

No. F&A/CF/CB/002

Date:15/10/2010.

BUDGET CIRCULAR NO.1

Sub. : - Formulation of Capital Budget: RE 2010-11 and BE 2011-12

1.0 The Capital Budget proposals of MSETCL - Revised Estimates (RE) 2010-11 and Budget Estimates (BE) 2011-12 have to be finalized & submitted for the approval of the Board by October, 2010 for its onward submission to GOM/ Planning Commission/ MERC. To formulate the budget, the concerned executing officers are requested to submit their Group/ Circle capital budget proposals, as applicable, adopting the guidelines given in CB-1.

2.0 While providing the budget, please review the existing schemes already included in the online updated budget database named as ‘CB2’, extract of which Group/ Zone/Circle wise is enclosed as Annex-1. Any approved scheme not appearing in the list can be provided in a separate sheet using the same format of CB2 in MS Excel and forward a copy of MBR/FS to Shri. Kishor Dargad (CB) (Mobile – 9820125354) who will append the database of CB2 after review and allotting BCN. You may download the Master Capex file CB2 uploaded on our Website. This file will be updated every Monday with inputs received from field/ C.O. till finalization of budget.

3.0 The zone wise summary of approved Budget Estimates BE 2010-11 of Rs. 6300 Crore is shown below under different categories of schemes:

CAPEX PLAN BE 2010-11

S.N.	Category	Washi	Pune	Karad	Nasik	Aurangabad	Amravati	Nagpur	HO	Total
1	Evacuation	17.98	0	75	100	62	66.12	1057.55	0	1378.65
2	S/S with Associate Lines	172.05	406.55	262.6	320.01	469.17	264.15	472.03		2366.56
3	Link Lines	195.05	17	108.74	45.05	56.15	109.53	27.21		558.73
4	Augm. of S/S by Additional T/F (TA)	17.55	43.35	21.1	58	73.29	11.65	49.1		274.04
5	Augm.of S/S by Repl. of T/F(Incudig JBIC)[TR]	10	47.07	155.94	106	110.09	74.72	2.31		506.13
6	Life Extension schemes	19.85	35	16.13	22.01	28.09	3.20	24.49		148.77
7	Ancillary/others	4.52	175.03	9.49	23.93	16.21	0.63	575.31		805.12
8	Civil Works	9	36	2	9	2	19	12		89
9	Head Office								173	173
	Grand Total	446	760	651	684	817	549	2220	173	6300

All concerned responsible for utilization of budget may please ensure that the RE provision against each of the BCN with reference to the existing provision of BE 2010-11 is given on a realistic basis following current trend in expenditure and uncertainties/ROW problems.

4.0 Performance of the year 2009-10 : With reference to RE 2009-10 of Rs.3000 Cr (BE Rs. 4847 Cr), expenditure reported is at Rs.2363.43 Cr. (i.e. 78.78 % of RE and 48.76% of BE target) as shown in CB4. On review of expenditure profile, we observed that-

a) Against SS Category the expenditure reported is only Rs. 386.72 Cr against RE target of Rs. 1004 Cr which is below 50%.

b) Against AN/LE/LL category the expenditure reported is More than their Revised Estimate. For E.g. LE Category Expenditure is Reported is Rs.189.27 Cr. against revised estimate of Rs.165 Cr. (i.e.115% of RE)

5.0 To ensure the proper allocation of funds, please ensure that the RE 2010-11 provisions are given on a realistic level.

6.0 Finalized budget of your Group/Zone/Circle will be reviewed in a meeting scheduled at C.O. / Zone as per schedule enclosed as CB3 to firm up the budget proposal.

7.0 All concerned are requested to co-operate and accord TOP MOST priority in completion of the assigned scope of work.

This is issued with the approval of MD.

Encl. : CB 1 to 4

Director (Finance)

All Chief Engineers, EHV Const.Cum O&M Zones

All Chief Engineers in Corporate Office

The Chief Engineer, SLDC, Kalwa- He is requested to submit separate Budget Estimates(RE 2010-11 & BE 2011-12) of SLDC, Kalwa and SLDC Ambazari along with the combined SLDC Capital Budget in the format of CB2.

