



ABSTRACT

Grants – 13th Finance Commission grants for the period from 2010-2011 to 2014-2015 – Urban Local Bodies – Revised Guidelines for the utilization of 13th Finance Commission Grant – Orders – Issued.

Municipal Administration and Water Supply (TP1) Department

G.O.(Ms) No.306

Dated: 09.12.2010

Read:

1. G.O.(D) No.393, Municipal Administration and Water Supply (TP2) Department dated 27.7.2010.
2. G.O.(D) No.400 Municipal Administration and Water Supply (MA2) Department dated 30.7.2010.
3. From the Director of Municipal Administration and the Director of Town Panchayats letter Roc. No. 14330/2010/P2, dt. 20.11.2010

ORDER:

The 13th Finance Commission has submitted its recommendation on grants to the Local Bodies. These recommendations have been accepted by the Government of India and communicated to the State Governments. These recommendations will be applicable for 5 years from 2010-11. General Basic Grant of Rs.1550.96 crore and General Performance Grant of Rs.820.25 crore have been earmarked during the award period for all the Urban Local Bodies of Tamil Nadu by the 13th Finance Commission. In its report, the 13th Finance Commission has indicated certain core areas in Para 10 point 161 (8) of its report viz., Water Supply Sewerage, Storm Water Drainage and Solid Waste Management, wherein the quality of services provided by the Urban Local Bodies need to be improved by utilizing the grants.

2. In the Government Orders first and second read above, certain guidelines have been issued for the utilization of 13th Finance Commission grant funds by the ULBs. The Director of Municipal Administration and the Director of Town Panchayats, in their letter third read above, have stated that the above said guidelines do not fully solve the issues faced by the ULBs viz., financial constraints of the ULBs in making payment towards ULB share of the Water Supply and Under

Ground Sewerage Schemes, payment of water charges and electricity tariff and also payment of charges towards outsourcing of the Solid Waste Management activities. They have stated that as the existing guidelines are not tackling the hardships and issues faced by the ULBs, it is essential to revise the guidelines.

3. Regarding Water Supply Schemes, the Director of Municipal Administration and the Director of Town Panchayats have stated that the Urban Local Bodies of Tamil Nadu in recent years have taken up a number of new water supply and sewerage projects. Despite the provision of grants and loans under the various schemes, the ULBs have to supplement the above sources making their own contribution from General Fund for the implementation of the scheme. Since the scope for allocation of sufficient share from the General Fund of the ULBs is less, there are huge arrears to the implementing agencies viz., Tamil Nadu Water Supply and Drainage (TWAD) Board as well as Chennai Metropolitan Water Supply and Sewerage Board – (CMWSSB) from the ULBs. Any delay in the mobilization of resources by the ULBs causes delay in the completion of the projects. Hence, the funds allocated by the Commission can be utilized by the ULBs in augmenting the Core Municipal Services of Water Supply and Sewerage facilities.

4. Currently, Water Supply Schemes are being implemented in 7 Corporations and 48 Municipalities at a cost of Rs.1989.81 crore and in 86 Town Panchayats at a cost of Rs.409.04 crore. Similarly, 38 number of Under Ground Sewerage Schemes are being implemented in 6 Corporations and 32 Municipalities at a cost of Rs.2323.21 crore and in 6 Town Panchayats at a cost of Rs.158.13 crore.

ULB share payable as on date to the TWAD Board and CMWSSB for the Water Supply schemes and Under Ground Sewerage Schemes (UGSS) is given below:-

		Corporations and Municipalities	Town Panchayats
Water Supply in Schemes	TWAD Board	108.08	68.23
	CMWSSB	164.43	3.41
	Sub total	272.51	71.64
Under Ground Sewerage Scheme	TWAD Board	319.27	0.97
	CMWSSB	318.55	22.64
	Sub total	637.82	23.61
Grand Total		910.33	95.25

The share of ULB contribution to the Water Supply and Under Ground Sewerage Schemes (under execution), worksout to Rs.496.55 crore for the Tamil Nadu Water

Supply and Drainage Board, and Rs.509.03 crore, for the Chennai Metropolitan Water Supply and Sewerage Board.

5. In respect of Electricity charges payable to TNEB by the ULBs, the Director of Municipal Administration and the Director of Town Panchayats have stated that the ULBs use electricity for providing core Municipal activities, such as, Water Supply, Sewerage Treatment, Street Lights, etc. to the citizens. The annual electricity expenses of Corporations and Municipalities is about Rs.147 crore and Rs.67 crore in respect of the Town Panchayats. In addition, the ULBs need to pay arrear amount of about Rs.65 crore to the TNEB.

