | 7.99                                 |
| <b>Water supply</b>              | 7.40                               | <b>7.40</b>                                | 7.40   | 7.40                                 |
| <b>Solid waste management</b>    | 1.67                               | <b>1.67</b>                                | 1.67   | 1.67                                 |
| <b>Sanitation</b>                | 0.68                               | <b>0.68</b>                                | 0.68   | 0.68                                 |
| Total                            | 100.00                             | 100.00                                     | 100.00   | 100.00                               |

### Vision: Present Situation, Goals & Service Outcomes, Strategies and Action Plan

| CITY                        | Present situation  | Goals and Vision 2010                                | Goals and Vision 2015                                | General strategies Sector specific  | Strategy 2005-2012  | Total Required Funds  | Req. Funds (NURM)  |
|-----------------------------|--|--|--|---|---|---|--|
| <b>Water supply</b>         | Coverage = 70%<br>Access = 27%<br>Supply = 4hr/d<br>Quantity = 157 lpcd<br>% NRW = 60%<br>Cost<br>Recovery = 63%               | =75%<br>=75%<br>=12hr/d<br>=160 lpcd<br>=30%<br>=80% | =100%<br>=100%<br>=24x7<br>=160 lpcd<br>=30%<br>=80% | Comprehensive water sector development plan, lowering connection costs, managing unaccounted water, removal of illegal connections and stand posts, energy audit study, establishment of regulatory authority, HR development, infiltration galleries, 24x7 supply, replacing old distributions lines, pumps etc. | 1. Planning, reforms and institutional strengthening<br>2. Service delivery<br>3. Water resource management<br>4. Governance & City relation management                 | 1. = 28 cr<br>2. = 112.63 cr<br>3. = 379.80 cr<br>4. = 16.21 cr<br>5. = 3.31 cr<br>Total = 540 cr | 1. = 28.00 cr<br>2. = 56.32 cr<br>3. = 189.91 cr<br>4. = 8.11 cr<br>5. = 1.65 cr<br>Tot= 284.04 cr |
| <b>Sewerage</b>             | Coverage = 30%<br>Access = 10%<br><br>Treatment & Disposal = 10%<br><br>Recycle waste water = 0%<br><br>Cost<br>Recovery = 60% | =80%<br>=60%<br><br>=50%<br><br>=15%<br><br>=80%     | =100%<br>=90%<br><br>=100%<br><br>=35%<br><br>=100%  | Comprehensive sewerage master plan, ongoing under ground sewerage schemes, HR development, new schemes, sewage treatment plant, energy audit study, sewage quality monitoring   | 1. Design & implementation of communication strategy<br>2. Service delivery<br>3. Sewerage treatment & management   | 1. = 20 cr<br>2. = 10.40 cr<br>3. = 552.60 cr<br>Total = 583 cr                                   | 1. = 20 cr<br>2. = 5.20 cr<br>3. = 276.30 cr<br>Tot= 301.50 cr                                     |
| <b>Storm water drainage</b> | Coverage = 60%<br><br>Pukka network area = 20%<br><br>Canal reclamation = 5%   | = 80%<br><br>= 50%<br><br>= 75%                      | = 100%<br><br>= 100%<br><br>= 100%                   | Primary drain rehabilitation and improvement program, drainage rehabilitation program, construction of tertiary drains, protection of environmental resources, monitoring and quality control, regulatory framework   | 1. Capacity building<br>2. Primary drains rehabilitation<br>3. Construction of secondary and tertiary drains<br>4. Rehabilitation of riverbed & conservation of rivulet | 1. = 21.0 cr<br>2. = 467.50 cr<br>3. = 474.50 cr<br>4. = 336.00 cr<br>Tot = 1299 cr               | 1. = 21.0 cr<br>2. = 233.75 cr<br>3. = 237.25 cr<br>4. = 168 cr<br>Tot = 660cr                     |

