



**PATHANKOT MUNICIPAL CORPORATION
(Zone 1)**

UNDER

ATAL MISSION FOR REJUVENATION AND URBAN TRANSFORMATION (AMRUT)



CREDIT RATING REPORT

BY



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Disclaimer

This report is intended for the use of Pathankot Municipal Corporation and Government of Punjab and is subject to the scope of work and purpose defined therein. We, by means of this report are not rendering any professional advice or services to any third party.

For purposes of the exercise, we have used information obtained from primary interactions and secondary information sources, which we believe to be reliable and our assessment is dependent on such information being complete and accurate in all material respects. We do not accept any responsibility or liability for any losses occasioned to any party as a result of our reliance on such information.

BWR has relied on the audited financial statements of the ULB up to FY16, SLIPs provided by the municipality, SAAP of 2015-16 & 2016-17 and other information/clarifications provided by the Urban Local Body

Our procedures did not constitute an audit.

We make no representation or warranty as to the accuracy or completeness of the information used within this assessment, including any estimates, and shall have no liability for any representations (expressed or implied) contained in, or for any omission from, this assessment.

Atal Mission of Rejuvenation & Urban Transformation (AMRUT)

Atal Mission of Rejuvenation & Urban Transformation (AMRUT) was launched by the Ministry of Urban Development, Govt. of India on 25th June 2015 for the next 5 years i.e. up to March 2020. Five hundred cities with a population greater than one lakh (100,000) have been taken up under the Mission. Under the mission, MoUD/GOI will provide 50% of the project funds while State & ULB will share the remaining 50%.

Earlier, MoUD used to give project- by- project sanctions under JNNURM/UIDSSMT and other schemes which have been replaced by approval of the State Annual Action Plan once a year and the State has to decide on the project sanctions and approvals at their end.

Thrust areas under the mission:

- ❖ Water Supply
- ❖ Sewerage facilities and Septage management
- ❖ Storm water drains to reduce flooding
- ❖ Urban Transport –pedestrian, non-motorized and public transport facilities, parking space
- ❖ Creation and up gradation of green spaces, parks and recreation centres, especially for children.

In the State Annual Action Plan (SAAP) for 2016-17 of Punjab, sector-wise estimated costs of the identified projects for Pathankot are: Water Supply – Rs. 61.25 Crs; Sewerage/Septage – Rs. 102.33 Crs; Urban Transport – Rs. 5.00 Crs and Parks & Green Spaces – Rs. 1.82 Crs. In total investments amounting to Rs. 170.40 Crs have been estimated for Pathankot till FY20.



PATHANKOT CITY

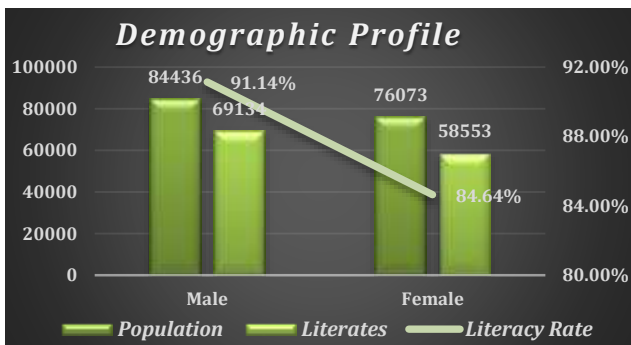
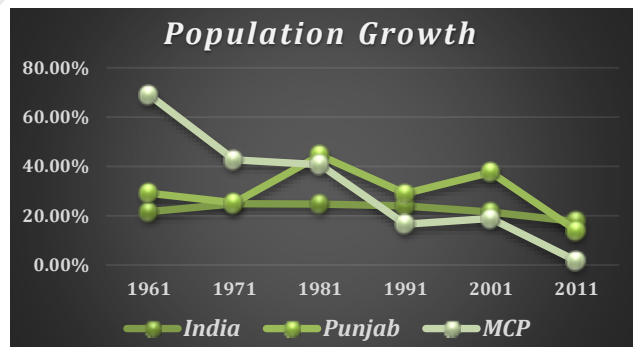
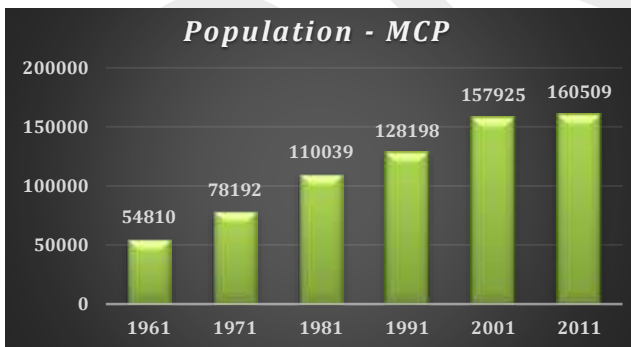


- ❖ Pathankot is the ninth most populous city in the state of Punjab.
- ❖ It is a municipal corporation and the administrative head of Pathankot District (created in 2011) in Punjab.
- ❖ The city is located at the meeting point of three North Indian states – Punjab, Himachal Pradesh and Jammu & Kashmir and thus, serves as the travel hub for these states.
- ❖ The city also shares its border with Pakistan on the West.
- ❖ Historically, Pathankot was the hub of timber trade; however, post the shifting of timber trade to Jammu in early 1990s, stone crushing is the main economic activity of the city.

PATHANKOT MUNICIPAL CORPORATION

Pathankot became a Municipal Corporation in 2012 post the formation of Pathankot district and prior to that it was a Municipal Council in the District of Gurdaspur.

The city is spread over an area of 59 Sq. Km. and is divided into 50 wards. The population of the city increased from 157,925 in 2001 to 160,509 in 2011. Post the formation of Pathankot district and Pathankot Municipal Corporation, the revised estimates of city’s population stands at 229,307. As per Corporation’s estimates, the population has increased to 258,087 in 2015.



The population of the city has increased with a declining growth rate. While the population growth rates of Punjab have remained volatile, overall growth rates of Pathankot and the country are declining

53% of the city’s population comprise males and 47% comprise females. Population density of the city is 2720 persons/sq. km.

Pathankot has one of the highest literacy rates in the state of 88.04% with Male Literacy rate at 91.14% and Female Literacy rate at 84.64%.

Pathankot is the centre of transport to and from Jammu & Kashmir, Chamba Hills, Kangra Hills and the plains of Punjab. It has an access to 3 National Highways – NH1A, NH15 and NH20; 1 State Highway – SH05 and 3 Other District Roads.

Pathankot has a domestic airport located on the Pathankot-Majra road at a distance of 7 Km from the Pathankot railway station. Nearest international airport is Sri Guru Ram Dass Jee International Airport with a distance of approx. 125 Km from the city.

KEY INDICATORS (Pathankot Municipal Corporation)

Area under municipality	59 Sq. Km
Wards	50
Population as per census 2011	160509
Literacy Rate	88.04%
Sex Ratio	901
Child Sex Ratio	803
Number of households	48990
Road length (km)	392.57 Km
Street lighting points	8390
Household level coverage of direct water supply connection	33720
Per capita quantum of water supply	95 LPCD
Household coverage of sewerage network	33918
Collection Efficiency of Sewerage Network	50%
Solid waste collected	75 MTPD
Solid waste generated	75 MTPD
Solid waste collection efficiency (%)	100%
Coverage of storm water drainage network	0%
Parks & Green Belts	>1% Green Cover
Industry Pattern	The city is known for its stone crushing industry because of its rocky surface. Other important sectors are wholesale & retail trade, hotels and restaurants as the city is the connecting point of Punjab, Himachal Pradesh and Jammu & Kashmir.

Source: SLIP & Other Sources

DISTRICT PROFILE – PATHANKOT

- ❖ Pathankot district was created on July 27, 2011.
- ❖ It is the smallest district of Punjab with an area of 929 Sq. Km. and ranks 18th in terms of population.
- ❖ There are two tehsils in the Pathankot district.
- ❖ There are 12 towns and 421 villages in the district.
- ❖ Pathankot district is relatively less urbanized (34.32%) than the State (37.5%).
- ❖ The sex ratio in the district (858) is lower than that of the State (895).
- ❖ Pathankot district has a population of 626,154 comprising 337,054 males & 289,100 females with a population density of 674/Sq. Km.
- ❖ Out of the total population of the district, 65.68% is in rural areas and 34.32% is in urban areas.
- ❖ District has an average literacy rate of 81.19% with male literacy rate of 85.90% standing higher than the female literacy rate of 75.70%

S. No.	Administrative Structure	Number
1.	Sub-divisions	2
2.	Tehsils	2
3.	Sub-Tehsils	NA
4.	Blocks	6
5.	Towns	12
6.	Number of Parliament Segment	1
7.	Number of Vidhan Sabha Segment	3

EXECUTIVE SUMMARY

Rating	Rating Type	Outlook
BWR BB-	Issuer Rating	Stable

Key Rating Drivers:

- ❖ Pathankot is 9th most populous city of Punjab. Literacy rate is also high at 88.04%.
- ❖ PMC is maintaining average level of civic services at present with coverage of water supply connections at 69% and coverage of sewerage network at 70%. The city is implementing various projects under AMRUT and Urban Mission to augment the water supply coverage. It is expected to improve significantly in the current financial year. A table of service level indicators is also furnished at page 36.
- ❖ Efficiency of collection of solid waste is 100%. The city already has a landfill site and is using scientific method for landfilling. However there is no treatment plant for solid waste management.
- ❖ Various ongoing projects including cleanliness & sanitation drive and GIS system which will improve the level of services in the city.
- ❖ The city has defined a plan to improve its non-motorized transport (NMT) infrastructure, under which it will develop ITS infrastructure for traffic management. It will also construct footpaths and install signage/road furniture.
- ❖ Pathankot is one of the few cities of Punjab which has adopted double entry book-keeping system and has got its financials audited.
- ❖ PMC has also laid out a plan to gradually increase its green cover in order to meet the MoUD requirements.
- ❖ PMC reported Revenue of Rs. 24.50 Crs in FY16 as against Rs. 27.25 Crs in FY15 and a Surplus of Rs. 0.40 Crs in FY16 vis-a-vis Rs. 0.46 Crs in FY15.
- ❖ Moderate collection efficiency of property tax at 64% in FY16.

