



13. FINANCIAL ANALYSIS AND INVESTMENT PLAN

1. Introduction

This chapter details the municipal corporation and its various entities involved in the provision of services and outline the receipts and expenditure over the last five years. For the purpose of analysis, the items of account have been categorized under the following major heads.

Revenue Account

All recurring items of income and expenditure are included under this head. These include taxes, charges, salaries, maintenance expenditure etc.

Capital Account

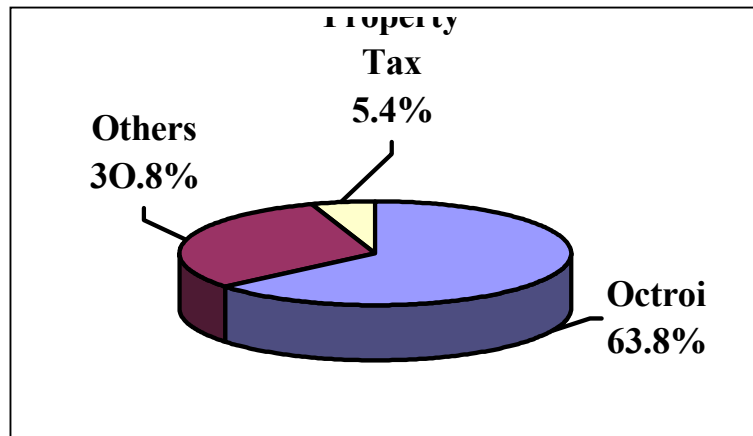
Income and expenditure items under this account are primarily non-recurring in nature. Income items include loans, contributions by GOM, other agencies and capital grants under various State and Central Government programmes. Expenditure items include expenses booked under developmental works and purchase of capital assets.

Deposits and advances

Under the cash system of accounting, certain items are compiled under advances and deposits. These items are temporary in nature and are essentially adjustments for the purpose of recoveries and payments. Items under this head include library cess, income tax deductions, pension payments, provident fund, payment and recoveries of advances to employees and contractors etc.

2. Revenue Account

The revenue account comprises of two components – revenue income and revenue expenditure. Revenue income comprises of internal resources in the form of tax and no-tax items. External resources are in the form of shared taxes/transfers and revenue grants from the State Government. Revenue expenditure comprises of expenditure incurred on salaries, operation & maintenance expenditure etc.



3. Revenue Income

The revenue resources of NMC can be broadly categorised as own sources, assigned revenues and grants. The source-wise income generated during the last four years period is presented. The base and basis of each income source has been further elaborated in the following section.



4. Own Sources

Own source income includes income from resource mobilisation activities of NMC in the form of taxes, charges for water and sewer and fees for building permission, trade licences, etc. The own revenue sources are further classified as tax revenue and non-tax revenue sources that are generated by various sections of the NMC. The salient features of this revenue head is detailed below:

5. Tax Sources

The sections contributing tax income include – General Taxation, General Administration, Communication and Engineering, Education, Town Planning, Public Health, Remunerative Enterprises, Water Supply and Underground Drainage. The General Taxation section is the largest revenue generating section and collects among other taxes, Octroi and property tax. Other sections collect charges and fees, as per the rules, towards services rendered by NMC.

5.1. Octroi Receipts

This is a major source of revenue for NMC. Over past four years it is increasing by 20% per annum as compared to immediately preceding years.

6. Non-Tax Sources

Non-Tax sources include all non-tax revenues such as fees and charges levied as per the Municipal Act. Such revenue sources include income from special services, etc. The major sections/departments contributing non-tax income include; General Administration, Income from Town Planning Section, Dangerous & Offensive Trade Licence Fee, Births and Death Certificate, Income from Remunerative Enterprises, Water Supply and Under Ground Drainage.

6.1 General Administration

Income from general administration is in the form of magisterial fines; warrant & distraint fees; lapsed deposits and other sundry income. It also includes income through interest on investment and realization of past investment during the financial year.

6.2 Property Tax

Income through property tax is based of the Annual Rental Value (ARV) of the property. NMC has witnessed an increase in number of assessments. The efforts are being made to include unassessed properties into the demand net.

6.3. Advertisement Tax

Another major tax source - advertisement tax, is levied on hoarding, slides in cinema halls, etc.

6.4. Town Planning

The income from town planning section includes layout fees, building permission fee, compounding fees, betterment charges, development charges, change of land use and impact fee.

6.5. Public Health

The Public Health section of NMC generates income by way of dangerous and offensive (D&O) trade license fee, birth & death certificates.

6.6. Remunerative Enterprises

Income from remunerative enterprises is in the form of rental income from assets like shopping complexes, market fees, parking fee and income from other real assets owned by the Corporation.

7. Assigned Revenue

Assigned Revenues include revenues transferred to NMC by the State Government under special Acts. Transfers are in the form of NMC's share taxes levied and collected by GOM from



establishments/operations within municipal limits. Surcharge on transfer of immovable properties, entertainment tax, and professional taxes are items under which these revenues are realised by NMC.

7.1. Entertainment Tax

The Commercial Tax (CT) Department collects entertainment tax from all Cinema Halls functioning within NMC limits.

7.2. Professional Tax

The Commercial Tax Department also collects Professional Tax.

7.3. Revenue Grants and Contribution

The Corporation receives revenue grants and compensations from the State Government under various heads. The regular capital grants of which the first five items are fixed and are transferred on a quarterly basis. Other grant heads are for specific purposes; hence adhoc in nature.

8. Summary – Revenue And Expenditure

The revenue receipts for the years 2001-02 to 2004-2005 is as follows:

Revenue Account Receipts (Rs. in Crore)

Year	Property Tax	Octroi	Others	Total
2001-02	17.68	124.21	181.38	323.27
2002-03	17.00	145.30	155.00	317.30
2003-04	18.62	175.99	135.30	329.91
2004-05	18.02	213.15	102.76	333.93

9. Revenue Expenditure

The Revenue Expenditure in the years 2001-02 of 2004-05 was as follows:

2001-02	Rs. 154.17 crore
2002-03	Rs. 170.68 crore
2003-04	Rs. 171.41 crore
2004-05	Rs. 154.17 crore

10 Capital Account

10.1. Capital Receipts

Capital income comprises loans, grants and subsidies. An analysis of this account indicates that the entire capital income is in the form grants and subsidies. It also reveals that during the review period capital income was inconsistent due to irregular flow of scheme specific grants.