| CITY                              | Present situation   | Goals and Vision 2010                 | Goals and Vision 2015                  | General strategies sector specific  | Strategy 2005-2012  | Total Required Funds   | Req. Funds (NURM)  |
|-----------------------------------|---|---------------------------------------|--|---|---|--|--|
| <b>Solid waste management</b>     | Door to door = 90%<br>Source Segregation = 5%<br>Treatment & Disposal = 70%<br>Cost Recovery = 5%<br>PSP = 3 projects | =100%<br>=30%<br>=85%<br>=50%<br>More | =100%<br>=75%<br>=100%<br>=80%<br>More | Integrated solid waste management plan, vermin composting plant, bio-methanization plant  | 1. Service improvement<br>2. SWM (machines & plants)<br>3. Governance   | 1. = 1.0 cr<br>2. = 109.65 cr<br>3. = 12.0 cr<br>Tot= 121.65cr | 1. = 0.5 cr<br>2. = 58.33 cr<br>3. = 6.0 cr<br>Tot= 64.33 cr   |
| <b>Sanitation</b>                 | Access = 90%<br>Cost recovery (% of OM) = 25%   | = 100%<br>= 60%                       | = 100%<br>= 100%                       | Planning reforms and institutional strengthening, service delivery etc.   | 1. Planning reforms and institutional strengthening<br>2. service delivery<br>3. Citizen relations management | 1. = 4.64 cr<br>2. = 43.33 cr<br>3. = 2.03 cr<br>Tot= 50cr     | 1. = 4.64 cr<br>2. = 21.67 cr<br>3. = 1.02 cr<br>Tot= 27.33 cr |
| <b>Traffic and transportation</b> |   |                                       |  |   |   | Total = 1140.35 crore  | Total = 570.17 crore   |
| <b>Poverty reduction</b>          | BPL pop = 40%<br>Access to schools = 55%<br>Access to primary health care = 40%<br>Housing access=20%                 | = 30%<br>= 80%<br>= 80%<br>= 60%      | = 15%<br>= 100%<br>= 100%<br>= 80%     | 100% coverage on access to basic amenities for poor, 100% literacy, livelihood to all poor, access to primary health, development of housing by ppp, relocation of slums, tenurial security and affordable housing etc. | 1. Governance<br>2. Service delivery including water, toilets, housing, roads etc.                            | 1. 2.6 cr<br>2. 1063.40 cr<br>Tot= 1066 cr                     | 1. 1.3 cr<br>2. 531.70 cr<br>Tot= 533 cr                       |

Note: Access means access to individual connection

### Status of access to basic services by Poor

| POOR                                  | Present situation   | Goals and Vision 2010                | Goals and Vision 2015                 | General strategies sector specific   | Strategy 2005-2012   | Total Required Funds                           | Req. Funds (NURM)                            |
|---------------------------------------|---|--------------------------------------|---------------------------------------|--|--|--|--|
| <b>Access to Water supply by Poor</b> | Coverage = 20%<br>Access = na<br>Supply = 4hr/d<br>Quantity = 110 lpcd      | =60%<br>=40%<br>=12hr/d<br>=140 lpcd | =100%<br>=70%<br>=18hr/d<br>=160 lpcd | 100% coverage on access to basic amenities for poor, 100% literacy, livelihood to all poor, access to primary health, development of housing through PPP, relocation of slums, tenurial security and affordable housing etc. | 1. Governance<br>2. Service delivery including water, toilets, housing, roads etc. | 1. 2.6 cr<br>2. 1063.40 cr<br><br>Tot= 1066 cr | 1. 1.3 cr<br>2. 531.70 cr<br><br>Tot= 533 cr |
| <b>Access to Sewerage By Poor</b>     | Access = 2%   | = 40%                                | = 80%                                 |  |  |  |  |
| <b>Storm water drainage</b>           | Coverage = 35%<br><br>Pukka network area = 10%                              | = 60%<br><br>= 40%                   | = 100%<br><br>= 75%                   |  |  |  |  |
| <b>Solid waste management</b>         | Door to door = 80%<br>Source Segregation = 0%                               | =100%<br>=10%                        | =100%<br>= 30%                        |  |  |  |  |
| <b>Sanitation</b>                     | Access to individual toilets = 50%<br><br>Access to community toilets = 75% | = 75%<br><br>= 90%                   | = 100%<br><br>= 100%                  |  |  |  |  |

#### 4. Expected Improvements

1. How does the city propose to resolve the ambiguities and overlapping of functions between ULBs and other operating agencies in the provision of basic services?

VMC:

*New paragraph has been added at the end of section 3.4.5 (Municipal-Parastatal Coordination), "The basic services like traffic, public transport, fire etc are with parastatals. But since Vijayawada is a small City, there is adequate co-ordination between the VMC and the parastatals. The State Government is already attempting to formulate an Agency for Hyderabad, which would encompass all the basic services. The same model can be extended to the other cities like Vijayawada, over the course of time."*

NIUA:

This solution is suggested under the state reform agenda and VMC will rely on state government's initiative for the formulation of a new agency for Hyderabad that would encompass all the basic services. VMC's vision is to extend the same model for Vijayawada over the course of time.