Areas of Improvement:

Modest revenue & risk profile of the corporation, moderate coverage of water supply & sewerage network, lack of storm water drainage system, lack of public transportation system and low net profits reported by the corporation.

Rating Sensitivities:

The ability of PMC to arrange required funds in a timely fashion for completion of various projects & reforms, concerted efforts for improving the overall urban infrastructure, implement GIS effectively to ensure monitoring of various civic services & timely collection of user charges as well as property tax, generate additional sources of revenue and achieve the level of e-services as per requirements shall remain key rating monitorables.

Administrative Setup

Elected body

The Municipality is supervised by an elected body, the Council, consisting of ward councillors who are elected for a term of five years. The town is divided into wards according to its population, and representatives are elected from each ward. There are 50 wards in Pathankot Municipal Corporation.

Name	Designation	Place
Mr. Anil Vasudeva	Mayor	Pathankot
Mr. Nirmal Singh	Sr. Deputy Mayor	Pathankot
Mrs. Bina Devi	Deputy Mayor	Pathankot

Source: Pathankot Municipal Corporation

Administrative body

Administrative Body is headed by the Commissioner and comprises Joint Commissioner, and various other departmental heads. The members of the administrative body come from the state public service and are appointed by the state government to manage the administrative affairs of the Municipality.

Name	Designation	Place
Mr. Surinder Singh	Commissioner	Pathankot
Mr. Amit Mahajan	Joint Commissioner	Pathankot
Mr. Suresh Kumar	ACE	Pathankot
Mr. Harmeet Singh	ACE	Pathankot
Mr. Rahul Sharma	Superintendent	Pathankot
Mr. Inderjeet Singh	Superintendent	Pathankot
Mr. Daljit Singh	Superintendent	Pathankot

Source: Pathankot Municipal Corporation

Functional Domains under the Municipality

Obligatory functions of the Corporation are:

- ❖ The construction, maintenance and cleaning of drains and drainage works and of public latrines, urinals and similar conveniences
- ❖ The construction and maintenance of works and means for providing supply of water for public and private purposes

- ❖ The scavenging, removal and disposal of filth, rubbish and other obnoxious or polluted matters
- ❖ The reclamation of unhealthy localities, the removal of noxious vegetation and generally the abatement of all nuisances
- ❖ The regulation of places for the disposal of the dead and the provisions and maintenance of places for the said purpose
- ❖ The registration of births and deaths
- ❖ Public vaccination and inoculation
- ❖ Measures for preventing and checking the spread of dangerous diseases
- ❖ The construction and maintenance of municipal markets and slaughterhouses and the regulation of all markets and slaughter-houses
- ❖ The regulation and abatement of offensive or dangerous trades or practices
- ❖ The securing or removal of dangerous buildings and places
- ❖ The construction, maintenance, alteration and improvements of public streets, bridges, culverts, causeways and the like
- ❖ The lighting, watering and cleansing of public streets and other public places
- ❖ The removal of obstructions and projections in or upon streets, bridges and other public places
- ❖ The naming and numbering of streets and premises
- ❖ The maintenance of municipal offices
- ❖ The laying out or the maintenance of public parks, gardens or recreation grounds
- ❖ The maintenance of a fire-brigade and the protection of life and property in the case of fire
- ❖ The maintenance of monuments and memorials vested in a local authority in the City immediately before the commencement of this Act or which may be vested in the Corporation after such commencement
- ❖ The maintenance and development of the value of all properties vested in or entrusted to the management of the Corporation

Municipal Revenues

The municipal corporation earns its revenue from the following services:

- Taxes levied by the municipality
- User charges levied for provision of civic services, and
- Fees and fines levied for performance of regulatory and other statutory functions.

The Corporation has powers to impose the following taxes:

- ❖ Taxes on land and buildings – general tax, water tax and fire tax;
- ❖ Octroi;
- ❖ A tax on vehicles and animals;
- ❖ A tax on advertisements other than advertisements published in newspapers;
- ❖ A tax on buildings payable along with the application for sanction of the building plan;

- ❖ A development tax on the increase in urban land value caused by the execution of any development or improvement work;
- ❖ A tax on professions, trades, callings and employment

Source: Punjab Municipal Corporation Act, 1976.

Borrowing Powers & Utilization of Borrowings

Municipality can raise loans by passing a resolution at a meeting of the Municipality, by the issue of debentures or otherwise, on the security of any immovable property vested in it or proposed to be acquired by it or of all or any of the taxes, rates, cesses, fees and charges authorized by or under this Act any sums of money which may be required:

- a. for acquiring any land which it has power to acquire
- b. for erecting any building which it has power to erect
- c. for the execution of any permanent work, the provision of any plant, or the doing of any other thing which it has power to execute, provide or do, if the cost of carrying out the purpose in question ought to be spread over a term of years
- d. to pay off any debt due to the Government
- e. to repay a loan previously raised under this Act or any other Act previously in force
- f. for any other purpose for which the Corporation is, by virtue of this Act or any other law for the time being in force, authorized to borrow

Repayment

- ❖ The Corporation shall maintain sinking funds for the repayment of money borrowed on debentures issued and shall pay every year into such sinking funds such sum as will be sufficient for the repayment within the period fixed for the loan of all moneys borrowed on the debentures issued
- ❖ The time for the repayment of any money borrowed under section 158 shall in no case exceed sixty years and the time for repayment of any money borrowed for the purpose of discharging any previous loan shall not, except with the express sanction of the Government, extend beyond the unexpired portion of the period for which such previous loan was sanctioned
- ❖ Payment due from the Corporation for interest on and repayment of loans shall be made in priority to all other payments due from the Corporation

DEMOGRAPHY & ECONOMIC BASE

Demographic Details

As per the census data for the year 2011, Pathankot's total population is 1.60 lakhs. The city's decadal population growth rate for the last decade was 1.61% which was lower than the State growth rate of 13.89% and the country's decadal growth rate of 17.6%. The Pathankot district's total population was 6.26 lakhs as per the census for 2011. Population density of the city is 2720 persons/Sq. Km and the district is 674 persons/Sq. Km. Hinduism is the major religion with 88.89% share in the city's population followed by Sikhism with a share of 8.05% in the city's population. Urban population constitutes ~ 34% of the district's total population.

Sex Ratio

As per 2011 census, there are 901 females per thousand males in Pathankot city, higher than the district (858) and State (895) and lower than the country (940). The sex ratio of the city improved from 825 females per thousand males in 2001.

Child population (0-6 age group) in the city was 15,474 in 2011 constituting 9.64% of the city's total population. Child sex ratio was even lower than the adult sex ratio at 803 girls per thousand boys. The district had almost the same child sex ratio as that of the city, even lower than the State's child sex ratio (one of the lowest in the country) at 846 girls/1000 boys. Country's child sex ratio in 2011 was 914 girls per thousand boys.

Literacy rate

Pathankot city's literacy rate is one of the highest in the State with an average literacy rate of 88.04% higher than the district (81.19%), state (75.84%) and the country (74.04%). Male literacy rate is higher at 91.14% as compared to female literacy rate of 84.64%.

Economy

Historically, Pathankot was the hub of timber trade; however, post the shifting of timber trade to Jammu in early 1990s, stone crushing is the main economic activity of the city due to its rocky surface. Other important sectors are wholesale & retail trade, hotels and restaurants as the city is the connecting point of Punjab, Himachal Pradesh and Jammu & Kashmir.

DELIVERY OF CIVIC SERVICES

Pathankot Municipal Corporation is responsible for providing civic services and basic amenities to the citizens. Institutional responsibility for the planning, design, construction as well as operations and maintenance of the urban infrastructure rests with the Corporation. The current arrangement and metrics for the following services along with the proposed improvements are discussed below:

- Water Supply
- Sewerage
- Storm Water Drainage
- Parks
- Roads
- Street Lighting
- Solid Waste Management

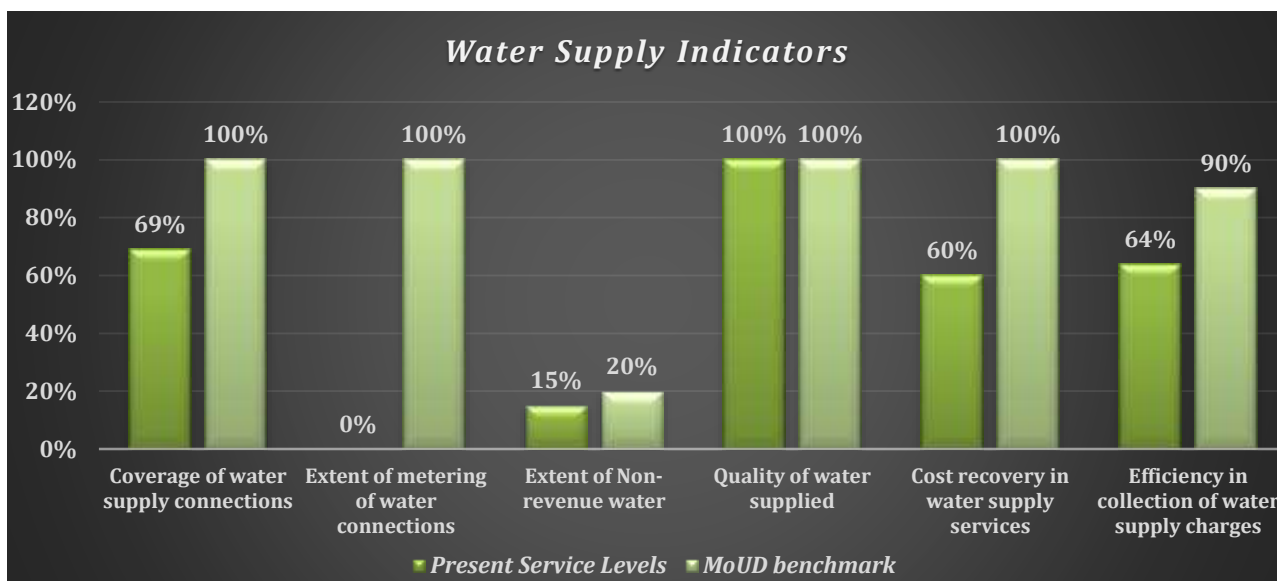
WATER SUPPLY

As per census of 2011, the population of Pathankot Municipal Corporation (PMC) is 160,509 and total number of households are 48,990. Out of the total households, 69% households have access to piped water which the PMC plans to increase to 100% in the next three years.

