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Tamilnadu Urban Infrastructure Financial Services Limited

Executive Summary

City Corporate Cum Business Plan For Vandavasi Municipality

March 2009

1.1 Town profile

- 2 Vandavasi is a **2nd grade** municipality in Tamil Nadu, and is located in **Thiruvannamalai district**. The town is spread over an area of 9.71 sq.km and is divided into 24 wards. Of the total land area within the Municipal limits, about 76% is classified as developed area.

Population

Year	1991	2001	2008 (estimated)	2011 (projected)	2016 (projected)	2021 (projected)	2031 (projected)
Population	24,578	29,610	33,648	35,543	38,810	42,377	50,112

No of slums : 9 Slum population : 10,859 (36.67% of total)

Economic base

- Large workforce engaged in agricultural sector
- Livestock is a major economic activity
- Famous for Coir mats weaving

Issues identified at stakeholder consultation

- Need for UGD
- Augmentation of water supply distribution network
- Demand for more public standposts Need for upgradation of existing roads, one new ring road
- Improvement of bus shelter needed
- Storm water drainage is lacking
- Condition of slums to be improved
- Market development, construction of working women's hostel
- Improvement of health care facilities
- Development of civic amenities like parks and play grounds, municipal community hall, new school
- Understaffed ULB

Vision

Vandavasi aspires to develop “As a trading hub with an enhanced quality of life and increased economic activity, supported by adequate infrastructure and focused towards local economic development.”

2.1 Assessment of civic services

As a part of the City Corporate cum Business Plan (CCBP), the infrastructure service levels in the town have been assessed. The current level of service provision has been compared with norms as recommended by CPHEEO and on the basis of other similar studies. The following table shows the comparison between the existing service standards and that prescribed in the norms. In instances where

the existing service standards do not match the norms, the same has been highlighted. In all the services listed below, there are shortages and these need to be met by provision of necessary infrastructure.

Indicator	Existing Level	Unit	Desired Level
Water Supply			
Daily Water Supply	83	litres per capita per day (lpcd)	135
Treatment Capacity	0	% of water	100
Roads covered with distribution	54	% of total road	85
Elevated storage capacity	45	% of water	33
Sewerage			
Sewerage network coverage	0	% of total road	80
Sewerage Treatment(against generation)	0	% of sewerage	100
Roads & Transportation			
Per-capita road length	1.18	mt	1.75
Share of road-CC	22	% of total road	20
Share of road-BT	78	% of total road	80
Spacing between lamp posts	46	mt	30
SWM			
Solid waste collection	74	% of waste	100
Storms water drain			
Road length covered by storm	73	% of total road	130
Share of drain type-pucca open	73	% of total road	70
Share of drain type-pucca closed	0	% of total road	60

2.2 Assessment of ULB's finances

The following table shows the finances of the Municipality over the last five years. The revenue account of the Municipality has been in surplus over the last five years of assessment. The average operating ratio (revenue expenditure/ revenue income) has been 0.63.

Items	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue Account					
Income	196.60	262.24	174.77	208.23	214.91
Expenditure	134.92	122.83	136.27	131.34	130.15
Surplus Deficit	61.68	139.41	38.50	76.89	84.77

- The Municipality's dependency on grants has been at 33 %.
- Property tax collection efficiency has been low at 61%.
- Water charges collection efficiency has been at 62%
- Establishment expenditure of the Municipality is 21% of the revenue income
- Outstanding debt liability Rs. 50 lakhs

2.3 Capital Investment Plan for the town

- **Capital investment required for identified projects (at constant prices)**
 - Investment required from 2008-09 to 2012-13 : Rs.46.35 crores

- Investment required beyond 2012-13 to 2031 : Rs. 14.43 crores

On the basis of the assessment of civic infrastructure in the town, projects have been identified for the town to meet the current and future need of 2016 population, the investment of the same needs to be done by the year 2012-13. The list of these projects which are necessary for the development of the town have been listed below.

