

ANNEXURE

VMC Finances

Receipts during last 4 years in Rs. Lakhs

Tax receipts during last four years for Vijayawada Municipal Corporation

Head	Actual			Projected
I - Taxes	2001-02	2002-03	2003-04	2004-05
Property tax & VL T	1872.00	2952.2	3031.6	3183.1
Advertisement tax	65.99	95.02	166.0	174.3
Other taxes	0.95	0	0	0
Total taxes*	1938.9	3047.2	3197.6	3357.5

*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.

Non-Tax receipts during last four years for Vijayawada Municipal Corporation

Head	Actual			Projected
II - Non Taxes	2001-02	2002-03	2003-04	2004-05
Water charges*	402.00	398.2	761.7	776.9
D & O Trades	94.4	82.7	59.3	64.1
Encroachment fee	0.85	2.4	3.2	3.5
Betterment charges	81.0	92.7	53.5	55.7
Building permission fee**	87.5	208.4	221.0	236.5
Water Supply Donations	75.6	92.2	168.4	170.1
Other receipts***	15.9	507.8	877.1	920.9
Miscellaneous receipts****	322.8	568.5	1111.6	1133.8
Total non - taxes	1080.1	1952.9	3255.8	3361.5

* The water charges have gone up from 2003-04 due to tariff revision from 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.

Assigned revenues during last four years for Vijayawada Municipal Corporation

Head	Actual			Projected
III - Assigned Revenues	2001-02	2002-03	2003-04	2004-05
Entertainment tax	476.17	352.69	506.43	531.75
Surcharge on stamp duty	748.53	873.79	1246.71	1346.45
Profession tax compensation	489.99	1276.65	1012.95	1063.60
Per capita grant.	56.04	41.06	41.23	42.05
M.V. tax compensation	3.57	15.53	6.75	7.43
Total assigned revenues	1774.3	2559.72	2814.07	2991.28

Total planned grants during last four years for Vijayawada Municipal Corporation

Head	Actual			Projected
IV-Total Plan Grants	2001-02	2002-03	2003-04	2004-05
State Govt. Programmes	132.43	152.02	145	140
Teaching Grants	791.04	791.04	400.00	858.82
Other grants	0.00	0.00	0.00	308.67
N.R.Y/SJSRY	127.69	39.39	1.85	250.00
Total Compensation (octroi)	1680.91	1718.26	2518.66	2772.84
NSDP	25.00	211.54	57.60	200.00
ILCS	0.00	0.00	0.00	175.00
Property Tax Compensation	14.81	14.81	55.68	25.53
Road Grant	0.00	0.00	33.06	0.00
School Building grant	8.80	8.80	7.30	7.373
Other grants	7.14	2.25	11.75	18.60
Total plan grants	2787.82	2938.11	3230.9	4756.83

Abstract of total receipts during last four years for Vijayawada Municipal Corporation

Head	Actual			Projected
Abstract	2001-02	2002-03	2003-04	2004-05
Total taxes	1938.94	3047.21	3197.64	3357.52
Total Non-taxes	1080.11	1952.88	3255.82	3361.50
Total assigned revenues	1774.3	2559.72	2814.07	2991.27
Total plan. Grants	2938.11	3230.9	4756.833	5035.30
Loans	0.00	0.00	1000.00	0.00
Grand Total	7731.46	10790.71	15024.36	14745.6

**Expenditure of Vijayawada Municipal Corporation during last 4 years in
Rs. Lakhs**

**Establishment and Maintenance expenses during last four years for
Vijayawada Municipal Corporation**

Maintenance Expenditure	Actual		Predicted	
	2001-02	2002-03	2003-04	2004-05
Staff Salaries*	3300.50	3384	3763.22	3951.38
Management, Engineering Etc.,	150.00	132.00	212.46	233.70
Public Health	6.18	28.87	115.50	127.05
Pension payment	450.75	420	480	542.4
Other expenditure	143.23	238.42	520.39	572.43
Water supply**	530.45	570.20	650.57	683.09
Sanitation***	39.44	149.72	320.10	352.11
Remunerative enterprises	10.42	0.00	41.78	45.95
Roads	151.69	294.00	568.93	597.37
Drains and culverts	46.90	142.00	54.24	59.66
Street lighting	83.65	77.06	574.77	580.51
Buildings	19.16	72.42	36.72	40.39
Total expenditure Maintenance	4932.37	5508.69	7338.68	7786.08

* 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 labor through labor 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.

Capital expenses during last four years for Vijayawada Municipal Corporation

Capital expenditure	Actual		Predicted	
	2001-02	2002-03	2003-04	2004-05
Roads and bridges*	391.40	792.00	2074.79	2178.53
Drains and culverts	94.59	12.00	793.42	801.35
Remunerative enterprises	30.94	24.02	102.15	103.17
Lighting	200.82	67.02	279.44	293.41
Water supply**	73.78	606.89	767.93	844.73
Buildings	69.84	80.92	51.83	57.01
Sanitation	0.00	25.02	37.07	40.78
Land Acquisition	2.51	4.21	152.39	153.91
Law Charges	7.00	8.43	10.73	11.80
Loan repayment	0.00	661.00	1208.00	1220.08
Total capital expenditure	870.88	2281.51	5477.75	5704.77

* 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.