The source of water supply is based on under-ground water through tube wells installed at approximate depth of 100 meters at the various locations in the city. There are 57 tube wells supplying water to the town. Out of the total tube wells, the average running of 33 tube wells is 12 hours/day discharging 12000 gallons/hour and 10 tube wells is 12 hours/day discharging 6000 gallons/hour. Remaining 14 tube wells in the extended area are running for 6 hours/day with a total discharge of 2.52 MLD. In total, 27.41 MLD of water is being supplied to the city. The quality of ground water is fit for human consumption after disinfection done through chlorinators installed at each tube well.

The entire city is covered under one zone for the purpose of water supply. The water is supplied to the consumers through the elevated reservoirs available in the City as well as by direct pumping. There are 24 OHSRs with a total capacity of 10.56 MLD existing in different parts of the city.

Indicators	Present Service Levels	MoUD benchmark
Coverage of water supply connections	69%	100%
Per capita supply of water	95 lpcd	135 lpcd
Extent of metering of water connections	0%	100%
Extent of Non-revenue water	15%	20%
Quality of water supplied	100%	100%
Cost recovery in water supply services	60%	100%
Efficiency in collection of water supply charges	64%	90%



Source: SLIP & Data from PMC

- ❖ The city is supplying 95 LPCD of water, significantly lower than the MoUD benchmark of 135 LPCD.
- ❖ Presently, the coverage of water supply connections is very low and no meters have been installed. Due to lack of metering, it is difficult to ascertain the exact amount of non-revenue water. PMC however, has estimated non-revenue water at 15%.
- ❖ While, the source of water is ground water, PMC is disinfecting it by way of chlorination which is why the quality of water supplied is assessed at 100% by them. However, the level of contamination in the ground water is not known and therefore, its exact quality can't be determined.
- ❖ Cost recovery in water supply services is 60% and the efficiency in collection of water charges is 64%.

Institutional Framework

Punjab Government has set up a separate department – Punjab Water Supply and Sewerage Board to undertake the construction activity for water supply and sewerage projects. Operations & Maintenance is done by the Municipality and PMC is responsible for providing safe and clean drinking water to the citizens.

Particulars	Organization
Planning & Design	Punjab Water Supply and Sewerage Board
Construction/Implementation	Punjab Water Supply and Sewerage Board
Operations & Maintenance	PMC

Source: Slip of PMC

Present Length of Water Supply Network

Total length of roads in the city is 393 Km and the length of water supply distribution pipeline laid in the city is 296 Km. Distribution mains have not been laid down in all the streets and there is a gap of 96 Km which needs to be bridged in order to achieve universal coverage.

Infrastructural Gaps

At present the coverage of water supply connection is 69% and there is a gap of 31%. The city's water supply system was set up 50 years ago over a total length of 296 Km which needs renovation. Water supply lines of sizes varying from 80 mm to 250 mm are laid in the city as part of the water distribution network. There is a gap in coverage of the water network which can be bridged by providing additional distribution main over the remaining length of 96 Km. City also requires 6 additional elevated reservoirs and 27 tube wells to maintain effective distribution in the newly developed and unserved extended areas.

Proposed Improvements

The possible activities proposed under AMRUT for meeting out the objectives so as to bridge the gap in service levels are:

- Providing new distribution mains to the un-served areas.
- Introduction of Bulk Water Meter at source and metering at consumer end.
- Providing tube wells in the un-served areas and replacing the out lived tube wells at the time of failure
- Construction of two elevated service reservoirs to the newly developed and elevated contour areas,
- To provide SCADA (Supervisory Control and Data Acquisition) system to all the tube wells and service reservoir network areas
- Improved revenue collection due to consumer water meter
- Rehabilitation of the existing OHSRs (Overhead Service Reservoir)
- Providing Solar generation for break free operation.
- Increase in revenue collection due to 100 % metering and charging the consumers based on volumetric tariff.

Further, PMC has proposed to introduce automated meter reading, collection through e-governance modules and 100% perusal of individual households for payment and as well as to increase the service connection coverage to 100% in order to bring down the O&M costs.

Sr. No	Item	Scope			Year of Commencement	Year of Completion	Estimated Cost (in Crs)
		Quantity	Unit	Priority			
1.	Tube wells	9	Nos.	1	2016	2018	3.00
2.	OHSR (0.455 ML Cap.)	3	Nos.	1	2017	2019	2.00
3.	Distribution System and Restoration of road cuts	96	Km.	1	2016	2018	23.39
4.	House Connections With Meter	5500	Nos.	1	2016	2018	2.00
5.	Tube wells - II	13	Nos.	2	2017	2018	4.00
6.	OHSR (0.455ML Cap.)	3	Nos.	2	2017	2019	2.03
7.	House Connections With Meter	8500	Nos.	2	2017	2018	3.29
8.	Tube wells - III	7	Nos.	3	2018	2020	2.18
9.	Bulk meters	107	Nos.	3	2018	2020	1.26
10.	Provision of SCADA	1	job	3	2018	2019	10.00
11.	Metering of Existing House Connections System	33720	Nos.	3	2018	2020	8.09
	Grand Total						61.25

Sr. No.	Name of Project	Total Project Cost (Rs. Crs)	Funding Pattern (Rs. Crs)				
			GOI	State	ULB	Others	Total
1	Extension and augmentation of water supply scheme Pathankot	61.25	30.62	18.37	12.25	0	61.25

Source: Slip of PMC

In addition to the above mentioned projects, there are multiple projects running at present to install tube wells, provide water supply lines and connections. These include projects under Urban Mission as well.

Water Charges

A. Water Tariff

Connection Type	Rs./1000 Ltrs	Flat Rate (Rs./Month)
Domestic/Residential	3.80	105 (Area 5-10 Marlas)
Non-Domestic/Commercial	7.60	Rs. 140 (Area above 10 Marlas)
Industrial	7.60	-
Bulk Supply	7.60	-

Free water is supplied to the houses with an area of up to 125 Sq. Yards.

B. New Water Connection Charges

Connection Type	Fee
Domestic/Residential	Rs. 130+road digging fee extra
Non-Domestic/Commercial	Rs. 180+road digging fee extra
Industrial	Rs. 180+road digging fee extra

Demand & Collection Statement of Water Charges

Year	Arrear in the Beginning (Rs. Crs)	Demand Assessed for the Year (Rs. Crs)	Total (Rs. Crs)	Collection (Rs. Crs)	Remission (Rs. Crs)	Arrears at the End (Rs. Crs)
2015-16	2.00	1.27	3.27	1.25	0.00	2.02
2016-17 (up to Feb 2017)	2.02	1.30	3.32	1.31	0.00	2.01

- ❖ Arrears in the water charges continue to remain high.
- ❖ While the corporation has been able to collect the charges for the respective current periods. Collection of previous dues outstanding is a challenge.

SEWERAGE & SEPTAGE SYSTEM

Total number of households in the city are 48,990 and the households covered with sewerage network presently are 24,418. About 70% of the area of the city has been covered under the sewerage network. The city also has a sewerage treatment plant with a capacity to treat 27 MLD of sewage. The existing capacity is sufficient to cater to the old municipal limit, however, with the recent extension of the municipal limit, PMC requires additional capacity of 10.50 MLD.

Total number of households	Households with sewerage network	Households with septic Tank	Households with individual/community toilets within walking distance	Households without any outlet for toilets
48990	24418	9500	33918	15072

Source: Slip and data from PMC

Highlights of the Sewerage System

- ❖ Currently, the city is being served by a gravity collection sewerage system involving a network of branch sewers, intercepting sewers and trunk sewers. The sewerage system is centralized and carry the sewer from the entire city, collects at main pumping station and then discharges to the sewage treatment plant
- ❖ Present length of the sewer network covers 70% of the city.
- ❖ The main sewer comprises 400 mm and above SW/RCC sewer of length 28 Km.
- ❖ The lateral sewer varies from sizes 200 mm to 300 mm SW pipe sewer of length 210 Km.
- ❖ The sewage treatment plant of capacity 27 MLD exists in the city for treating the waste water collected from the entire city.
- ❖ The sewerage system is heavily loaded during rains causing heavy silting of sewers due to muck and silt invariably finds way into the sewerage system in the absence of storm water sewer.
- ❖ About 20% of the area is such where the sewerage lines have been laid but people have not taken sewerage connections.
- ❖ There is no organized and systematic method to collect the waste /septage. At present the effluent from septic tanks is connected either with soak pit or effluent overflows into nearby drains. Cleaning is done by house owners as and when required.

Indicators (as per SLB framework)	Existing Service Level	MoUD Benchmarks
Coverage of latrines (individual/community)	69%	100%
Coverage of sewerage network services	70%	100%
Efficiency of collection of sewerage	50%	100%
Efficiency in Treatment: Adequacy of sewerage treatment capacity	100%*	100%
Extent of reuse & recycling of treated sewage	0%	20%

Source: SLIP & SAAP of PMC.



- ❖ The city has a moderate coverage of latrines & toilets at 69%, which it plans to increase it to 100% in the next three years.
- ❖ The coverage of sewerage network services is above average at 70%, post the implementation of the projects proposed under AMRUT, the city will have 100% coverage as well as treatment capacity.
- ❖ The current capacity of STP is sufficient to take care of the old municipal area, however, with the revision of the municipal limits, the city now requires additional capacity to treat 10.50 MLD of sewage.