Project component	Capacity / size	Project Cost (In Rs. Crores)
Water supply		Total Investment required: Rs 10.09 Crores
Source/ system capacity augmentation	- 3.97 MLD	1.98
Treatment capacity augmentation	- 6.77 MLD	2.03
Distribution network augmentation	- 36.13 km	3.61
Elevated Storage capacity augmentation	- 0.61 MLD	0.06
Refurbishment of old Distribution Network	- 4.32 km	0.35
Metering System	- for all connections	0.206
Sewerage and sanitation		Total Investment required: Rs 12.76 Crores
I. UGD network development	- 54.3 km	10.87
II. Treatment capacity development (STPs)	- 5.41 MLD	1.89
Transportation (road, street light, bus stand)		Total Investment required: Rs 8.35 Crores
Roads Upgradation	- 1.59 km BT to CC - 0.25 km WBM to BT	0.66
Roads New Formation	- 5.62 km CC - 22.49 km BT	6.19
Imp. Rds (Widening, ROBs, bridges etc)		0.72
Land Acquisition for Road Improvements		0.02
Public Transport/ Improvements		0.10
Installation of new lamp posts	1398 nos	0.66
Storm Water Drainage		Total Investment required: Rs 8.53 Crores
I. Drains New Formation	- 47.54 km pucca open and 11.6 km pucca closed	146
II. Drain upgradation	- 29.2 km pucca open to pucca	

	closed	707
Solid waste management		Total Investment required: Rs 1.90 Crores
I. Purchase of primary and secondary collection vehicles and equipments	43 hand carts	- 0.15
II. Acquiring new disposal site and development of land fill infrastructure	7.3 acres	- 1.29
III. Construction of public toilets	91 seats	- 0.45
Slum development		Total Investment required: Rs 1.77 Crores
I. Housing	As per IHSDP project report	- 1.77
II. Physical Infrastructure (Roads, drains etc)		
III. Social Infrastructure facilities		
Commercial / non-commercial / other amenities		Total Investment required: Rs 2.95 Crores
Shopping/ Office Complexes	- 30 shops	-0.30
Vegetable and Fish Market	- 40 shops	-0.20
Purchase of land for market		-0.05
Lodge/Dormitory	2 Units	-0.20
Municipality community complexes	1 no	-0.10
Park development	3 nos	-0.60
Health centre	1 no	-0.10
Hospital	1 no	-0.20
Educational Institutions	1 no	-0.10
Lake/Pond Development and rain water harvesting	2 nos	-0.20
Urban Governance/ E-Governance/ GIS		-0.50
Regular Capital Works		-0.25
Land use / development planning		-0.15

- **Projects under other agency's purview**

- Upgradation of hospital – state health department
- School improvement - state education department
- Improvement of major roads including widening, ROB, flyovers – OWD / State highway dept / NHAI

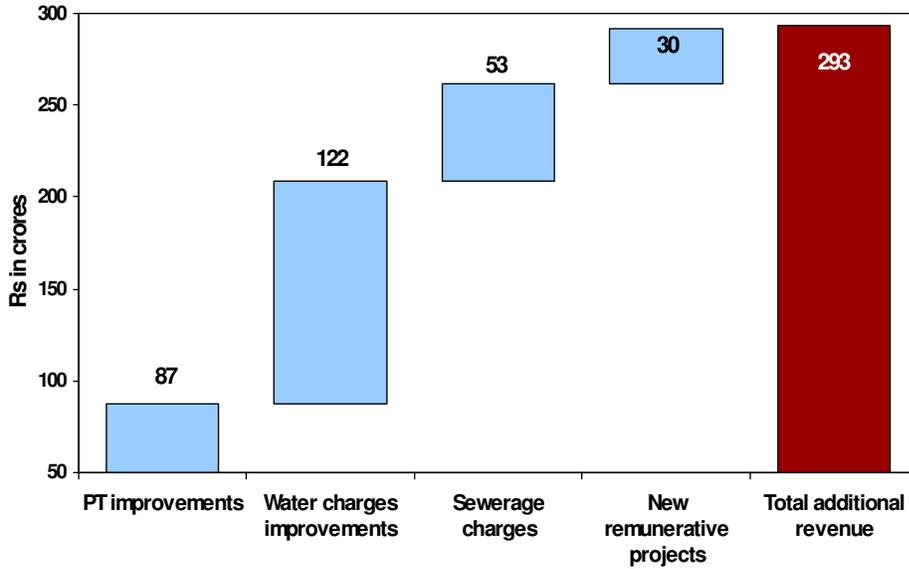
- **Projects already in pipeline/ DPR prepared**
 - The Municipality is in the initial phase of preparing a detailed proposal (DPR) along with the TWAD board to set up an underground drainage (UGD) network in the town