Municipal Capital Receipts (Rs. in Crore)

Year	State Government (Rs.Lakh)		Financing Institutions	Market	Total
	Loans	Grants/Subsidies			
2001-02	-	35.63	-	-	35.63
2002-03	-	34.80	-	-	34.80
2003-04	-	6.22	-	-	6.22
2004-05	-	4.27	-	-	4.27

10.2. Capital Expenditure

The Capital Expenditure during 2001-02 too 2004-05 was as follows:

2001-02	Rs. 172.66 crore
2002-03	Rs. 162.67 crore
2003-04	Rs. 137.29 crore
2004-05	Rs. 80.91 crore

Municipal finances of NMC have been reviewed for last five years, commencing from the financial year 2000-01. Municipal finances of NMC have been consistent for last five years with surplus varying from Rs. 923.91 lakh to Rs.14229.42 lakh. NMC gets finances from various sources and the



revenue inflow is dominated by octroi. It is remarkable that Property Tax accounts for less than 10% of total receipts.

11. Financial Status

Revenue income of NMC has grown from Rs. 28271.64 lakh in 2000-01 to Rs. 33393.49 lakh in 2004-05 where as the Revenue expenditure increased from Rs. 14499.52 lakh in the year 2000-01 to Rs. 15449.68 lakh in the year 2004-05. During this period, NMC consistently maintained a revenue surplus.

Capital income of NMC comprises mainly of grants and subsidies. The capital account has witnessed a deficit – implying utilization of revenue surplus to fund capital works. It is observed that capital expenditure has been inconsistent during the review period with a minimum of Rs. 8091.52 lakh in 2004-05 and a maximum of Rs. 17266.32 lakh in 2001-02.

12. Investment Sustenance

In order to assess the investment sustaining capacity of NMC the municipal fiscal situation is simulated through a Distilled Projected Receipt and Payment A/c. Assumptions made in preparing the receipts and payment A/c are given as under:

13. Implementation Risk Parameters

Projection of the implementation and financial investment plan has been developed. It is on one side reflecting positive environment of financial projections, and on the other side it reveals that whole activity is dependent on the financial help extended by the Central and state Govt., which is forming a major part of the total plan. 70% of the expenditure is to be met with matching grants from the central govt. (50%) and state govt. (20%). It can be hoped that the progress will continue as planned. Receiving of the grants is associated with the expected chain of reforms that NURM guidelines are stressing and highlighting that a close monitoring by the central govt. team and state govt. committee will be done throughout the implementation period, and the grants will be released in response to the evaluation of the progress of reforms.

Nashik Municipal Corporation is having better financial status and seen to be implementing various reforms, ahead of the instructions received under NURM. Double accounting system is to be introduced. For this purpose corporation has already floated tenders and they have been received. Property tax revision is also in active consideration. Tenders have been floated, for complete property assessment and data generation through actual survey. Regarding Octroi rules Modification Corporation has formulated a substantive document and it is being implemented. Now, the octroi will be value base and not on volume base. Corporation has taken bold steps to exempt upcoming large scale industries from the ambit of octroi tax for some initial period and it will be applied sequentially integrating to the normal levels during of reasonable period.

Regarding recovery to the extent of 100% user charges, corporation has planned for complete computerization of the systems, for water supply billing systems, and other direct taxation alternatives. Corporation has planned successfully for the disposal of biomedical waste for complete city on BOT basis. NMC also boasts about complete eradication of dust bins on the roads. Solid waste management is unique feature of the corporation. Development of roads, widening of roads, beautification of road junction etc. has been well planned. The city has acted as a host successfully to receive more than 50 lakh pilgrims on parvani days, in the recent kumbhmela in 2003-2004. All public amenities are tuned up to such mega events. From small lodges to big chain resorts like Taj, Surya group, Holiday inns, all



possible variety of hotels are readily established in Nashik. Tourism, particularly religious tourism is now limited to kumbhmela year which is occurring after 12 years, but it is a process all round in every year. It has been well anticipated that the financial status of the corporation will continue to improve further. Main component of the receipt is octroi which is forming major share of the revenue every year. It has been a traced record of last four to five years that absolute octroi increase is about 20 to 25%.

This financial grip has been found only in the good administration and positive attitude to development of the city. It is in a desire to cope up with maximum growth of population, Industrialization and above all fast developing culture of Religious Tourism.

NURM is coming up as welcome help to rapid overall infrastructural development and restoring international importance of the fast developing city. Still NMC is fully aware of the issues of development and is stepping ahead positively further with inclusion in NURM.

NMC has main source of income through octroi. In Maharashtra the controversy of application of VAT is also in a process. The important issue is that whether on application of VAT, NMC will continue to get equivalent share of octroi. Such a placement will have to be done by the State Govt. if the provisions will be at part with present revenues from octroi, and then the financial status will not change as far as NMC is concerned. But in this case the issue is judiciously dealt with by the State Govt.

In arriving at the project cost, it has been anticipated that the price rise will be to the extent of 5% per year. For this purpose references from the other institutions such as PWD, MJP etc. have been gathered. The major part of the project deals with civil engineering construction. The fluctuation in the prices of steel/cement is major parameters in deciding the % escalations. Particularly cement prices are disproportionately high in the market. Major cost increase is also expected in cost of metallic pipes. Further, cost of sand and metal, transportation, labour in urban area are various parameters to expect the escalation at 5%. Making progress is the interrelated infrastructural development in congested city areas is a tough task. Working time for the implementation increases due to various difficulties in the work, which is comparatively an easy task in rural/semi urban areas. Authorities competent have confirmed to adopt 5% as escalation in the project implementation.

Another point is regarding the competency of NMC to go in the implementation of the project with such a high scale. During the last five years corporation has extended average Rs.100 Cr. per year on the capital works. In the NURM implementation period per year expenditure will go on to more than Rs.1000 Cr. The question is whether corporation will adjust to this change. The answer to the question is simply positive. This is because there is fleet of engineers available in the corporation. We do have confidence in the implementation of the project. We are ready to undergo process of capacity building. We are ready to take help from Project Management Consultancy (PMC) for quality control and monitoring with advent of new technology, GIS, MIS improvement and efficient decentralization we are capable of going through the implementation of this project. We have handled the mega event of Kumbhmela in which the city hosted more than 50 lakh people in a single day, during all parvani days. During preparing for event we have expended nearly Rs.265 Cr. in a span of about 15 months and brought large scale developments, which facelift the Nashik city.