Institutional Framework

Punjab Government has set up a separate department – Punjab Water Supply and Sewerage Board (PWSSB) to undertake the construction activity for water supply and sewerage projects. PMC can also execute projects in its capacity, however, mostly these projects are taken up by PWSSB. Operations & Maintenance is done by the Municipality as well as third party contractors are hired for operations & maintenance of said projects.

Particulars	Organization
Planning & Design	Punjab Water Supply and Sewerage Board
Construction/Implementation	Punjab Water Supply and Sewerage Board
Operations & Maintenance	PMC & Third Party Contractor (STP)

Source: SLIP

Issues/Infrastructural Gaps

- Old sewerage networks need to be replaced.
- Efficiency of collection of sewerage is less (50%) which needs to be considerably increased in order to meet the target set by MoUD.
- Conversion of septic tanks to sewer connections.
- Covering the entire city with sewer lines and 100% house connections.
- Public Convenience.

- Timely completion of Sewerage Treatment Plants for efficient management of sewage waste.
- Reuse of the treated water.

Proposed Improvements

PMC has proposed to cover the entire area of the city focusing on optimum utilization of the existing assets and prioritizing creation of new assets to gain maximum in terms of public benefit. PMC has decided on the following activities to be covered under AMRUT:

- Extending the collection system network to bridge the gap.
- Setting up new sewer connections to achieve 100% coverage
- Conversion of existing septic tanks to sewer connections
- Construction of STPs to gain 100% capacity to treat sewage waste.
- Cover all the households under sewerage scheme and collect 100% user charges.
- PMC has identified projects based on the principles of 100% coverage and sustainability. It also plans to ensure continuous monitoring to avoid leakages, regular collection of monthly user charges to increase corporation's revenue, set up SCADA control for operation of pumping stations and treatment plants to save cost of man power and explore the option of sale of treated water for an additional source of income.

Sr. No	Item	Scope		Year of commencement	Year of completion	Estimated Cost (Rs. Crs)
		Quantity	Unit			
1.	Main Sewers	5.67	Km	2016	2018	9.19
2.	Lateral Sewers	94.54	Km	2017	2019	45.27
3.	Rehabilitation of sewer network	10	Km	2017	2019	7.46
4.	Sewage Treatment Plant & Pumping Station (6 Nos)	10.5	MLD	2017	2019	20.11
5.	House Connections(part 1)	4000	Nos.	2016	2018	3.68
6.	House Connections(part 2)	4000	Nos.	2017	2019	3.68
7.	House Connections(part 3)	4567	Nos.	2018	2020	4.20
8.	Conversion of septic tank to sewer connections (part 1)	3000	Nos.	2016	2018	2.76
9.	Conversion of septic tank to sewer connections (part 2)	3000	Nos.	2017	2019	2.76
10.	Conversion of septic tank to sewer connections (part 3)	3500	Nos.	2018	2020	3.22
Total cost						102.33

Sr. No.	Name of Project	Total project Cost (Rs. Crs)	Funding Pattern (Rs. Crs)				
			GoI	State	ULB	Others	Total
1	Extension and Augmentation of sewerage scheme (under AMRUT)	102.33	51.16	30.70	20.47	0	102.33

Source: Slip of PMC

Demand & Collection Statement of Sewerage Charges

Year	Arrear in the Beginning (Rs. Crs)	Demand Assessed for the Year (Rs. Crs)	Total (Rs. Crs)	Collection (Rs. Crs)	Remission (Rs. Crs)	Arrears at the End (Rs. Crs)
2015-16	0.98	0.50	1.48	1.08	0.00	0.40
2016-17 (up to Feb 2017)	0.40	0.67	1.06	1.11	0.00	Nil

- ❖ PMC has been able to recover its past arrears of the sewerage charges.
- ❖ As on February 2017, the corporation has collected all the dues towards sewerage charges.

STORM WATER DRAINAGE

- ❖ PMC does not have a storm water drainage system at present and the city has experienced and continues to experience water stagnation and flooding during monsoons.
- ❖ Therefore, PMC has to spend a considerable amount on the repair of roads in these areas after the monsoon.
- ❖ Also, PMC will have to prepare plans and proposals to develop a proper storm water drainage system.

Issues/Gaps

- ❖ No coverage of storm water network in the city.
- ❖ No storm water drainage network in Slum Areas.
- ❖ No storm water drainage network in industrial Areas.
- ❖ Inadequate storm water drainage capacity leading to instances of water logging and flooding during monsoon.
- ❖ Lack of proper drainage system leads to deterioration of the road surface and creates pressure on the sewerage system.
- ❖ Water logging during monsoon poses a health hazard for the citizens.

Proposed Improvements

At present PMC has not proposed any project or steps to increase its storm water drainage coverage. Also, no investment has been planned in this area in the State's Annual Action Plan (SAAP) for FY17.

PARKS AND GREEN SPACES

- ❖ PMC currently has less than 1% green and open area which it plans to gradually increase to 15% in line with the MoUD benchmarks. Presently, there are 14 parks in the city.
- ❖ PMC, over a period of five years, will develop chowks & central verges, footpath & road sides, green belts along road sides, parks within the municipal limits and vacant spaces within the municipal limits to meet the requirements of MoUD. One Children Park will be developed each year over a period of 5 years.
- ❖ The city has planned an investment amounting to Rs. 1.82 Crs towards development of parks and open spaces. This shall be utilized towards development of child friendly infrastructure, planting more trees/ shrubs, creating facilities for handicapped, installing signage, dustbins, benches & solar based low power LED lights, providing toilet blocks, drinking water, landscaping and fencing etc. Details of funding of the investment are mentioned below:

Name of Corporation	Purpose	Total Project Cost (Rs. Crs)	Funding Pattern		
			Centre (Rs. Crs)	State (Rs. Crs)	ULB (Rs. Crs)
PMC	Development of Parks & Green Spaces	1.82	0.91	0.55	0.36

Source: SAAP Punjab

URBAN TRANSPORT

Road: Pathankot is well connected at regional level through the road network. NH-15 connects the city to Amritsar, NH-1A connects it to Jammu and NH-20 connects it to Himachal Pradesh. The city is the connecting point of the three North Indian states – Punjab, Himachal Pradesh and Jammu & Kashmir. It is also connected through one State Highway and 6 Other District Roads.

Parking Spaces: The city has designated parking spaces at Railway station and Bus Stand. Overall the available parking space is inadequate to meet the city's requirement which has led to prevalence of on-road parking reducing the effective road width and causing traffic congestion.

Public Transport: The city does not have a public transport system. PMC is not operating any city buses and neither has proposed under the AMRUT scheme.

Issues/Infrastructural Gaps

- ❖ Non-availability of proper public transportation system.
- ❖ Inadequate grade separation and poor surface quality leads to travel delays, congestion and pollution.

- ❖ Signage, markings, channel islands, street name boards etc. are absent on majority of the roads.
- ❖ Major roads lack footpaths and pedestrian facilities; those available are encroached upon by informal activities and street hawkers.
- ❖ Lack of proper parking space.
- ❖ Non-availability of cycle lanes/tracks.

Proposed Improvements

Under AMRUT, PMC has been allocated funds amounting to Rs. 5 Crs to be used for construction of footpaths, developing ITS facilities, signage/street furniture, traffic management and construction of cycle lanes along the arterial network/sub-arterial network of 5 km.

Details of the project cost and funding pattern as per below:

Project Name	Year of Commencement	Year of Completion	Estimated Cost (Rs. Crs)
Signage/Road Furniture & ITS Infrastructure	2016	2019	1.00
Footpaths (10 KM)	2017	2019	2.00
Cycle lanes along arterial/sub-arterial network (5 Km)	2017	2019	2.00
Total Cost			5.00

Name of Corporation	Purpose	Total Project Cost (Rs. Crs)	Funding Pattern		
			Centre (Rs. Crs)	State (Rs. Crs)	ULB (Rs. Crs)
PMC	Development of Urban Transport Infrastructure	5.00	2.50	1.00	1.50

STREET LIGHT

PMC has 8390 street lighting points in the city In order to promote energy efficiency and save on the energy cost, PMC has entered into an agreement with Energy Efficiency Services Ltd. (EESL, a JV between PSUs of Ministry of Power, GoI).

Scope of the Project: The project shall include financing, supply, installation, infrastructure requirement, commissioning, service and maintenance of LED street lighting, including post installation maintenance, warranty replacement during the project period in accordance with the terms of the Agreement to achieve the estimated energy savings. EESL will make sure replacement of the defective/non-burning LED lights within 48 hours of the reported failure. EESL will also set up a centralized control and monitoring system for surveillance of the street light points and resolve complaints regarding them.

Payment to EESL:

- ❖ All capital costs on actual basis, EESL's pre-tax return on equity shall 21% PA and debt equity ratio to be 80:20.
- ❖ The interest rate on debt shall be on actual basis subject to a maximum rate of 12.5%.
- ❖ PMC charges including fixtures and accessories at 4% of the total project cost per annum and PMC charges during 7 years towards erection & commissioning of the project shall be 5% of the LED fixture cost, CCMS cost and infrastructure development cost. This will be a onetime cost.
- ❖ All statutory taxes/duties including VAT.

Payment Mechanism: EESL will raise monthly invoices and ULB will make the payment within 30 days from the date of invoice. ULB will maintain a separate escrow account for making the payment to EESL.

Presently, 300 points have been successfully converted to LED lights.

SOLID WASTE MANAGEMENT (SWM)

The city presently generates 75 MTPD of solid waste and collection efficiency is 100%. The entire waste generated is collected from the households and transported to the secondary points which is then eventually taken to the landfill site. The corporation has outsourced sweeping and cleaning activities for a cost of Rs. 0.20 Crs/month.