2.4 Reforms required to increase investment capacity

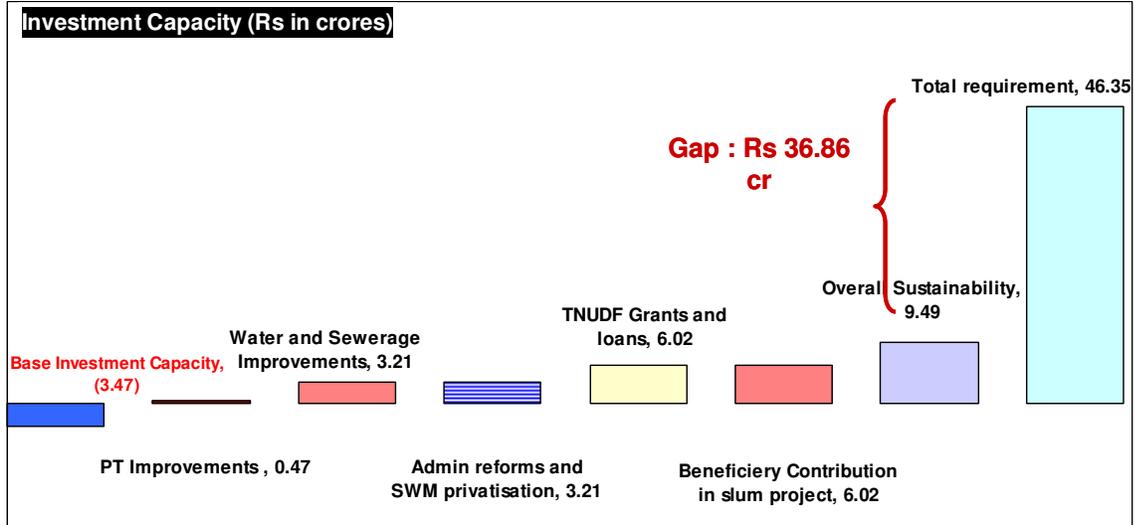
The ULB can sustain only Rs 3.47 crores of investment in base case scenario. Following reforms are suggested for improvement in sustenance capacity.

Property tax	
Collection efficiency	85%
Regular rate revision	25% every 5 year
Water Supply	
Network coverage	90% properties over a 3 year period starting 2008-09
Collection efficiency	85%
Initial rate revision	50% in the year 2008-09
Regular rate revision	25% every 3 years
UGD	
Network coverage	90% of Water HSCs by 2011-12
Introduction of sewerage charges	50% of Water Charges during 2009-10
Regular rate revision	25% every 3 years
Collection efficiency	85%

All the reform measures & remunerative projects together amount for additional revenue of Rs 2.93 crores over next five years



The ULB's borrowing capacity increases if the improvement measures are taken and thus it can sustain Rs 9.49 crores of investment



2.5 Funding pattern

S. No	Mode of Funding	Fund Sources	Base Case	Improved Case
			<i>Rs. Crores</i>	
Identified Investment till 2012-13 - Current			46.35	
Identified Investment till 2012-13 - Constant			61.75	
Sustainable Investment till 2012-13 (%)			7.49%	20.47%
Sustainable Investment till 2012-13 (In Rs. crores)-constant			3.47	9.49
1	TNUDF Grant	TNUDF	1.46	3.97
2	Loan	TNUDF/ World Bank	2.68	7.31
3	Loan	FI	-	-
4	Own sources	Municipality	0.46	1.26
5	Beneficiary Contribution	User	0.02	0.04
Total (current prices)			4.61	12.58

2.6 Priority projects under investment capacity

Priority projects (core civic)	
▪ Water Supply	: Rs 8.03 crores
▪ Slums	: Rs 1.2 crores
Other projects of economic development/ city beautification	
▪ Commercial amenities, other remunerative projects	: Rs 30 lakhs