NURM substantiated potential development project has explicitly depended upon the financial assistance from central and state govt. The project preparation is based on the needs gathered from the various participations by the different stakeholders. It is far from imagination, but based on the bare facts of the development indicators depicted by the census. Decadal growth rate is highest even in the third decade after the formation of Municipal Corporation. Big industries are attracted by the environment of the city. It is in the line with development of Pune, Mumbai. It is the third angle of the development



triangle. Not only pensioners, industrial workers and skilled manpower is getting migrated from outside. Per capita income in the city limits is more than Rs.30000 per annum and as such lot of consumer market is getting attracted to have basic dent in the city lime lights. Corporate sector is anxious to invest. High potential agricultural inputs, wineries, agro base industries, floriculture and educational activities, multiplexes, Big Bazaar, McDonalds. Coffee Coffee day, international schools and institutions, etc. all indicates that development is not an outgrowth and temporary phase, but has proved to be rational an keeping pace with the needs of residents/migrated residents. It has the reflection of sound agricultural income in and around city due to irrigated land. Flow of money in city transactions has aptly hinted that it is the highest credit worth city. The project reflects the needs of the city, though it has limitations of visualizing indent of IT/BT sector. However, the implementation of this project is nothing but a call to IT/BT professionals. The needs will be increasing then and prosperity and development will reach another peaks.

City vision and apt needs of the city for nearer future are two different aspects. The project is more nearer to the needs. The vision is a glary skyline which is seen from every height. Like other cities, Nashik could have also dreaming about Metro link, international air port. The appropriateness of such things would be imagined at a step further. Eventually, that step may be after completion of the project. NMC wants to be wheeled on the road of development at an appropriate speed. Every component and sub component proposed under the project is need based and not a flight of imagination.

Slum less city is a target for better living to all. It is not impossible. At the same time, city does not want to detract willing migrations. City wants to develop a culture of healthy living and seeks opportunity to serve in a better way to all. City does not want to dissociate the slum dwellers, but encourages the benefit of better environment. City also wants to create better opportunities to hawkers. It does not deny their importance. However, city can plan for better facilities to them, which will also suit the traditional consumer.

24 x 7 water to all also one of the targets in the project. Luckily, water is available very near to the city. Godavari River runs through the city. Storage irrigation reservoir on Godavari River is just 14 km upstream from the city. Distribution management can be improved further and the service level can be enhanced.

100% coverage with underground drainage is also a reachable target. It can be aimed at good service from the city health point of view. At present 70% of the developable area has been covered. With NURM encouragement the targets can be achieved early.

To summarize about other targets of development of roads, it can be said that year by year when additional population is accommodated within the city, naturally busy roads will become more busy an there will be some areas where roads are not available. Widening strengthening of main roads in busy areas and construction of new roads in developing areas will be a process. As anticipation of 2021 situation will require such works to be taken for easy and safe movement of traffic within city. Corporation covers access to NH 3 and NH 50 and this traffic is required to be channelized, separated or diverted through bypass road. It is therefore necessary to develop roads in the city as depicted in the project

In short it can be said that proposed components are absolutely necessary and they are required to be executed. NURM will help the execution and implementation of the project as planned, as there will not be any financial problem. NMC has the capacity to raise its share from its own resources and the conditions of reforms as applied with the NURM assistance will also be fulfilled. The time frame reforms will be maintained.



The Corporation may go ahead with the implementation on approval to CDP and part DPRs. At the same time Corporation will ensure the things go smooth with the implementation. The Corporation will do regular progress reporting and monitoring. But a situation where the NURM may not provide assistance to the project may also be analyzed. In this situation corporation will have to resort to its own resource. According to limits of resources available the size of the project will have to be curtailed as far as execution in that particular year is concerned. Corporation will take up the projects on priority. Corporation may take some loan to accelerate the progress of the works. NMC will however, positively desire that all these components shall be completed before next mega event of Kumbhmela in year 2015.

As far as the prioritization is concerned NMC will plan as following limiting to their vision level,

Proposal under NURM to meet the needs upto year 2016 and after year 2016

(Rs. In Crores)

Components	NURM Part upto 2016		Projects cost After 2016		PPP Part	
	Present Cost	Escalated Cost	Present Cost	Escalated Cost	Present Cost	Escalated Cost
Water Supply	348.35	399.59	784.00			
Under Ground Drainage	265.34	300.08	277.00			
Solid waste management	52.29	55.05	0.00			
Storm Water Drainage	98.00	110.84	100.00			
Housing for Urban Poor	272.00	319.38	0.00			
Urban Renewal	55.00	63.31	0.00		38.00	
Traffic and Transportation	605.06	693.72	260.00			
Misc. works	15.00	16.55	0.00		252.00	
Subtotal	1711.04		1421.00		290.00	
PMC charges	85.55	97.93	71.00		14.50	14.50
Present cost under JNNURM for NMC	1796.59	2056.45	1492.00	1536.00	304.00	304.00

ESCALATION CALCULATION 5% per annum

Out of above following works out of Miscellaneous works are to be developed on PPP or NMC fund –

Sr.No	Misc. works	Rs. Crores
1.	Sport stadium complex & Drama Theater	40.00
2.	Development of various reservation sites and Millennium-city site development.	20.00
3.	Development of City Park (20Ha)	5.00
4.	Development of Scrap yard (40 Ha)	10.00
5.	Development of Automobile Hub reservation 200 (Ha)	30.00
6.	Development of Training center for Municipal staff	13.00
7.	Development of Agro-base industrial area	20.00
8.	Development of IT/BT reserved sector (400 Ha)	60.00
9	Shopping complex development	14.00
10	Computerization & e-governance	30.00
11	Public Toilets & Urinals	10.00
TOTAL =		252.00

Cost of Phase-I, Phase-II and PPP works at present rates is Rs 3592.59 crores
Cost of Phase-I, Phase-II and PPP works at Escalated rates is Rs 3896 crores



This does not include the cost of land acquisition amounting to Rs. 105.00 cr. and the cost of projects for parastatal agencies amounting to Rs. 458.00 cr. (Rs. 330 Crores for National Highway and Rs. 128 Crores for MRSTC)

The pattern of funding under JNNURM has been decided as follows:

Central Govt.	50%
State Govt.	20%
NMC	30%

The JNNURM guidelines also provide for the development of revolving fund for O&M of the created facilities. Accordingly the above projected figures need to be incorporated in the NMC pattern of accounts and corresponding provisions would need to be made in their annual budget.