Overview of Waste Management Scenario:

- ❖ PMC has put 39 containers/buckets in various parts of the city.
- ❖ There are 2 garbage collection centres in the city.
- ❖ Waste is collected twice a day and cleaning/sweeping of roads is also done twice a day.
- ❖ PMC has employed 484 staff members for waste management.
- ❖ The city has a landfill site available at Dehriwal Village. The waste collected is disposed by way of scientific methods for landfilling.
- ❖ PMC presently is not collecting any user charges from the citizens.
- ❖ PMC is also not planning to set up any waste treatment plant in the near future.

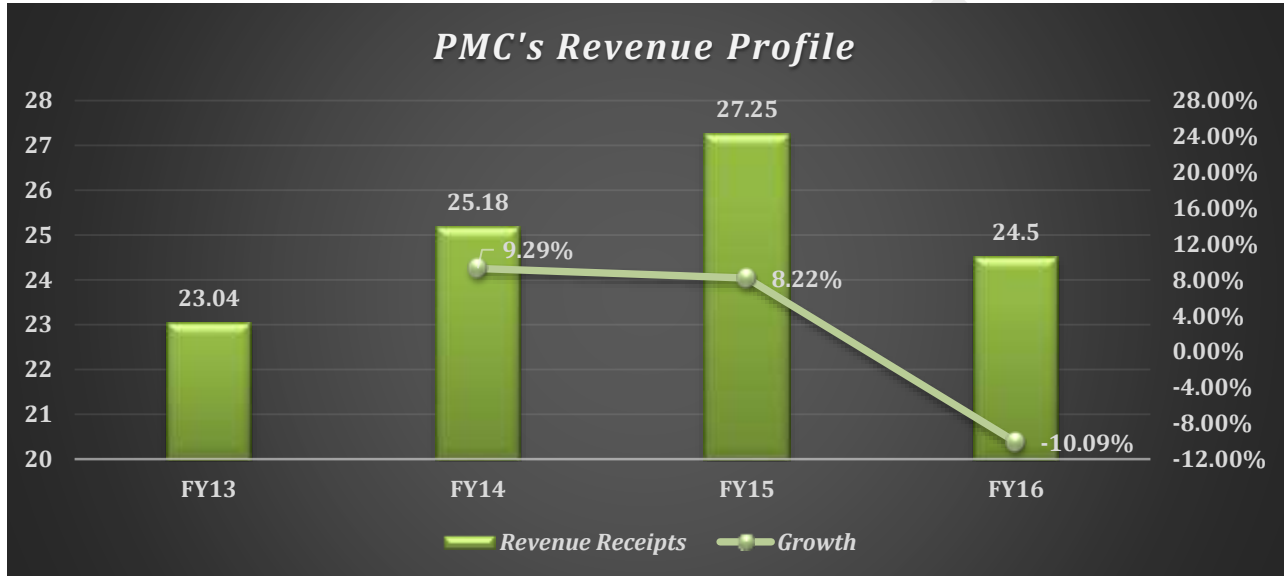
OTHER PROJECTS BEING EXECUTED BY PMC

- ❖ *Sanitation & Cleanliness Drive* in line with the Swachh Bharat Mission. PMC has organized various road shows, programs and camps to create awareness among the citizens regarding cleanliness & sanitation and also to motivate the citizens to construct and use toilets in their homes. PMC has also renovated multiple public toilets and introduced challans for burning garbage & plastic.
- ❖ Up gradation of night shelters into shelters for urban homeless with facilities such as drinking water, separate toilets for men & women, bed & bedding, free food, occasional medical checkups and security by police.
- ❖ Development of GIS system for registering of properties and tracking the existing level of civic services which will eventually help in improving the overall quality of services and thereby increasing the revenue generation. The GIS based survey has been completed and User IDs have been allotted.

FINANCIAL ANALYSIS

Revenue Receipts (RR)

Revenue Receipts (RR) of PMC increased from Rs. 25.18 Crs in FY14 to Rs. 27.25 Crs in FY15 and declined to Rs. 24.50 Crs in FY16. Major component of RR is Assigned Revenue which forms 75% of the total revenue income. Share of Tax revenue to the Total RR declined from 22% in FY15 to 15% in FY16 while contribution of Non-Tax Revenue to RR increased from 6% in FY15 to 10% in FY16.



Tax Revenues

Tax Revenue contributes 15% of the total Revenue Receipts; Property Tax is the major component of the total tax revenue. Income from property tax declined from Rs. 3.55 Crs in FY14 to Rs. 1.65 Crs in FY15 and further to Rs. 1.60 Crs in FY16 on account of exemption given to houses with an area of 125 Sq. Yards or lesser.

PMC is not raising any demand for property tax as the method followed is self-assessment. PMC has completed the survey under GIS and User IDs have also been allotted to the citizens. With this system in place, PMC will be able to track and monitor the payments not just for property tax but for other user charges as well. The collection efficiency has been ascertained based on the Demand & Collection Statement prepared by PMC. The amount of arrears have been reduced to arrive at the collection efficiency.

The collection efficiency declined sharply in FY15 and further declined in FY16. It is likely to improve in FY17. However, going by the gap between actual collections till February 2017 and budget estimates for the corresponding period, it is unlikely that PMC will be able to achieve the budgeted figure for FY17.



Source: Pathankot Municipal Corporation.

Non-Tax Revenues

Non-Tax Revenue contributes 10% of total Revenue Receipts which includes rent from leased lands, licensing & development fee, fee for change of land use, regularization fee, interest earned and other miscellaneous income. Out of the total non-tax income for FY16, 39.34% came from building & licensing fee and 19.67% came from lease & rental charges.

Assigned Revenues

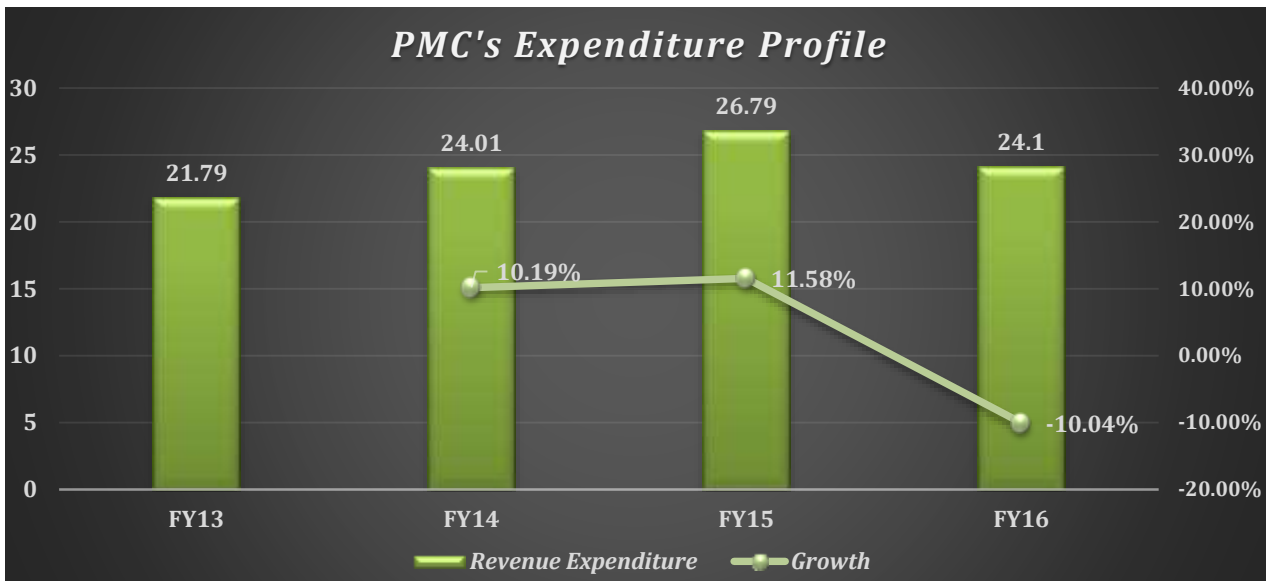
Assigned revenue is the major source of income for PMC which includes Grant in lieu of Octroi, Octroi on electricity and Transfer from State under 13th/14th Finance Commission. The share of assigned revenue in the total RR has increased steadily from 72% in FY15 to 75% in FY16.

Revenue Expenditure (RE)

Revenue Expenditure declined from Rs. 26.79 Crs in FY15 to Rs. 24.10 Crs in FY16 on account of reduction in O&M expenses. The major expenditure components under Revenue expenditure are Establishment Expenses, Repair & Maintenance Expenses and other O&M Charges.

Establishment Expenses is the biggest expense for the corporation with a share of 73% in the total RE. It increased from Rs. 17.09 Crs in FY15 to Rs. 17.58 Crs in FY16.

The remaining expenses pertains to the repair & maintenance of infrastructure assets, administrative expenses and other O&M charges.

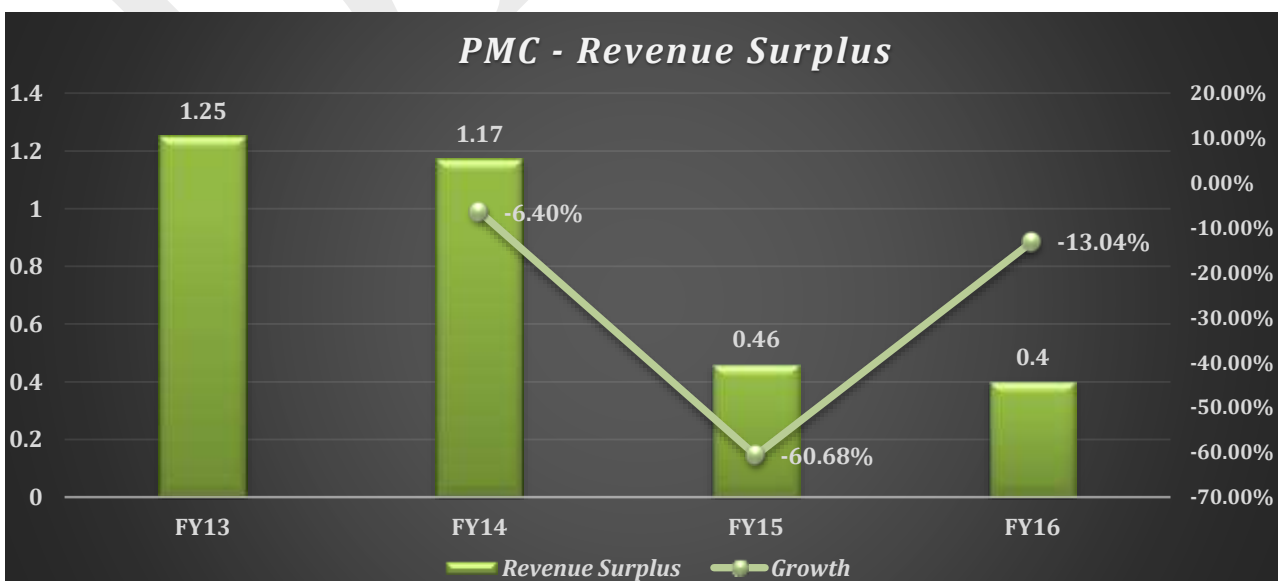


Expenditure towards establishment includes both salaries/wages and pension & retirement benefits.

