

**REPORT BY M.C.G.M. UNDER SECTION 126G OF
THE M.M.C. ACT ON THE SERVICES PROVIDED IN
SUBSIDISED MANNER TO BE SUBMITTED ALONG WITH
BUDGET ESTIMATES 2008-09**

Report on the Services provided in subsidised manner
under Section 126G of the M.M.C. Act, to be submitted alongwith
Budget Estimates 2008-09

In accordance with the provision of Section 126G of the Mumbai Municipal Corporation Act 1888, I submit alongwith Budget Estimates 2008-09, to the Standing Committee, a report indicating whether the following services provided by the Corporation to the citizens of Mumbai are being provided in a subsidized manner and if so, the extent of subsidy, the source from which the subsidy was met and the section or categories of the local population who were the beneficiaries of such subsidy, namely :-

- a) Water Supply and Disposal of Sewage,
- b) Scavenging, Transporting & Disposal of Waste,
- c) Municipal Transport and
- d) Street lighting

2. The services regarding Water Supply & Sewage Disposals are covered under Budget 'G' (Fund Code 40) and the services of Scavenging; Transporting & Disposal of Waste and Street lighting are covered under Budget 'A' (Fund Code 11). The report thereof, required under section 126G is submitted jointly. The services of Municipal Transport in Mumbai are covered under Budget 'C' and are handled by the B.E.S.T. Undertaking which is an independent undertaking. The report under Section 126G for the Budget 'C' is required to be submitted by the General Manager, B.E.S.T. Undertaking, separately to the B.E.S.T. Committee and the Corporation.

3. The report on Water Supply & Sewage Disposal, Scavenging, Transporting & Disposal of Waste and that on Street lighting is as under :

3.1 Water Supply & Disposal of Sewage:

Under Section 61(b) of the M.M.C. Act, it is an obligatory duty of the Corporation to provide water supply to the citizens of Greater Mumbai for domestic, Commercial, Industrial and other purposes and under Section 61(a), to provide sewage disposal services. Accordingly the Municipal Corporation of Greater Mumbai

1 provides water supply and sewage disposal services in Mumbai and provides subsidised services to certain categories of consumers viz. residents in slums, chawls, premises of Co-Op. Housing Societies as well as educational, charitable institutions, dormitories and prisons/jails etc., by charging them at lesser rates than the cost incurred thereon. At present, the corporation incurs an expenditure of Rs.11.95 per 1000 ltrs., which includes Rs.7.47 per 1000 ltrs. on the cost of production of water plus 60 percent of it on sewage disposal services. The rates of water supply through meter, for domestic as well as non-domestic (commercial) purposes, are charged on the basis of the paying capacity of consumers or their nature of business as per the rate schedule approved by the Standing Committee from time to time.

[A] Out of the total water supply of the Corporation, the consumption of water, in respect of a class of domestic consumers viz. common as well as individual stand post connections in slums, chawls and others, is 222897 ML. during the year and is charged at the rate of Rs.2.25 per 1000 ltrs. plus 60 percent sewerage charges thereupon which comes to Rs.3.60 per 1000 ltrs. A total revenue of Rs.80.84 crores yearly is generated on account of the supply of water and sewage disposal to this category of consumers by the Corporation. However as mentioned above, the Corporation incurs an expenditure of Rs.11.95 per 1000 liters. Thus considering the total expenditure of Rs.268.42 crores, this category of consumers is benefited with a subsidy to the extent of Rs.187.58 crores during the year.

[B] The second category of consumers viz. residents of Co-Op. Housing Societies, Apartments, charitable trust, educational institutions, public gardens, prison and Jails etc. is supplied with a total quantity of 428139 ML water every year which is charged at the rate of Rs.3.50 per 1000 ltrs. plus 60 percent sewerage charges thereupon which comes to Rs.5.60 per 1000 ltrs. A total revenue to the tune of Rs.253.90 crores is generated by the Corporation during the year on account of water supply and sewerage disposal from this category of consumers. However as mentioned above, the Corporation incurs an expenditure of Rs.11.95 per thousand liters. Considering the total expenditure of Rs.541.90 crores during the year, this category of consumers is benefited with a total subsidy of Rs.288 crores during the year.

Thus a total subsidy of Rs.475.58 crores is granted to both the aforesaid categories of consumers during the year and the benefit of this subsidy is availed of by a population of more than 1 Crore 19 lakh citizens.

[C] In addition to the categories of consumers mentioned above, the Corporation supplies water to commercial, industrial and other professional category of consumers too. Depending upon the nature of business, these categories are charged at the rates, ranging from Rs.10.50 to Rs.38 per 1000 ltrs. plus 60 percent sewerage charges thereupon. Therefore, though the Corporation is granting subsidy to certain categories of consumers as mentioned above, the subsidy is met from the revenue generated from the commercial, industrial and other professional categories of consumers.

3.2 Scavenging, Transporting & Disposal of Waste:

It is an obligatory duty of the Corporation to provide services towards scavenging, transporting and disposal of waste as per Section 61(c) of the M.M.C. Act 1888 and the same fall under Budget 'A' (Fund Code 11) . The Corporation has to provide these services to all the classes of citizens, though the revenue received from these services is meagre as compared to the expenditure incurred on these services. For providing these services, the Corporation is empowered to recover Trade Refuse Charges under Section 368(5) of the Mumbai Municipal Corporation Act 1888 from the commercial establishments, which it does. Other than the Trade refuse charges, the Corporation does not recover any specific charges from the citizens of Mumbai, towards the sanitation services and most of the expenditure on the same is met from the revenue accruing from the Property Taxes, especially the General Tax and the Octroi.

Though, a large proportion of population (about 50%) in Mumbai, is staying in slums areas, the revenue earned by way of Property Taxes from these citizens is meagre as compared to the Property Taxes recovered from the other non slum property owners. The revenue received by way of Property Taxes from the slum dwellers is too meagre to meet the expenditure on the services provided to them. Therefore, the expenditure incurred is required to be met through cross subsidy, from

the taxes recovered from other sources. For providing scavenging services to the total population of 1 crore, 19 lakh, 14 thousand (as per census year 2001), the Corporation incurs an expenditure of Rs.537 crores against which it receives only Rs.52 crores by way of Trade Refuse Charges which is approximately 10% of the total expenditure. Thus, it means that the Corporation is required to bridge the gap of about 90% between the income & expenditure on these services from the other sources like Property Tax and Octroi.

3.3 Street lighting:

As providing Street light on the roads is also an obligatory duty of the Corporation as per Section 61(n) of the Mumbai Municipal Corporation Act 1888, it is provided to all, irrespective of any specific class or locality. For providing street lighting on major roads, footpaths, small & internal roads, passages in the hutment area, footways, bridges & subways, etc., the Corporation has to incur an expenditure of around Rs.82 crores per year. Increase in the length of the roads and increase in the electricity charges, result in increased expenditure on this service. Since, there is no independent source of revenue for meeting the expenditure incurred on providing street lighting, the entire expenditure is required to be met from other sources like Octroi.

4. This report to the Standing Committee is submitted for examining the same and for onwards submission to the Corporation alongwith its recommendations, if any, as per Section 126G(2) of the M.M.C. Act, 1888.

**Municipal Commissioner's office,
Mumbai.
Date : 01.02.2008.**

**Dr. J.M. Phatak
Municipal Commissioner,
Brihanmumbai Mahanagarpalika.**