14. Introduction To Capital Investment Plan (CIP)

The capital investment plan (CIP) can be term as the multi year scheduling of public money investment in the capital works. This scheduling and phasing of the plan is based on the study and analysis of municipal budget. This require the analysis of municipal budget since last 4 – 5 years to assess the trends of various income and expenditures. Various outgoing for operations and maintenance charges, establishment cost, repayment of loan and interest, other outgoing are to be analyze properly. Similarly on income side the revenue generated by various means of taxes and charges, grants and loan to be taken etc. should also be analyze properly. This analysis is subject to certain assumptions.

The capital expenditure is to be phased out properly according to the cash flow management.

14.1. Principles of Phasing

The CIP involve the identification of facilities to cater the demand of City population mentioned in the foregoing chapters.

- Priority needs, with developed areas receiving priority over future development area.
- Inter and intra-service linkages, viz. Water supply investments shall be complemented by corresponding sewerage/ sanitation improvements.
- Size and duration of the requirements, including preparation and implementation period.
- Project linked revenue implications, such as installing house connections where supply and distribution capacities have been increased.

14.2. The CIP Process

The CIP is an important element and significant in terms of management of city development. The sustainability of the service delivery for all basic services is the important issue. The CIP provides framework for annual budget cycle. For this purpose the annual budget figures for year 2000-2001 are taken as basis. The budgetary figures upto year 2005-06 are as reported in the respective annual budget and duly sanctioned by the General Body of Nashik Municipal Corporation. considering these figures the forward projection upto year 2012-2013 are made. This co-relating to the JNNURM operating period. Also it is tried to extend this projection for next 5 years after JNNURM operation period is over.

15.1. Phasing Of Works -

Tentative Abstract Of Year Wise Estimated Cost Of Various Items Proposed Under Jawaharlal Nehru National Urban Renewal Mission is mentioned under the detailed chapter for relevant proposals.

Yearwise Phasing of Phase-I proposals upto year 2016

Escalation calculation 5% per annum

(Rs. In Crores)

Proposal	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL
Water Supply	16.55	71.50	71.80	69.50	58.00	61.00	348.35
Escalated Cost	16.55	75.08	79.16	80.45	70.50	77.85	399.59
Under Ground Drainage	32.00	55.00	54.00	44.00	44.00	36.34	265.34
Escalated Cost	32.00	57.75	59.54	50.94	53.48	46.38	300.08
Solid waste management	10.00	30.00	12.29	0.00	0.00	0.00	52.29
Escalated Cost	10.00	31.50	13.55	0.00	0.00	0.00	55.05
Storm Water Drainage	2.00	26.00	26.00	21.00	13.00	10.00	98.00
Escalated Cost	2.00	27.30	28.67	24.31	15.80	12.76	110.84
Housing for Urban Poor	3.00	35.00	44.00	60.00	70.00	60.00	272.00
Escalated Cost	3.00	36.75	48.51	69.46	85.09	76.58	319.38
Urban Renewal	3.00	8.00	10.00	16.00	10.00	8.00	55.00
Escalated Cost	3.00	8.40	11.03	18.52	12.16	10.21	63.31
Traffic and Transportation	51.15	111.00	112.00	110.00	111.00	109.91	605.06
Escalated Cost	51.15	116.55	123.48	127.34	134.92	140.28	693.72
Misc. works	0.00	5.00	5.00	5.00	0.00	0.00	15.00
Escalated Cost	0.00	5.25	5.51	5.79	0.00	0.00	16.55
Subtotal	117.70	341.50	335.09	325.50	306.00	285.25	1711.04
PMC charges	5.89	17.08	16.75	16.28	15.30	14.26	85.55
Escalated Cost	5.89	17.93	18.47	18.84	18.60	18.20	97.93
NURM Projects Present cost	123.59	358.58	351.84	341.78	321.30	299.51	1796.59
NURM Project - Escalated Cost	123.59	376.50	387.91	395.65	390.54	382.26	2056.45
Central share	61.79	188.25	193.95	197.82	195.27	191.13	1028.22
State share	24.72	75.30	77.58	79.13	78.11	76.45	411.29
NMC share	37.08	112.95	116.37	118.69	117.16	114.68	616.93
PPP/NMC fund Works	12.35	50.00	50.00	50.00	50.00	39.65	252.00
Escalated Cost	12.35	52.50	55.13	57.88	60.78	50.60	289.24
PMC @ 5%	0.62	2.50	2.50	2.50	2.50	1.98	12.60
Escalated Cost	0.62	2.63	2.76	2.89	3.04	2.53	14.46
At Present cost	12.97	52.50	52.50	52.50	52.50	41.63	264.60
Escalated Cost	12.97	55.13	57.88	60.78	63.81	53.13	303.70

The Estimated Cost of the **Phase-II** Projects (after 2016) is estimated to Rs.1492 Cr. at present Rate and Rs.1536 Cr. escalated rates.

Cost of Phase-I, Phase-II and PPP works at present rates is Rs 3592.59 crores

Cost of Phase-I, Phase-II and PPP works at Escalated rates is Rs 3896 crores



16. Financial Status Of Nashik Municipal Corporation

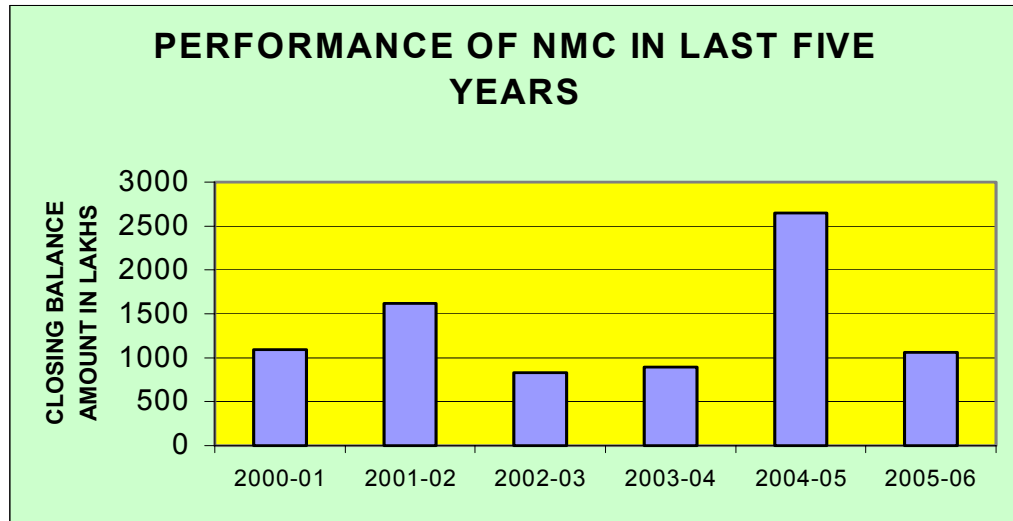
The financial status showing income and expenditure under various heads is shown in table below. These figures are as reported in the annual budgets of the respective years.