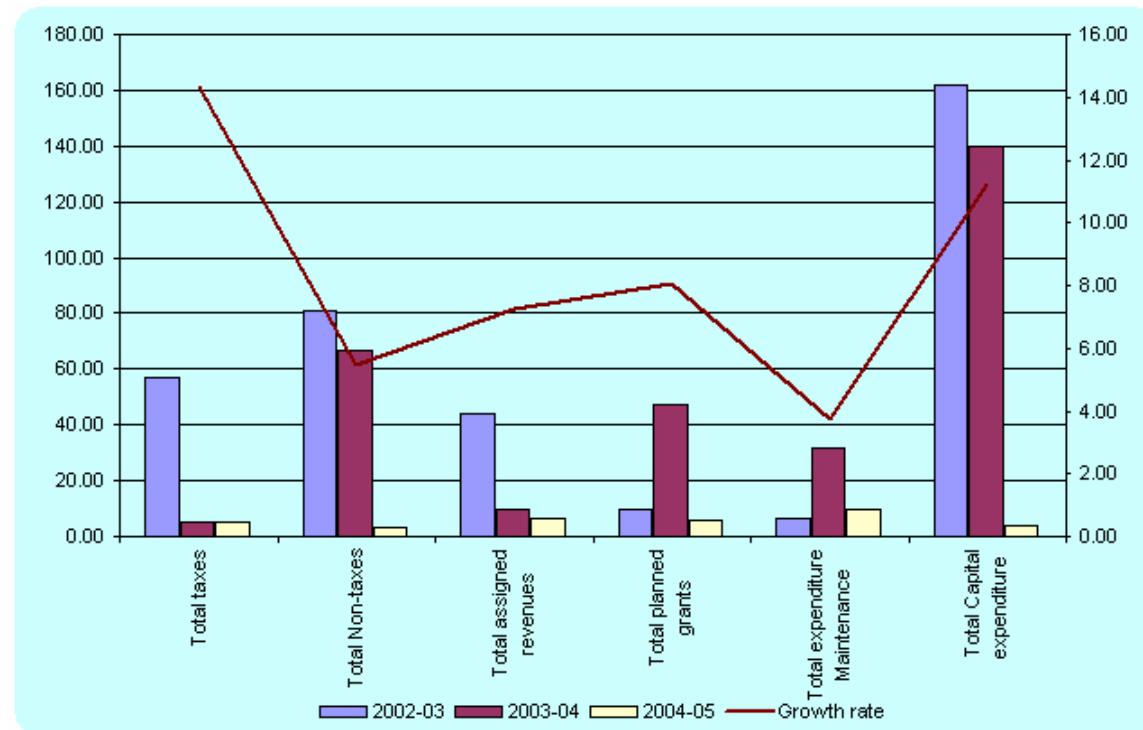
Abstract of total expenses during last four years for Vijayawada Municipal Corporation

Head	Actual				Projected
	2001-02	2002-03	2003-04	2004-05	
Total Maintenance expenditure	4932.37	5508.69	7338.68	7786.083	
Total capital expenditure	870.88	2281.51	5477.75	5704.777	
Total	5803.25	7790.2	12816.43	13490.86	

* 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.

Annual Growth rates of the receipts and expenditure under different heads

Head	Growth rates			Projected
Receipts	2002-03	2003-04	2004-05	Growth rate
Total taxes	57.16	4.94	5.00	14.33
Total Non-taxes	80.80	66.72	3.25	5.44
Total assigned revenues	44.27	9.94	6.30	7.24
Total planned grants	9.97	47.23	5.85	8.04
Expenditure				
Total expenditure Maintenance	6.75	31.63	9.82	3.76
Total Capital expenditure	161.98	140.09	4.14	11.20



Growth rates of receipts of the Corporation are shown in the graph. All the bars represent the growth rates of revenues in the concerned heads. Line indicates the growth rate of the receipts. The bars are used for presentation of the revenues of the concerned heads.

**CASE SCENARIO MATRIX OF VIJAYAWADA MUNICIPAL CORPORATION
FOR THE YEAR 2005-06**

	Base case scenario	Optimistic scenario	Pessimistic scenario
REVENUE RECEIPTS (1)	15511.5	17062.7	13960.4
REVENUE EXPENDITURE (2)	8267.1	8267.1	8267.1
SURPLUS/DEFICIT (3)=(1-2)	7244.4	7244.4	7244.4
SURPLUS / DEFECIT AFTER ANNUITY (5) = (3-4)	6749.3	6749.3	6749.3
TF/TR (7) = (2 / 1)	0.5	0.5	0.5
CAPITAL EXPENDITURE (11)	5209.4	5209.4	5209.4
To get DS/TR of 30%, borrowing is (A)	4188.1	5118.8	4188.1
TE/TR	0.53	0.5	0.6
To get TE/TR of 1.00, total TE should be	15511.5	17062.7	13960.4
Existing Revenue Exps. (Other than ann.)	8267.1	8267.1	8267.1
Annuity at TE / TR = 1, is (B)	7244.4	8795.5	5693.2
40% of Operating Surplus ©	2897.8	3518.2	2277.3
(A), (B) or © whichever is less	2897.8	3518.2	2277.3
Additional Sustainable Annuity	2402.7	3518.2	2277.3
Borrowing Capacity	19293.3	28251.3	18286.7
Investments	32155.6	47085.5	30477.8