Expenditure incurred under O&M is largely towards Repairs and Maintenance (R&M) of infrastructure assets and civic amenities like roads, buildings, drainage, parks and gardens, community halls, burial grounds, expenditure incurred towards cleaning and watering of roads, maintenance of electrical installation, vehicle maintenance, power cost of street lighting points and purchase of fuel. The municipality is responsible for R&M of water pumps; tube wells etc. for restoration of civic services like water supply and choked drains in cases of damage caused during floods and water logging.

Revenue Surplus/Deficit

Pathankot Municipal Corporation has been reporting Revenue Surplus consistently over the past three years, however, it has been declining on account of increasing establishment expenses and relatively lower growth in the Revenue Income for the respective years.



Conclusion

Pathankot Municipal Corporation has a long way to go both in terms of efficiency and financial risk profile. The level of civic services needs significant improvement and a lot of investment is required to develop the infrastructure of the city. Under the AMRUT scheme, PMC has proposed several projects which if implemented as per schedule will result in bridging the infrastructural gaps for various civic services as well as result into additional sources of revenue for PMC.

Also, improving the collection efficiency of property tax charges is important for PMC in order to increase its revenue surplus. While collection efficiency of sewerage charges is good, efficiency in collection of water charges requires considerable improvement. Also, PMC will have to take extra efforts to generate additional sources of revenue in order to increase the share of own revenue to total revenue receipts and reduce its dependence on the assigned revenue.

Annexure I - Pathankot Municipal Corporation - Income & Expenditure Statement

Particulars	FY13 (A)	FY14 (A)	FY15 (A)	FY16 (A)
<u>Revenue</u>				
House/Property & Others Taxes	4.45	4.25	3.61	1.91
Water & Sewerage Tax	2.39	2.4	2.51	1.80
Building & Licensing Fee	0.75	0.6	0.38	0.96
Rent/Lease Income	0.4	0.45	0.55	0.48
Assigned Revenue	14.49	16.78	19.54	18.35
Other Fee/Income	0.56	0.70	0.66	1.00
Total Revenue	23.04	25.18	27.25	24.5
<u>Expenditure</u>				
Establishment Expenses	16.38	16.73	17.09	17.58
Operations & Maintenance Expenses	3.23	2.64	3.18	1.92
Administration Expenses	1.50	4.14	6.47	4.55
Miscellaneous Expenses	0.68	0.5	0.05	0.05
Total Expenditure	21.79	24.01	26.79	24.1
Surplus/Deficit	1.25	1.17	0.46	0.4

Source: PMC

Annexure II – Pathankot Municipal Corporation – Balance Sheet

Particulars	FY13 (A)	FY14 (A)	FY15 (A)	FY16 (A)
<u>Liabilities</u>				
Municipal Funds	121.11	122.29	122.75	123.15
Loans	0.69	0.91	0.91	0.91
Current Liabilities				
Bills Payables	6.83	7.33	7.33	7.63
Security Deposits & Advances	1.16	0.09	0.1	0.11
Total Liabilities	129.79	130.62	131.09	131.8
<u>Assets</u>				
Fixed Assets	125.23	125.38	126.55	128.77
Current Assets				
Receivables	4.26	4.63	4.18	2.67
Cash & Bank Balance	0.3	0.61	0.36	0.36
Total Assets	129.79	130.62	131.09	131.8

Source: PMC

Annexure III - Pathankot Municipal Corporation - Key Ratios

Key Ratios	FY13	FY14	FY15	FY16
<i>Income Ratios</i>				
Tax Revenue to Total Revenue Income Ratio	30%	26%	22%	15%
Non Tax revenue to Total Revenue Income Ratio	7%	7%	6%	10%
Assigned Revenues & Grants to Total Revenue Income Ratio	63%	67%	72%	75%
Own Income to Total Revenue Income	37%	33%	28%	25%
<i>Expense Ratios</i>				
Establishment Expenses to Total Revenue Income Ratio	71%	66%	63%	72%
Operations & Maintenance to Total Revenue Income Ratio	14%	10%	12%	8%
Establishment Expenditure to Total Revenue Expenditure Ratio	75%	70%	64%	73%
<i>Operating Ratio</i>				
Revenue Expenditure to Revenue Income	95%	95%	98%	98%
<i>Net Income Profitability Ratios</i>				
Surplus / Deficit to Total Income Ratio	5%	5%	2%	2%
<i>Other Key Ratios</i>				
Fixed Charge = (Establishment + Admin + Int.) / Revenue Income	78%	83%	86%	90%

Source: Ratios have been calculated as per BWR calculations

Annexure – IV – State Finances (PUNJAB)

Punjab is one of the most prosperous states of India situated in Northwestern part of the country. The name Punjab is made of two Persian words Punj (Five) + Aab (Water) i.e. land of five rivers. These five rivers of Punjab are Sutlej, Beas, Ravi, Chenab, and Jhelum. Only Sutlej, Ravi and Beas rivers flow in today's Punjab and the other two rivers are now in the state of Punjab, situated in Pakistan. The Punjab State is divided into three regions: Majha, Doaba and Malwa.

The Indian State of Punjab was founded on 1st November 1966. Chandigarh is a union territory and serves as the capital of the states of Punjab and Haryana. It is one of the early planned cities in the post-independence India and is known as one of the best experiments in urban planning and modern architecture in the twentieth century in India.

Sikhism is the dominating community followed by Hinduism. Punjabi, the official language of the state, is the tenth most widely spoken language in the world. It is also the fourth most spoken language in Asia. There are 22 Districts, 168 statutory towns and 69 census towns in Punjab. Thus, there are total 237 cities/towns in Punjab. Major cities of Punjab include Mohali, Ludhiana, Amritsar, Patiala and Jalandhar.

One of the world's first and oldest civilizations, the Indus Valley Civilization spanned much of the Punjab region, with cities such as Harappa and Mohenjo-Daro now located in the modern-day Pakistani province of Punjab.

Punjab, also known as India's Bread Basket, is majorly an agrarian economy with some of the other major industries like manufacturing of heavy and light machinery, textiles, bicycle, sports goods, hand & machine tools etc. It contributes nearly two thirds to the total production of food grains and a third of milk production in the country. It is the leading producer of wheat, thereby contributing to the national food security. Other major crops are Basmati Rice, Cotton, Sugarcane and Fruits etc.

According to 2011 Census of India, the total Population of Punjab is 27,743,338 with a decadal change of 13.89%. The total area of the state is 50,362 square kilometers (19,445 square miles) and its average elevation is 300 meters (980 ft.) above sea level, with a range from 180 meters (590 ft.) in the southwest to more than 500 meters (1,600 ft.) around the northeast border.

Fact Sheet of Punjab	
Date of formation	November 1, 1966
Capital	Chandigarh
Governor	Mr. V P Singh
Chief Minister	Captain Amarinder Singh
Assembly Seats	117
Parliamentary constituency	13
GSDP at Current Prices, 2016 (₹ lakh Crs)	4.09
GSDP at Constant Prices (2012), 2016 (₹ lakh Crs)	3.32
Major Airport	Amritsar, SAS Nagar
Population, 2011 census (Cr)	2.77
Literacy rate (In %)	75.84%

English speaking population	70%
Length of Roads (KM)	NH: 1553, SH: 2166
Area (sq. km.)	50362
Forest Cover	6.87%
Districts	22
Sub-Divisions	81
Blocks	147
Villages	12673
Towns	237
Local Language	Hindi, Punjabi, Urdu

Source: Different Sources and State website

Macro - Economic Profile of Punjab:

The socio-economic indicators for Punjab as per the Census of India, 2011 are given below.

Socio Economic Indicators	Punjab	India
Urbanization	37.49%	31.20%
Per Capita Income at Current Prices, 2016	Rs. 126063	Rs. 93231
Per Capita Income at Constant Prices (2012), 2016	Rs. 101498	Rs. 77431
Population Density	551	382
HDI (2015)	0.6614	0.624
Literacy	75.84%	74.04%
IMR [(SRS 2012-13) Per thousand per annum]	26	40
MMR [(2011-13) Per lakhs per annum]	141	167
Sex Ratio	895	943
Unemployment	16.6% (2016)	34%

Source: Economic Survey & Niti Aayog

Punjab's economic growth had shown continuous decline in growth rate from 2006-07 to 2014-15 before showing some positive signs of growth in 2015-16. Same is the condition with state's contribution to country's GDP which has declined from 3.3% in 2004-05 to 2.9% in 2015-16. Agriculture sector which is considered to be the pillar of state's economy has shown a growth rate of mere 1.6% from 2004-05 to 2014-15 which is lower than the country's agricultural growth rate.