6. Similarly as regards Water charges payable to the TWAD Board and CMWSSSB, the Director of Municipal Administration and the Director of Town Panchayats have stated that the ULBs get bulk water supply from the Combined Water Supply Schemes operated by the TWAD Board and CMWSSSB. ULBs need to subsidise the water supply especially for the Urban Poor to ensure equitable distribution of core civic service. Hence, the ULBs need assistance to make payment for the bulk water supply/ Regular payment to these agencies will enable them to ensure proper maintenance and upkeep resulting in improved service delivery to the citizens.

Demand of the annual water charges payable by the ULBs to the TWAD Board and CMWSSSB is given as follows:-

(Rs. in crore)

	Corporations and Municipalities	Town Panchayats
TWAD Board	60.00	30.00
CMWSSSB	5.25	1.13
Total	65.25	31.13

Currently the TWAD Board is supplying water to the ULBs at an average rate of Rs.4.50 per kilo litre. Government are also examining the proposal to revise the water charges to about Rs.6.00 per kilo litre, due to increase in the operation expenditure. If the same is effected, there will be an increase of payment by 25% and ULBs will incur an expenditure of Rs.120 crore towards water charges alone to the TWAD Board.

7. In respect of Outsourcing of the Solid Waste Management Activities of the ULBs, the Director of Municipal Administration and the Director of Town Panchayats have informed that the Solid Waste Management is one of the core civic functions of the ULBs. In order to optimize cost and improve efficiency, some of the larger ULBs

have outsourced the primary collection and transportation. Now, the larger ULBs are outsourcing the setting up of scientific land fill facilities to take care of the disposal of the waste as well. The annual expenditure on account of the outsourcing of the Solid Waste Management activities in the Urban Local Bodies works out to about Rs.70 crore.

8. In the circumstances stated above, the Director of Municipal Administration and the Director of Town Panchayats have stated that the funds of the 13th Finance Commission earmarked to the ULBs could be utilized by the ULBs strictly in the following order of priority:

1. Payment of ULB contribution for the completed / physically started Water Supply Scheme and / or Under Ground Sewerage Scheme being implemented by the TWAD Board / CMWSSB.
2. Payment of electricity charges of the ULBs.
3. Payment of water charges (only the water charges and not penalty) to the Tamil Nadu Water Supply and Sewerage Board / Chennai Metropolitan Water Supply and Sewerage Board.
4. Payment to the outsourced agencies by the ULBs towards the Solid Waste Management activities.

9. The Director of Municipal Administration and the Director of Town Panchayats have, therefore, requested the Government to pass orders for utilization of General Basic Grant allocated under the 13th Finance Commission, as per the guidelines now proposed in the order of priority as indicated in para 8 above, so as to enable the ULBs to incur expenditure for the award period starting from 2010-11 (01.04.2010).

10. The Government after careful examination of the proposal of Director of Municipal Administration and the Director of Town Panchayats, revise the guidelines issued earlier in order to spend the funds judiciously and to send Utilisation Certificate quickly for utilization of grants allocated by the 13th Finance Commission, in the following order of priority to take effect from the financial year 2010-2011 onwards:

1. Payment of ULB contribution for the completed / physically started Water Supply Schemes and / or Under Ground Sewerage Schemes being implemented by the TWAD Board or CMWSSB only, (Payment of ULB contribution for such Schemes implemented by the ULBs themselves will not be eligible).
2. Payment of electricity charges of the ULBs.

3. Payment of water charges (only the water charges and not penalty) to the TWAD Board or CMSWWB.
4. Payment to the outsourced agencies by the ULBs towards the Solid Waste Management activities

11. This order issues with the concurrence of Finance Department vide its U.O. No. 3082/FS/P/2010, dated. 25.11.2010.

(BY ORDER OF THE GOVERNOR)

K. ASHOK VARDHAN SHETTY,
PRINCIPAL SECRETARY TO GOVERNMENT.

To:

The Director of Municipal Administration, Chennai – 600 005.
The Director of Town Panchayats, Chennai-600 108.
The Commissioner, Corporation of Chennai, Chennai – 600 003.
The Chairman and Managing Director, TUFIDCO, Chennai – 600 035.
The Pay & Account officer (East), Chennai-600 005
The Accountant General, Chennai-600 018.
The Accountant General, Chennai –600 035.
The Resident Audit Officer, Chennai – 600 009.

Copy to:

The Finance (M.A.&W.S/FC.IV/W&MI)Department, Chennai – 600 009.
The Private Secretary to Principal Secretary,
Municipal Administration and Water Supply Department, Chennai – 600 009.

/Forwarded by order/

A. D. S. S. S.
SECTION OFFICER.
9/12/10