Budget position since 1983 is as under –

Year	Size in Rs. Cr	% Increase wrt previous year	Year	Size in Rs. Cr	% Increase wrt previous year
1982-83	5.32		1994-95	103.43	14.65
1983-84	9.47	78.01	1995-96	126.11	21.93
1984-85	14.03	48.15	1996-97	166.45	31.99
1985-86	19.17	36.64	1997-98	200.49	20.45
1986-87	26.07	35.99	1998-99	303.76	51.51
1987-88	35.14	34.79	1999-2000	238.35	-21.53
1988-89	46.50	32.33	2000-01	236.68	-0.70
1989-90	54.98	18.24	2001-02	249.03	5.22
1990-91	55.85	1.58	2002-03	278.46	11.82
1991-92	72.67	30.12	2003-04	320.29	15.02
1992-93	71.77	-1.24	2004-05	320.17	-0.04
1993-94	90.21	25.69	2005-06	359.67	12.34

Details of Receipts & Expenditure from year 2001-02

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Receipt	24902.84	28745.62	32029.49	32016.93	35967.40
Octroi	12420.87	14530.78	17599.55	21314.85	25866.86
Property Tax (Consolidated)	2698.07	2628.26	2873.43	2922.67	2978.86
Utility Services	1363.41	1633.31	1954.27	1840.27	1434.33
Miscellaneous Income	1676.27	2318.61	3191.24	1995.61	1308.35
Water Charges	1780.38	1846.77	1915.01	2117.02	2031.08
Extra ordinary debts	4963.84	5787.89	4495.99	1826.51	2347.92
Revenue Expenditure	15479.65	17122.05	17895.54	19062.23	19988.79
Gross Surplus	9423.19	11623.57	14133.95	12954.70	15978.61
Debt Service	2619.00	2176.91	2035.17	4795.38	5883.13
Revenue Surplus After debt service	6804.19	9446.66	12098.78	8159.32	10095.48
Capital Account inflows					
Grants/Subsidies	3563.37	3480.63	622.22	427.13	856.96
Loan from Financial Institution	7425.23	2985.64	963.22	1376.56	1917.87
Total	10988.60	6466.27	1585.44	1803.69	2774.83
Capital Expenditure	17266.22	16697.78	13625.50	8330.52	9721.00
Expenditure NMC	17266.22	16697.78	13625.50	8330.52	9721.00
Expenditure Total	17266.22	16697.78	13625.50	8330.52	9721.00
Capital deficit	6277.62	10231.51	12040.06	6526.83	6946.17
Opening Balance	1091.80	1618.37	833.52	892.24	2524.73
Net Revenue	6804.19	9446.66	12098.78	8159.32	10095.48
Net capital deficit	6277.62	10231.51	12040.06	6526.83	6946.17
Closing balance	1618.37	833.52	892.24	2524.73	5674.04



Summary of Municipal Fund

Nashik Municipal Corporation (NMC) is having Revenue surplus for last many years. Industrial development in Nashik area is very good and day by day the economy is growing. Nashik is situated at a distance of 150 km from Mumbai, the financial center of Maharashtra. Mumbai is saturated and therefore industry is moving out of Mumbai to Nashik. Similarly Nashik is situated at a distance of 220 km from Pune. Pune is developing fast and Industries in Pune are also looking at Nashik for setting there manufacturing units. Due to this Industries in Nashik is very rapidly growing and rate of growth is expected to increase at least for next 5 to 7 years.

The result of this industrial growth is obvious in the finances of NMC as the revenue from octroi has increase from 124 crores in financial year 2001-02 to Rs.258 Cr. in the financial year 2005-06.

Octroi is increasing at the rate of 21 % for last three years. Overall revenue income of NMC is growing at the rate of 14.29% for last 3 years.

Revenue expenditure was Rs.155 and Rs.200 Cr. In the financial year 2001-02 and 2005-06 respectively.

The average operating ratio of last 5 years (2001-02 to 2005-06) is 63% . Total income of NMC is increasing at a CAGR of 9.38 % whereas total expenditure is increasing at CAGR of 4.75 % during the same period.

Summary of Munciple Fund

All figures in lacs

Description	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual
Opening Balance	1091.80	1618.37	833.52	892.24	2524.73
INCOME					
A Revenue Income					
1 Own Sources	24902.84	28745.62	32029.49	32016.93	35967.40
Octroi	12420.87	14530.78	17599.55	21314.85	25866.86
Consolidated Property Tax	2698.07	2628.26	2873.43	2922.67	2978.86
Revenue from Utility Services	1363.41	1633.31	1954.27	1840.27	1434.33
Miscellenious Income	1676.27	2318.61	3191.24	1995.61	1308.35
Water Charges	1780.38	1846.77	1915.01	2117.02	2031.08
Extra Ordinary Debts	4963.84	5787.89	4495.99	1826.51	2347.92
Revenue from PPP Works	0.00	0.00	0.00	0.00	0.00
2 Revenue Grants	163.35	780.63	189.29	427.13	856.96



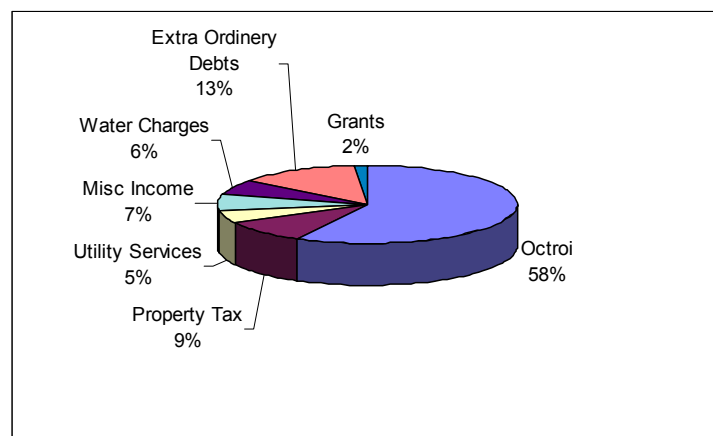
Total Revenue Income	25066.19	29526.25	32218.78	32444.06	36824.36
B Capital Income					
1 Loans	7425.23	2985.64	963.22	1376.56	1917.87
2 Grants	3400.02	2700.00	432.93	0.00	0.00
3 NURM	0.00	0.00	0.00	0.00	0.00
Total Capital Income	10825.25	5685.64	1396.15	1376.56	1917.87