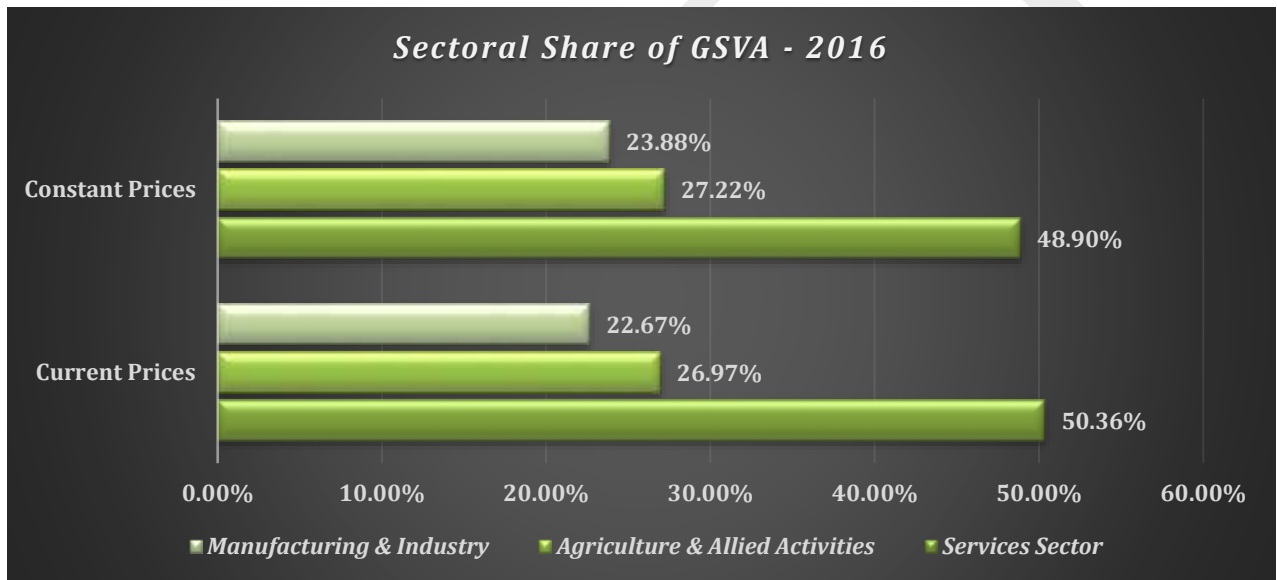
Also looking at the spending pattern, Punjab government spends approximately 50% of its total revenue on establishment expenses which is much higher when compared to other states like Haryana (37%), Rajasthan (34%), Gujarat (36%) and Tamil Nadu (37)%. Also due to higher level of debt (32% of GDP), 20% of the tax revenue goes to interest repayment.

PUNJAB STATE BUDGET:

GSDP: Punjab's Gross State Domestic Product (GSDP) at current prices grew by 11.09% from Rs. 368,011 Crs in 2014-15 to Rs. 408,815 Crs in 2015-16 while the GSDP at constant prices (2011-12) increased by 5.96% from Rs. 313,276 Crs in 2014-15 to Rs. 331,940 Crs in 2015-16. GVA (Gross State Value Added) at current prices increased by 10.23% from Rs. 339,188 Crs in 2014-15 to Rs. 373,889 Crs in 2015-16 and increased by 5.23% from Rs. 290,317 Crs in 2014-15 to Rs. 305,509 Crs in 2015-16 at constant prices (2012).

Sectoral Share of GVA 2016 – Punjab (Rs. Crs)		
Sector	GVA at Current Prices	GVA at Constant Prices
Agriculture & Allied Activities	100822	83159
Manufacturing & Industry	84760	72969
Services Sector	188307	149381

Source: Economic Survey, 2015-16



Receipts:

As per the actuals for FY15, the state had reported total receipts of Rs. 70,384 Crs as against Rs. 59,354 Crs for FY14, witnessing a growth of 18.58%. Total receipts for FY15 include Revenue Receipts of Rs. 39,023 Crs and Capital Receipts of Rs. 31,260 Crs. The increase in total receipts was mainly on account of 6% increase in the tax revenue, 73% increase in the Grants from Centre and 29% increase in market borrowings.

Own Tax Revenue amounts to 65% of Revenue Receipts and 36% of Total Receipts. Share in Central Taxes amounts to 7% and Grants from Centre amounts to 8% of Total Receipts.

The state has reported Revised Estimates for Total Receipts of Rs 77,263 Crs in FY16 and Budgeted Estimates of Rs. 85,594 Crs in FY17. The estimated increase in total receipts is mainly on account of estimated increase in own tax revenue, higher share in central taxes due to change in basis of devolution as per 14 Finance Commission's recommendations, increased grants from Centre and higher market borrowings.

Expenditure:

The State's Total Expenditure increased by 23% from Rs. 60,689 Crs in FY14 to Rs. 73,077 Crs in FY15 as per the actuals. Total Expenditure for FY15 includes Revenue Expenditure of Rs. 46,613 Crs, Capital Expenditure of Rs. 3,118 Crs and Repayment & Advances of Loans of Rs. 23,345 Crs. This increase in total expenditure was due to higher expenditure on Education, Medical, Agriculture & Transport sectors and also due to higher repayment of loans.

The State has estimated Total Expenditures of Rs. 78,600 Crs for FY16 (R. E.) and Rs. 86,387 Crs for FY17 (B. E.). These increased expenditures have taken into account the impact of 7th Pay commission, increased interest costs, higher pension obligations and expenditure on social/economic sectors such as expenditure on Education, Medical, Agriculture and transport sectors.

On an average the State has spent 48% of its total expenditure on general services, 27% on social services and 23% on economic services. The State has a high Committed Expenses to Own Revenues (Own Tax + Non-Tax Revenue) ratio which has remained in the range of 100%-120% over the past five years. Committed Expenses include salaries, pension, interest payment and administrative expenses.

Deficit/Surplus:

Punjab has reported a Revenue Deficit of Rs. 7591 Crs in FY15 and the situation is likely to continue for the next two years as well. As per the Revised Estimates for FY16, Revenue Deficit is likely to decline marginally to Rs. 7561 Crs in FY16. However, it is further expected to increase to Rs. 7983 Crs in FY17 as per the Budgeted Estimates. The growth in the Revenue Receipts of the state is lower than the increase in the Revenue Expenditure leading to sustained Revenue Deficit.

As most of the states, Punjab also reports fiscal deficit due to mismatch between Capital Receipts and Capital Expenditure which is made up by external borrowings. For FY15, the State reported a Fiscal Deficit of Rs. 10,841 Crs higher than Rs. 8790 Crs for FY14. The Fiscal Deficit has exceeded the prescribed limit of 3% of GSDP as per the FRBM act and was 3.10% for FY15.

Market borrowings remain the major source of financing for the Gross Fiscal Deficit of most states including Punjab. The State has a high Debt to GSDP ratio of 35%.

Annexure V - SERVICE LEVEL BENCHMARK- PMC (As per SAAP)

Indicators	Amritsar	Jalandhar	Ludhiana	SAS Nagar	Pathan kot	MoUD Benchmark
Water Supply						
Coverage of water supply connections (%)	65.00	75.67	61.84	93.00	69.00	100.00
Per capita supply of water (LPCD)	142 LPCD	220 LPCD	176 LPCD	191 LPCD	95 LPCD	135 LPCD
Extent of metering of water connections (%)	10.00	5.22	0.00	100.00	0.00	100.00
Extent of non-revenue water (%)	35.00	47.00	28.00	30.00	15.00	20.00
Quality of water supplied (%)	100.00	100.00	100.00	100.00	100.00	100.00
Cost recovery in water supply services (%)	40.00	70.00	27.00	35.00	60.00	100.00
Efficiency in collection of water supply related charges (%)	60.00	80.00	80.00	88.00	64.00	90.00
Sewerage						
Coverage of Laterines	75.00	77.00	61.00	93.00	69.00	100.00
Coverage of Sewage Network Services (%)	85.00	97.00	98.00	100.00	70.00	100.00
Collection Efficiency of Sewage Network (%)	65.00	65.00	70.00	93.00	50.00	100.00
Adequacy of Sewage Treatment Capacity (%)	0.00	100.00	100.00	100.00	100.00*	100.00
Quality of Sewage Treatment (%)	0.00	100.00	NA	NA	NA	100.00
Parks & Green Spaces						
Green Cover (% of Total Area)	8.00	2.00	NA	NA	< 1%	15.00
Per Person Open Space in Plain Areas as per URDPFI (Sq. Mtr. Per Person)	6.46	NA	2.34	1.68	0.18	10-12

* STP's capacity is adequate as per the old municipal limits, however, with the revision of area in the municipal corporation's jurisdiction, it requires additional capacity of 10.50 MLD.

Annexure VI – REFORMS AND ITS STATUS - Punjab (As per SAAP 2016-17)

Type	Milestones	Implementation Timeline	Status
E-Governance	Digital ULBs 1. Creation of ULB website.	6 months	<ul style="list-style-type: none"> All 9 Municipal Corporations covered under AMRUT scheme have their own website. The facilities with e-newsletter are available with Municipal Corporation Amritsar, Jalandhar, Ludhiana, Patiala, Bathinda and SAS Nagar. All Other Municipality have been covered under state wide E-Governance project and website of all AMRUT mission cities along with E-newsletters will be launched before completion of the timeline.
	2. Publication of e-newsletter.	6 months	
	Digital India Initiatives 3. Support Digital India (ducting to be done on PPP mode or by the ULB itself).	6 months	<ul style="list-style-type: none"> Agreement signed with the private partner and the project is in implementation phase. The following Digital India Initiative have been taken by the State. Under E-district, project of the Ministry of Communication and Information Technology, GOI, death and birth module has been developed. Necessary hardware and Software for birth and death module has already been deployed in the Urban Local Bodies. For delivery of services to the citizens, The State Govt. has initiated E-Sewa Kendra projects. Under this project 411 Sewa Kendra in Urban areas will be setup. All the citizen related services provided the Urban Local Bodies will be managed through E-Sewa Kendra. The queues at Sewa Kendras shall be managed through an Electronic Queue Management System, which should allow citizens to sit in comfort while waiting for their turn to be served. Each Sewa Kendra would have a number of service counters to meet the service demand in their area of operation. In short, Sewa Kendras shall be one-stop shop for all services of Punjab Local Government. For selection of the service provider, the tender was floated and two bids have been received and opened. After finalisation of the bidder all citizen centric services of the Urban Local Bodies will be routed through E-Sewa Kendra. For High Speed internet facilities, the State Govt. has already established Punjab State Wide Area Network (PAWAN) vertical connectivity to act as an intra-government network. Under this set up high speed internet facilities will be provided to all ULBs through PAWAN.
Constitution & professionalization of municipal cadre	Policy for engagement of interns in ULBs and implementation	12 months	<ul style="list-style-type: none"> The preparation of the Policy for engagement of Interns in the ULBs is in process and will be completed in the committed time frame. To be achieved within time line

