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BMC bid to fund infrastructure from its own cash

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MUMBAI: The cash-rich BMC is planning to dip into its deep pockets to raise money for the city's various infrastructure projects. The corporation has sought the state government's permission to do so. It has Rs 8,000 crore in liquid cash parked in 31 different funds such as sinking fund, depreciation fund, assets improvement fund, and so on, which it now wants to put to good use. It has planned to spend Rs 8,986 crore this year on upgrading the city's infrastructure, including roads, sewage, storm water drains, hospitals, and schools. But the BMC Act does not allow it to draw from these funds without state government approval.

A few years ago, when the BMC had sought such permission, the state government had turned it down for fear that the money would be taken from the provident and pension funds.

"The Rs 8,000 crore is in funds that do not include the provident and pension funds. These funds are meant for asset creation and upgradation," said BMC chief accountant Ram Dhas.

Two years ago the state government for the first time allowed the BMC to draw around Rs 600 crore for upgrading the water supply system. The corporation is hopeful that it will be done

this time as well.

"When we draw from the internal funds, we will be paying an interest of only 10%, but if we were to approach the open market it would cost us 13% in interest," said officials.

Last year, when the state government had asked a private agency to rate municipal bodies across the country, the BMC had received an A+ rating because of its strong finances, but it was also rapped as its municipal services were not up to the mark.