EXPENDITURE					
A Revenue Expenditure					
1 Establishment Expenditure	6239.63	5743.11	6740.74	7735.25	8313.81
2 O&M and Other Expenditure	9240.02	11378.94	11154.80	11326.98	11674.98
3 Interest on Loan	1529.63	1531.21	2020.90	1600.85	1063.47
Total Revenue Expenditure	17009.28	18653.26	19916.44	20663.08	21052.26
B Capital Expenditure					
Capital Expenditure	17266.22	16697.78	13625.50	8330.52	9721.00
Principle of Loans taken	1089.37	645.70	14.27	3194.53	4819.66
Total Capital Expenditure	18355.59	17343.48	13639.77	11525.05	14540.66
Status of Revenue Account	8056.91	10872.99	12302.34	11780.98	15772.10
Operating Surplus (Rev.a/c status before DS)	9586.54	12404.20	14323.24	13381.83	16835.57
Status of Capital Account	-7530.34	-11657.84	-12243.62	-10148.49	-12622.79
Overall Status of Munciple Fund	526.57	-784.85	58.72	1632.49	3149.31
Closing Balance	1618.37	833.52	892.24	2524.73	5674.04
Operating Ratio	0.68	0.63	0.62	0.64	0.57

Review of Municipal Finances

Revenue Income

NMC has generated sizable surplus in its revenue account every year. Most of the surplus has been utilize for capital works in the city. The annual revenue of NMC has grown from Rs. 5.3 Cr. in 1982-83 to Rs.71.77 Cr in 1992-93 and Rs. 295.26 Cr in the year 2002-03. NMC is expecting similar kind of growth rate to continue in coming 7 to 10 years.





1. Summary of Revenue Income : Total revenue income of NMC has grown from Rs. 250.66 Cr in F.Y.2001-02 to Rs. 368.24 Cr F.Y.2005-06. Composition of revenue income is as given below.
2. Income from Octroi is growing at the rate of 21% per annum (as compared to immediately preceding the previous years) for last 3 years. Even in the first 5 months in current financial year it has shown the same growth rate. The octroi is expected to increase at the same rate if not more due to the following reasons –
 - a) Reforms in Octroi initiated in the month of Sept.2006. due to the reforms octroi revenue is expected to increase by 15% per annum.
 - b) Nashik is now having 3 international school, 2 MBA colleges, 3 medical colleges and 6 Engineering colleges. Spending by people on consumer durables, non consumer durables and other life style consumables is increasing. The same is evident as big supermarkets and malls are setting their shops in Nashik. This will need higher and higher spending and therefore octroi revenue will also be higher.
 - c) Industrial production in Nashik is set to take a quantum leap as large companies like ABB, Garware, VIP, CEAT Tyres, Crompton Greaves, Siemens, Gabriel, MICO, Lear Corporation, Perfect Circle and Mahindra & Mahindra Ltd, are planning substantial hike in production capacity in the period of 2 to 3 years. Few of them have already started the process of expansion. With this increase in capital expenditure, Industrial production in Nashik is expected to go up by 2 to 3 times in next 5 to 6 years period. This will also have an impact on increase in octroi.
3. Property Tax : Income from Property Tax was almost stagnant as it was 26.98 Cr in the F.Y. 2001-02 and was 29.78 Cr in the F.Y. 2005-06. however due to the special efforts in increase in percentage recovery, the property tax is expected to increase at the rate of 9.6% in the year 2006-07, 12.5% in the year 2007-08 and 2008-09, and thereafter it is expected to increase at the rate of 5% per annum. The same is in proportion to the increase in population. Detailed working of water meter revenue (A/c Code No. 108 is given in Appendix-8).
4. Utility Services : NMC gets income from utility services like rent of land and buildings fees for used in public market, development charges, income from medical institutions etc. Income from these services was 13.63 Cr in F.Y. 2001-02 and 14.34 Cr in F.Y.2005-06. the same is expected to increase at the rate of 5% per annum.
5. Miscellaneous income : NMC gets miscellaneous income of about Rs 13 Cr which includes interest on investment, sale of fertilizers, income from Phalke Smarak etc. the same is expected to increase at 7 % per annum.
6. Water Charges : Water charges income of NMC was Rs. 20.31 Crs 2005-06. the same was Rs.17.80 Cr in the year 2001-02. Thus there is a steady increase in the income from water charges. This revenue is expected to increase by 25% in the year 2006-07 due to the measures like increase in recovery percentage and installation of digital meters in some of the areas. Thereafter it is expected to increase at the rate of 5% per annum in financial year 2007-08 and 2008-09 and thereafter 4% per annum in the year 2009-10 and 2010-11. Detailed working of water meter revenue (A/c Code No. 213 is given in Appendix-13).
7. Grants : Revenue branch of NMC are very less i.e. approx. Rs 5 to 6 Cr every year the same is expected to remain stable over a period of time.

During the period of Sinhastha fair, Sinhastha fair grant received for the purpose of executing the work of Sinhastha fair.

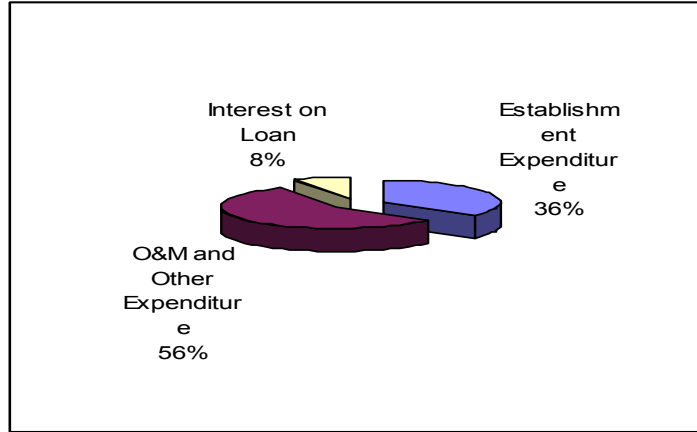
Revenue Expenditure

Revenue expenditure of NMC was Rs. 154.80 Crores in year 2001-02. It has marginally increase to Rs.199.88 Crores in the F.Y. 2005-06. The total revenue expenditure is further bifurcated into following sub heads –

- General administration and collection charges
- Public safety
- Public health and convenience



- Public education
- Grants to Public Institutions
- Miscellaneous expenditure
- Expenditure on Water collection
- Extra ordinary expenditure



Establishment expenses i.e. salaries etc are expected to grow at the rate of 12% per annum.