Augmenting double entry accounting	Complete migration to double entry accounting system and obtaining an audit certificate to the effect from FY2012-13 onwards.	12 months	<ul style="list-style-type: none"> Chartered Accountants have been engaged by the all the ULBs covered under AMRUT scheme. All AMRUT cities have prepared their accounts on DEAS since 2008-09 to 2013-14. For the year 2015-16 all ULBs have been further directed to prepare their accounts on DEA, an accounting software. Draft Municipal Account Code on the pattern of National Accounting Code manual has been prepared and in the process of vetting and notification. The reforms to be fully achieved within the prescribed time line.
	Publication of annual financial statement on website.	Every year	The Govt. has already notified the Rules for compulsory disclosures by the Municipality vide Notification No GSR.35/CA22/2005/Ss.4 dated 28/2012. Under these Rules, every Municipality is duty bound to provide information including financial statement suo-moto to the public at regular interval as prescribed under these Rules through various sources i.e. Newspapers, Internet, Notice Board, etc.
Urban Planning and City level Plans	1. Preparation of Service Level Improvement Plans (SLIP), State Annual Action Plans (SAAP).	6 months	SLIP and tentative SAAP prepared and approved by GOI
	2. Make action plan to progressively increase Green cover in cities to 15% in 5 years.	6 months	Administrative decision has been taken and ULB have prepared an action plan to progressively increase green cover in cities to 15% in 5 years.
	3. Develop at least one Children Park every year in AMRUT cities.	Every Year	Provision are made in SLIP
	4. Establish a system for maintaining of parks, playground and recreational areas relying on People Public Private Partnership (PPPP) model.	12 months	Punjab has taken innovative approach to handover the operational and maintenance of the Municipal parks to NGO and private companies and ULB has been directed to identify the parks which can be handed over to the private companies.
Devolution of funds and functions	1. Ensure transfer of 14th FC devolution to ULBs.	6 months	<ul style="list-style-type: none"> Reform already achieved. Funds of the 14th FC have been regularly transferred to the ULBs through electronic transfer system (RTGS)
	2. Appointment of State Finance Commission (SFC) and making decisions.	12 months	Achieved - 5 th FC has already been appointed and is in the process of submitting the recommendation. Decision regarding the recommendation of 5 th FC will be taken in the prescribed time frame.

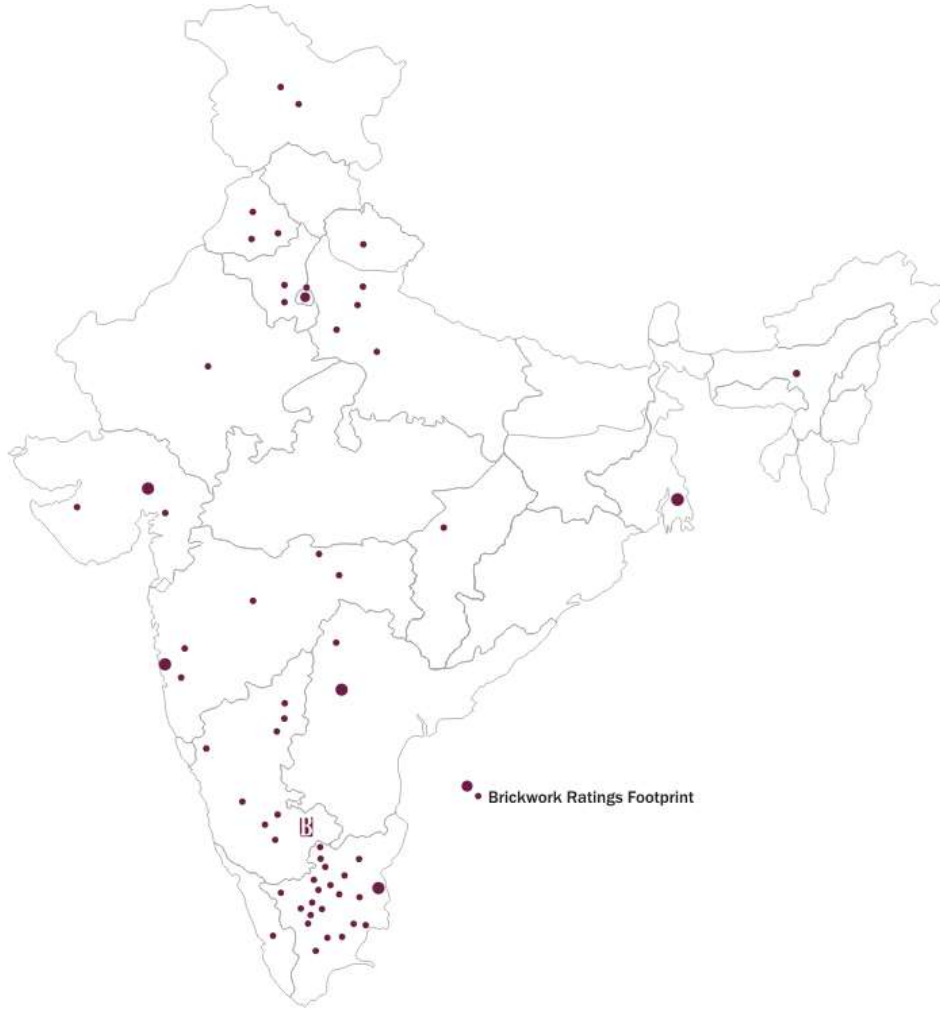
	3. Transfer of all 18 functions to ULBs.	12 months	Achieved
Review of Building by-laws	1. Revision of building bye laws periodically.	12 months	Achieved : Local Government Department already reviews the Building byelaws periodically and necessary amendments are made as and when required:-
	2. State to formulate a policy and action plan for having Rain water harvesting structures in all commercial, public buildings and new buildings on plots of 300 sq. meters and above.	12-24 months	<ul style="list-style-type: none"> • In 1997-unified Building Byelaws for all urban local bodies were introduced. • In 2005-1st amendment came for multiplex, marriage place, nursing home, hospitals, rain water harvesting. • In 2007—Amendment for group Housing • In 2010-MODEL BUILDING BYE LAWS 2010 were introduced • In 2014- Amendment in Model Building bye Laws for Marriage palace and Multiplex
	3. Create single window clearance for all approvals to give building permissions.	12 months	Achieved: The single window clearance for all approvals to give building permission is already established in the Local Government Department, Punjab
Municipal tax and fees improvement	1. At least 90% coverage	12 months	The State Govt. has amended the Punjab Municipal Act 1911 and Punjab Municipal Corporation Act 1976 on 27.01.2015 to introduce the Self-assessment property tax system and under the new assessment system all properties in the ULBs are under the net of the Property Tax System except the following:- (A) no tax shall be levied on vacant land, and building and/or land,- I. exclusively used for,- (i) religious purposes, religious rites, religious ceremonies, religious festivals; (ii) cremation grounds, burial grounds; (iii) Gaushalas, stray animal care centres; (iv) historical and heritage buildings, so notified by the State Government, Central Government or United Nations Educational, Scientific and Cultural Organization; (v) old age homes, homes for disabled, homes for orphans and homes for destitute; (vi) the building or land owned and used by the committee; (vii) the building or land used for Schools and Colleges owned or aided by the State Government; (viii) the building or land of Hospitals or Dispensaries owned by the State Government; (ix) parking space (only in respect of multi-storey flats or buildings); and (x) land used for agricultural or horticultural purposes;
	2. At least 90% collection,	12 months	To be accomplished

	3. Make a policy to, periodically revise property tax, levy charges and other fees,	12 months	To be accomplished
	4. Post Demand Collection Book (DCB) of tax details on the website,	12 months	To be accomplished
	5. Achieve full potential of advertisement revenue by making a policy for destination specific potential having dynamic pricing module.	12 months	New draft outdoor advertisement policy has been prepared and notified. <ul style="list-style-type: none"> • Bye-laws of the Municipal Corporations are notified in accordance with policy by 15.09.2014. • The tenders for all the Municipal Committees / Corporations are to be completed by 31.03.2016. • To achieve the full potential of advertisement revenue, all the ULBs has been divided into clusters and Rights for the advertisement revenues given to the private agencies cluster wise.
Improvement in levy and collection of user charges	1. Adopt a policy on user charges for individual and institutional assessments in which a differential rate is charged for water use and adequate safeguards are included to take care of the interests of the vulnerable,	12 months	To be accomplished
	2. Make action plan to reduce water losses to less than 20 % and publish on the website,		To be accomplished
	3. Separate accounts for user charges,		To be accomplished
	4. At least 90% billing		To be accomplished
	5. At least 90% collection.		To be accomplished
Energy and Water audit	1. Energy (Street lights) and Water Audit (including nonrevenue water or losses audit),	12 months	To be accomplished
	2. Making STPs and WTPs more energy efficient,	12 months	STP New technology of SBR is being used for STP which is operated through SCADA system which is energy efficient. Therefore under this technology power consumption is less than conventional ASP

			<p>technology. Further LED lighting system is being used in the plants.</p> <p>WTP In the State of Punjab WTP based on the Rapid Sand Filtration are used which are the energy efficient. Further LED lightning system is being used in the plants.</p>
	3. Optimize energy consumption in street lights by using energy efficient lights and increasing reliance on renewable energy,	12 months	To be accomplished

Source: SAAP Punjab, 2016-17

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