

□ The Hindu□□□□□□□ 02.03.2011

Corporation under severe financial crunch

S. Sundar

It faces difficulty in execution of several works

Severe financial crunch has placed the Madurai Corporation in a predicament, says the Outcome Budget 2011-12 presented by Mayor G. Thenmozhi here on Monday.

The Corporation has presented a Rs. 8-crore deficit budget. But the budget note reveals that difficulty in execution of several works under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) because of the financial constraint.

The Corporation has to pay at least Rs. 15 crore towards provident fund and insurance of its employees and terminal benefits to retirees.

The local body is pinning its hopes on huge grants and a long

term, interest-free loan of Rs. 427.84 crore which it has sought from the State Government to “ensure completion of all the schemes” during 2011-12 which is the Mission year.

The Corporation was sanctioned several projects at an outlay of Rs. 2,496.98 crore under the Mission in 2006.

“It had no other alternative except to divert the available amounts in the scheme and by obtaining loan from funding agencies to the total required amount of Rs. 427.84 crore,” the budget note said.

The Union Ministry has laid a condition that execution of all the schemes under the Mission with the 3rd instalment of the fund will only make it eligible for the fourth instalment of Rs. 134 crore.

“The inevitable gap in getting administrative and technical sanctions on revision of estimates due to escalation in cost and tender premiums has caused this status of affairs”, the note said.

Grant sought

The corporation has sought from the State Government Rs. 127.19 crore as grant instead of interest-free loan as its share for the mission.

Besides, it sought Rs. 131.83 crore as grant towards tender premium and cost escalation and the balance of Rs. 168.32 crore as interest-free long-term loan from the State Government to ensure final completion of all the schemes before the end of the Mission year of 2011-12, the note said.

Among them, the second Vaigai Water Supply Scheme (Rs. 71.23 crore), construction of three check dams across the *Vaigai* river (Rs. 13.38 crore) have been completed and construction of underground drainage in leftover places and renewal of sewage treatment plants (Rs. 252 crore) has been partially

completed.

Only one-third of the project of construction of concrete retaining walls for 52 km of 11 channels and stormwater drainage canals for 822 km (total cost Rs. 348.82 crore) have been completed. Solid waste management (Rs. 75.99 crore) and construction of 22,766 houses for urban poor (Rs. 307.18 crore), too were incomplete.