Capital Income

NMC have raised loans in the past. These loans are also re-paid in time. Other than loans there are no items of capital incomes except during Sinhastha fair.

Capital Expenditure

Capital expenditure is generally Rs. 100 Crores per annum in last few years. In general this trend of capital expenditure will continue in future also.

ASSUMPTION IN PROJECTION OF REVENUE INCOME

Sr. No.	Description	Assumption	Remarks / Basis
1	Octroi & Transit Fee	<ul style="list-style-type: none"> Octroi : 15% increase in 2006-07 to 2008-09, 8% in 2009-10, 7% for 2010-11, 6% for 2011-12, 2% for 2012-13 to 2014-15 & no annual increase thereafter 	Considering the stabilizing investment in an around Nashik the growth pattern as shown in last 5 years at average rate of 20% may not be achieved for future years and also it is likely that the octroi may be waived as an implication of VAT, and therefore the declining rates are assumed
2	Property Tax	<ul style="list-style-type: none"> 5% annual increase in assessments from 2009-10 onwards. However for year 2006-07 it is 9%, for 2007-08 & 2008-09 it is 12% 	Revision in Property Tax assessment rules is done in September – 2006. the comprehensive work of property tax computerization and linking with the GIS is undertaken. Also a detailed survey is initiated in this year to actually verify and measure its properties area and use, therefore we expect hike in property tax collection for 3 years and thereafter it will stabilize in correlation with the population growth.
		<ul style="list-style-type: none"> Gradual increase in collection efficiency from current 70% to 80% by 2008-09 and onwards 	Today the collection efficiency is about 70%. The drive will be initiated in next two years to achieved the 80% efficiency.
		<ul style="list-style-type: none"> Tax rate at current levels 	No hike in taxation rates is proposed.
3	Other ARV based taxes / cess	<ul style="list-style-type: none"> Same as Property Tax 	Same as property tax
		<ul style="list-style-type: none"> Tax rates at current levels 	Same as property tax
4	Water Charges / Special Water Tax	<ul style="list-style-type: none"> 4% increase in water assessments per annum, and an increase of 3000 connections per annum 	There are about 30,000 un-metered connections especially in CIDCO and old area which are to be converted into metered connections. A drive against unauthorized connections being taken.



		<ul style="list-style-type: none"> Increase in collection efficiency from the current 60% to 75% by 2011-12 	As a part of implementation of Reform Agenda and capacity building efforts being taken to increase efficiency
5	Other income from Municipal property services	<ul style="list-style-type: none"> Based on past trends subject to 0% to 5% incremental 	As per the experience of NMC in last 5 years.
6	Additional revenue sources	<ul style="list-style-type: none"> Sale of Compost Manure @ Rs.1800/MT 	NMC is having composting plant which generates manure at 10% of the Garbage collected.
7	Revenue Grants	<ul style="list-style-type: none"> Assumed constant receipts 	Considering the last 5 years budget various grants received from the State Government are of constant nature and therefore no hike is proposed.
8	Growth in Total Revenue income	<ul style="list-style-type: none"> 12.32% for year 2006-07, 13.28% for year 2007-08 & 2008-09, av 6.5% for year 2009-10 to 2011-12 and thereafter 2.6%. 	Derived based on above assumptions.

ASSUMPTION IN PROJECTION OF REVENUE EXPENDITURE

Sr. No.	Description	Assumption	Remarks / Basis
1	Establishment Expenditure	12% annual increase in establishment expenditure pertaining to regular staff	Based on past trends.
2	O & M Expenditure	a) O & M Charges for assets already created is considered as per the trend b) O & M for the assets to be created under NURM and from NMC fund henceforth i) Considered at 5% of the cumulative asset value for water supply and sewerage works ii) Considered at 3% for other assets	Based on past trends. Considering the increasing maintenance cost, probable hike in energy charges the assumptions made.
3	Revolving Fund	As per the guidelines a provision of Revolving Fund @ 25% of the grant from Central as well as State Government is considered	As per Guidelines.
4	Debt servicing expenditure	Outstanding depth of Rs.50 Cr. is to be cleared. Rs.19.21 Cr. in year 2006-07, Rs.17.19 Cr. in year 2007-08 and Rs.19.13 Cr. in year 2008-09	As per the schedule already decided for the repayment of tax free bond redemption.
5	Growth in Total revenue expenditure	Av. 8.5% / annum in NURM period	Derived based on assumptions.

From the above statement it is seen that NMC is capable of financially implementing the CDP within a given time schedule.

