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VMC requires Rs. 556 cr. for JNNURM works

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The corporation's share varies from one project to the other

Projects worth Rs. 1,418.65 crores sanctioned for the city

Its share for BRTS crosses half-way mark

VIJAYAWADA: It is now more than clear that the Vijayawada Municipal Corporation (VMC)'s share in the projects taken up under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in the city is likely to reach Rs.556 crores. Projects of a total value of Rs.1418.65 crores have been sanctioned for the city under the JNNURM.

The VMC's share varies from one project to the other. For instance, the corporation would have to pool in at least 37 per cent of the total cost of the projects taken up under the Basic Services for Urban Poor (BSUP), a sub-mission under the JNNURM and 44 per cent of the cost of all projects taken up under the Urban Infrastructure and Governance (UIG), the other sub-mission.

The share crosses half-way mark for the prestigious Bus Rapid Transit System (BRTS) project, for which it would have to bear 58 per cent. Officials estimate that these percentages translate into a burden of Rs. 556 crores for the VMC.

The Central government has so far sanctioned projects worth Rs. 645.57 crores under the BSUP, including housing for the poor, while Rs. 75.33 crores has been sanctioned for the UIG projects. The BRTS project costs Rs. 152.64 crores.

Cost escalation

The corporation is forced to shoulder the escalation cost in the housing project though it has been initiated by the State government. The VMC is hoping that the State government will release the escalation cost. The ruling Congress too claims that the State government would release the funds. Officials say if the State government shares the burden of cost escalation of housing projects, the corporation's share could come down to Rs. 277 crores.

The State government, as reported earlier, has taken shelter under the official jargon and decided to treat a major portion of its share as loan, as a result of which the corporation's share in JNNURM projects will go up to 48 per cent, instead of 30 per cent as mentioned in the guidelines issued by the Centre.

The JNNURM guidelines mandate the State government to provide 20 per cent of the cost of a project proposed by a local body as its share. However, as the guidelines have used the term 'loan-cum-grant', the government is gearing up to divide its 20 per cent share into two parts -- 18 per cent as loan and the remaining 2 per cent as a grant.