2. Population estimates for the years 2010 and 2020 seems to be on the higher side.

VMC:

*Section 2.1.1 quotes "the population projection of 3.3% is based taking into account the rapid growth in the margins. A recent survey of households for distribution of ration cards indicates that the actual population of the City now would be somewhere in the vicinity of 1.5."*

NIUA:

The population projection of 3.3% takes into account of the rapid growth at the periphery areas and a reference is made to a survey of households for distribution of ration cards.

3. (a) In the case of water sector information on distribution and transmission losses is not provided. This information and the reasons for these losses are essential for any sound strategy to reduce them.  
(b) The vision of increasing individual taps connections from 27 percent to 75 percent during 2005-2010 while laudable seems to be overly optimistic. A more realistic approach could be considered. Supporting data on cost recovery mechanisms is not provided.  
(c) The proposal in the CDP for the establishment of a water regulatory body is puzzling particularly for a city of the size of Vijayawada and at its stage of development.

VMC:

*A new paragraph is added in the section 4.1.7 (Non revenue water), which quotes "Non Revenue Water is about 60%, of which 20% of the water is supplied free through public taps and to various Government agencies, and 40% is lost by way of leakages and theft."*

*A new paragraph is added in the section 4.1.8 (Water Tariffs), which quotes "There are about 60,000 household connections and about 10,000 metered connections of various kinds. The un-metered domestic connections are charged a flat rate, with the Below Poverty Line (BPL) consumers being charged half the rate at which the Above Poverty Line (APL) consumers are charged". The tariff structure is shown in a new table on page 28.*

*The table 6.1 which is provided on page 56 has the following footnotes-*

*"The projections for the sharp growth is made on the assumption that since the distribution network is already available in most parts of the City, the issue is only one of mobilizing connections. The Government have recently come up with a policy on encouraging connections by lowering connection costs. The Policy is already having its impact, with nearly 10,000 connections mobilized in last three months."*

*"Vijayawada is fortunate to be situated on the banks of Krishna River, which ensures that water is abundantly available in the City itself. It was estimated that the total O & M cost of water supply in 2003-04 and 2004-05 was Rs 667 lakhs and Rs 705 lakhs respectively, while the revenue receipts were Rs 761.7 lakhs and Rs 837.7 lakhs respectively. This figure however excludes the investment done every year on remodelling*

*or relaying old lines and other leakage reduction investments, apart from network expansion and other capital expenditures. A large extent of the City transmission and distribution network is very old and to that extent requires relaying in a phased manner, so as to reduce leakages and also ensure water delivery in the tail-end.”*

*Table on water sector strategy on page 75 explains has a footnote, quoting “The water regulatory body is not of immediate necessity in smaller cities like Vijayawada, unlike Hyderabad, though it would become necessary as the City expands.”*

NIUA:

Estimates for distribution and transmission losses are now clear and the percentage of free water, which is supplied through stand posts etc., is also provided in the revised CDP.

An explanation on the vision of extending tap connections is also provided and seems to be attainable since the distribution network is already available in most parts of the City; the issue is only one of mobilizing connections, which can be achieved.

Information on water tariffs etc. is well provided. Clarifications carried out on cost recovery mechanisms are in right direction although it did not take into consideration network expansion and other capital expenditures etc.

The CDP highlights that the need for a water regulatory body is not of immediate necessity.

4. The focus in the CDP seems to be more on creation of new physical assets as compared to improved maintenance and enhancement of existing assets. It would be useful for the CDP to acknowledge the role of the latter even if this is not articulated as a specific funding requirement under JNNURM.

VMC:

*A new paragraph has been added in section 3.5.3 (City Level Reforms – VMC) which quotes “The CDP contains Sector Strategy and Strategy Implementation Road Map (Chapter 6 and in Annexures), which clearly focuses on reforms and improved maintenance of existing assets. The Council of the VMC has already committed itself to implement an elaborate reform agenda. This elaborated in the Reform Agenda. For example, in water supply, the priority is on areas like reducing NRW, O & M of Water and Sewerage system, rationalization of network etc. For each of these activities, the estimates with year-wise break-up are indicated later in the CDP.”*

NIUA:

A new paragraph has been added in the CDP, which contains Sector Strategy, and Strategy Implementation Road Map that clearly focuses on reforms and improved maintenance of existing assets. The Council of the VMC has already committed itself to implement an elaborate reform agenda.

5. Issues related to transparency, disclosure and accountability should be discussed in detail.

VMC:

*A new paragraph 3.4.11 (Public Disclosure Norms) has been added which quotes “The State Government is coming up with a Public Disclosure Law, which is likely to come up in the next three months. The VMC is already implementing the Right to Information Act. All the information related to taxation, building permission, engineering works etc is already available in the web-site.”*

NIUA:

The State Government is coming up with a Public Disclosure Law, which is likely to come up in the next three months. The VMC is already implementing the Right to Information Act and the information on prescribed format is available on VMC’s web site.