Summary of Munciple Fund

Description	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07	2007-08	2008-09	2009-10
Opening Balance	1091.80	1618.37	833.52	892.24	2524.73	5674.04	10595.37	4428.26	878.37
Income									
A Revenue Income									
1 Own Sources	24902.84	28745.62	32029.49	32016.93	35967.40	40713.39	46195.22	52407.40	55936.44
Octroi	12420.87	14530.78	17599.55	21314.85	25866.86	29746.89	34208.92	39340.26	42487.48
Consolidated Property Tax	2698.07	2628.26	2873.43	2922.67	2978.86	3249.14	3652.23	4087.50	4291.88
Revenue from Utility Services	1363.41	1633.31	1954.27	1840.27	1434.33	1652.29	1738.01	1828.36	1923.60
Miscellenious Income	1676.27	2318.61	3191.24	1995.61	1308.35	1351.64	1453.24	1567.27	1716.66
Water Charges	1780.38	1846.77	1915.01	2117.02	2031.08	2501.51	2638.76	2778.37	2901.04
Extra Ordinary Debts	4963.84	5787.89	4495.99	1826.51	2347.92	2211.91	2504.05	2805.64	2615.77
Revenue from PPP Works	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 Revenue Grants	163.35	780.63	189.29	427.13	856.96	646.15	656.75	667.91	678.72
Total Revenue Income	25066.19	29526.25	32218.78	32444.06	36824.36	41359.54	46851.96	53075.31	56615.16
B Capital Income									
1 Loans	7425.23	2985.64	963.22	1376.56	1917.87	0.00	0.00	0.00	0.00
2 Grants	3400.02	2700.00	432.93	0.00	0.00	0.00	0.00	0.00	0.00
3 NURM	0.00	0.00	0.00	0.00	0.00	8651.30	26355.70	27154.40	27695.50
Total Capital Income	10825.25	5685.64	1396.15	1376.56	1917.87	8651.30	26355.70	27154.40	27695.50
Expenditure									
A Revenue Expenditure									
1 Establishment Expenditure	6239.63	5743.11	6740.74	7735.25	8313.81	9313.50	10433.19	11687.08	13091.95
2 O&M and Other Expenditure	9240.02	11378.94	11154.80	11326.98	11674.98	10910.97	12560.77	13214.36	13775.71
3 Interest on Loan	1529.63	1531.21	2020.90	1600.85	1063.47	271.93	148.53	213.08	0.00
Total Revenue Expenditure	17009.28	18653.26	19916.44	20663.08	21052.26	20496.40	23142.49	25114.53	26867.66
B Capital Expenditure									
Capital Expenditure	17266.22	16697.78	13625.50	8330.52	9721.00	22943.12	54582.28	56965.08	57537.58
Principle of Loans taken	1089.37	645.70	14.27	3194.53	4819.66	1650.00	1650.00	1700.00	0.00
Total Capital Expenditure	18355.59	17343.48	13639.77	11525.05	14540.66	24593.12	56232.28	58665.08	57537.58
Status of Revenue Account	8056.91	10872.99	12302.34	11780.98	15772.10	20863.15	23709.48	27960.78	29747.50
Operating Surplus (Rev.a/c status before DS)	9586.54	12404.20	14323.24	13381.83	16835.57	21135.08	23858.01	28173.86	29747.50
Status of Capital Account	-7530.34	-11657.84	-12243.62	-10148.49	-12622.79	-15941.82	-29876.58	-31510.68	-29842.08
Overall Status of Munciple Fund	526.57	-784.85	58.72	1632.49	3149.31	4921.33	-6167.11	-3549.89	-94.58
Closing Balance	1618.37	833.52	892.24	2524.73	5674.04	10595.37	4428.26	878.37	783.79
Operating Ratio	0.68	0.63	0.62	0.64	0.57	0.50	0.49	0.47	0.47
Revenue Income Goowth						12.32	13.28	13.28	6.67
Reveue Expenditure Growth						-2.64	12.91	8.52	6.98

Summary of Munciple Fund

Description	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Balance	783.79	1128.40	2617.60	9939.68	11433.01	11058.10	17041.47	18792.91	21626.01	20152.68	14930.64
Income											
A Revenue Income											
1 Own Sources	59589.96	63250.39	64938.70	66678.19	68770.43	69411.95	69832.63	70985.05	72258.00	74653.59	76215.88
Octroi	45461.61	48189.30	49153.09	50136.15	51138.87	51138.87	51138.87	51138.87	51138.87	51138.87	51138.87
Consolidated Property Tax	4506.47	4731.80	4968.39	5216.81	5477.65	5751.53	6039.10	6341.06	6658.11	6991.02	7340.57
Revenue from Utility Services	2024.03	2129.95	2241.68	2359.57	2483.99	2615.35	2754.06	2900.57	3055.39	3219.02	3392.03
Miscellenious Income	1841.98	1982.06	2092.76	2205.31	2376.61	2629.79	2956.88	3318.68	3762.09	4297.21	4946.02
Water Charges	3024.46	3364.47	3502.48	3646.18	4038.57	4204.09	4376.42	4555.86	4742.69	4937.22	5139.78
Extra Ordinary Debts	2731.41	2852.83	2980.32	3114.18	3254.74	3402.33	3557.29	3720.01	3890.86	4070.25	4258.61
Revenue from PPP Works	0.00	0.00	0.00	0.00	0.00	-330.00	-990.00	-990.00	-990.00	0.00	0.00
2 Revenue Grants	690.07	701.99	714.51	727.65	741.45	755.93	771.15	787.12	803.89	821.50	839.99
Total Revenue Income	60280.03	63952.39	65653.21	67405.84	69511.88	70167.88	70603.78	71772.17	73061.90	75475.09	77055.87
B Capital Income											
1 Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 NURM	27338.50	26758.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Income	27338.50	26758.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenditure											
A Revenue Expenditure											
1 Establishment Expenditure	14666.32	16429.76	18401.33	20609.49	23082.63	25852.55	28954.85	32429.43	36320.97	40679.48	45561.02
2 O&M and Other Expenditure	14481.85	15228.13	15944.46	16753.41	17662.08	18567.77	19480.09	20406.37	21390.82	22438.04	23553.06
3 Interest on Loan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue Expenditure	29148.16	31657.89	34345.79	37362.90	40744.71	44420.31	48434.94	52835.80	57711.79	63117.52	69114.08
B Capital Expenditure											
Capital Expenditure	58125.76	57563.49	23985.34	28549.61	29142.09	19764.19	20417.40	16103.27	16823.44	17579.61	18373.59
Principle of Loans taken	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Expenditure	58125.76	57563.49	23985.34	28549.61	29142.09	19764.19	20417.40	16103.27	16823.44	17579.61	18373.59
Status of Revenue Account	31131.87	32294.50	31307.42	30042.94	28767.17	25747.57	22168.83	18936.37	15350.11	12357.57	7941.79
Operating Surplus (Rev.a/c status before DS)	31131.87	32294.50	31307.42	30042.94	28767.17	25747.57	22168.83	18936.37	15350.11	12357.57	7941.79
Status of Capital Account	-30787.26	-30805.29	-23985.34	-28549.61	-29142.09	-19764.19	-20417.40	-16103.27	-16823.44	-17579.61	-18373.59
Overall Status of Munciple Fund	344.61	1489.21	7322.08	1493.33	-374.92	5983.38	1751.43	2833.10	-1473.33	-5222.04	-10431.80
Closing Balance	1128.40	2617.60	9939.68	11433.01	11058.10	17041.47	18792.91	21626.01	20152.68	14930.64	4498.84
Operating Ratio	0.48	0.50	0.52	0.55	0.59	0.63	0.69	0.74	0.79	0.84	0.90
Revenue Income Goowth	6.47	6.09	2.66	2.67	3.12	0.94	0.62	1.65	1.80	3.30	2.09
Reveue Expenditure Growth	8.49	8.61	8.49	8.78	9.05	9.02	9.04	9.09	9.23	9.37	9.50