6. Functioning of the line departments under VMC is not mentioned in the CDP.

VMC: *Organograph of VMC (figure 3.1) is provided on the page 17.*

NIUA:

A detailed functioning of the line departments under VMC is beyond the scope of CDP but an organogram of VMC is well presented in the revised CDP, which gives an adequate idea about the organizational structure of VMC.

7. Financial prognosis of the city should be presented in a detailed manner. There needs to be a more detailed and careful articulation in the CDP of the fiscal measures and reforms (e.g., levying and recovery of user charges, enhancement in the tax base and tax rates, etc.) that are consistent with and necessary for realising the vision of the city.

VMC:

*A separate detailed note on VMC finances together with working sheets on working out of financial operating plan is presented separately which gives the details of financial figures for the past couple of years. The footnotes gives explanations on certain observations, these are*

*“The sharp increase in PT receipts over the last three years is explained by the massive drive undertaken to collect long pending dues and also the survey done to detect all un-assessed and under assessed properties. The advertisement tax was assigned to a single agency from 2003-04, by tenders, and this explains the spurt in revenues.”*

*“The water charges have gone up from 2003-04 due to tariff revision form Rs 60 to Rs 80 for domestic consumers and also due to a massive drive carried out to detect illegal connections.”*

*“The building permission fees grew in 2003-04 and 2004-05 due to the combined effect of the one-time Building Regularization Scheme (BRS) initiated by the Government and better enforcement of existing regulations. The Government have recently issued guidelines on revised building permission process, which gives considerable powers to the Commissioners to regularize minor deviations. This is expected to significantly increase revenues in the coming years.”*

*“The sharp rise in other receipts in 2002-03 is due to Grants from the Government to set-up Projects like the modern slaughter house, the bio-methanization plant etc, and assistance to conduct the Krishna Pushkaram in 2004-05.”*

*“The spurt in miscellaneous receipts is due to the increased income from three big new commercial complexes, and also a drive carried out to clear all old arrears from various commercial establishments under the Corporation. Further, under PPP some Parks and other assets were outsourced for maintenance, which have been fetching significant revenues.”*

*“The major portion of staff are Public Health workers, who are involved in sanitation. The utilities – water, sewerage, street lighting, vehicles etc - are run mainly with contract labour through labour contracts.”*

*“The expenditure on water supply includes electricity charges, consumables, and repairs.”*

*“Sanitation cost has increased thanks to the sharp rise in purchase and use of dumper placers etc.”*

*“The sharp rise in roads and bridges expenditure from 2002-03 is due to the HUDCO loan available.”*

*“The sharp increase in capital expenditure in water supply from 2002-03 can be attributed to the spending on additional treatment capacity and its attendant works (10 MGD Plant), which is on going. These works are being done through HUDCO loans.”*

*“The total capital expenditure grew sharply from 2002-03 due to utilization of the Rs 70 Cr HUDCO loan. The Projects under the loan are still under implementation.”*

NIUA:

A separate detailed note on VMC finances together with working sheets on working out the financial operating plan is presented in a well-focused manner and seems to be right on most parameters. In the

earlier version of the CDP details were not adequate but now it covers the required information gaps very well such as the details on sudden revenue jumps in the past couple of years on account of property tax, water charges, building permission fee, receipts from commercial complexes, state government grants etc. Similar detailed explanations are also provided on expenditure account, which seem to be adequate.

8. The capacity of VMC to absorb and utilize the relatively large amounts of funds under JNNURM (relative to its own annual income and expenditure) should be more clearly articulated.

*VMC:*

*A new subsection has been added in the revised CDP i.e. subsection 3.6 (Implementation Framework) which quotes “It is proposed to set up a Project Monitoring Unit (PMU) within VMC to design, monitor, implement, and evaluate (DIME) the JNNURM Projects. The VMC has already appointed separate consultants to study water, UGD and transportation sectors to streamline and rationalize systems and prepare sectoral Master Plans. The ToR of the Consultants, among other things, also includes preparation of DPRs, and monitoring the implementation of the Projects. All the Projects would be tendered out to contractors and the Consultant would assist the VMC engineers in monitoring the progress of NURM Projects. The PMU is proposed to be staffed with experts in technical, legal, and financial matters relating to the Projects and reforms being implemented by the VMC as part of JNNURM.”*

NIUA: This section has adequately addressed the raised issues.

**The revised CDP is now in accordance with the guidelines provided in JNNURM Toolkit number 2.**