CE (TR. Project): To intimate Physical Plan RE 2010-11 & BE 2011-12 (with quarterly targets) by 30.10.2010

All Superintending Engineers, Circles

All AGM (F&A)/SM (F&A), EHV Const Cum O&M Zones / Managers (F&A) Circles

Copy submitted to:-

1. The Director (Op) / Director (P) / ED (Op) / ED (TR.Proj.)/ ED(HR)
2. CGM(F&A)/ CGM (HR)

C.S.W.Rs to: The Managing Director, MSETCL

CB1

1.0 Keeping in view 11th Five Year Plan targets of physical and financial, Project / O&M Group at C.O., have taken up schemes in accordance with the priority for the financial approval of the

Board/ Competent Authority. All such schemes on its receipt at FTU (Financial Tie Up) section are included in the Master Budget Database ‘CB2’ duly allotted BCN number at circle level with cost component. At the same time other details like MVA addition by New S/S, Repl./addition of T/F and CKM lines are updated along with Loan data.

2.0 The CB2 file is now to be updated by the concerned executing agencies of the Circle / C.O. with the Capital Budget provision for RE 2010-11 and BE 2011-12 for each of the concerned BCN of the circle as noted below-

- In case of Const & O&M Circle Office by Superintending Engineer in consultation with Manager (F&A) where the scheme is being executed and expenditure is reported in their unit balance sheet CWIP/ Gross block.**
- In case of Common Schemes like ABT metering, JBIC Schemes etc. where expenditure involved is in more than one Circle/Zones, MBR Cost allocation has been made BCN wise and only the concerned SEs of the Circle require to provide budget in consultation with concerned CE at Corporate Office.**
- In case of new schemes where MBR/FS is in process, budget provision can be given by CE(Project / O&M), C.O. only in the same format of CB2 duly identified the scheme category as stated in Para 2.0.**
- In case of General Asset, CE of the Zone has now been allotted Rs. 50 Lakh for incurring expenditure on General Asset for specific items as per Circular No. F&A/GA/10-11/No.8743 dated 07-06-2010. The General Asset items for which no provision is made in the said circular, and is a requirement of specific Division/Circle/Zone, the Financial Sanction proposal for requirement of such items may please be forwarded to Budget Section with justification for purchase for obtaining approval of the General Asset Committee. The field office will be informed the approval of the Asset Committee by following prescribed procedure as laid down in GO-1.**

3.0 To streamline identification of schemes we have classified them under 9 categories as under :

- i. Ancillary Schemes (AN) (including ORC)**
- ii. Elimination of 66 KV (EL)**
- iii. Evacuation Schemes (EV)**
- iv. Life Extension Works (LE)**
- v. Link Lines (LL)**
- vi. Sub-stations with associated lines (SS)**
- vii. Transformer Addition (TA)**
- viii. Transformer Replacement (TR)**
- ix. General Asset(GA) (incl. PCs, Xerox, Furniture etc.)**

4.0 The initialized budget input data of your Zone / Circle/ Office is appended in our WEB site. This file can be downloaded by the concerned. Email of this ‘CB2’ file also can be sent to all concerned on receipt of their request on email id msetclcapital@gmail.com .

5.0 It may please be noted that corrections under head “BCN No. , MBR No. , MBR Cost, BCN Cost” if any shall be done only by Budget Section for which Shri.Kishor Dargad, Manager (F&A) on mobile no. 9820125354 may be contacted who will update the corrections online and can be seen in next week updated file ‘CB2’ on our website.

- 6.0 Only for following heads all concerned is requested to update database of their Circle Code MVA, CKM, % Physical progress, LOI No. & Date, Vendor, CWIP Mar10. RE-FY 10-11, BE FY 11-12, Remarks such as ROW problems, WCR pending, schemes commissioned, material etc**
- 7.0 Updated budget of your Circle/ C.O. Group shall be sent to Budget Section after obtaining the approval of concerned CE and sent a soft copy by e-mail to Budget Section who will upload the file in master 'CB2' file and can be seen in our WEB site. After uploading the data in WEB site the concerned will be intimated on their e-mail to download their circle budget.**
- 8.0 It may please be noted that Budget Control Number (BCN) once allotted will remain the same and its record in the Budget Master Data file will be retained till the completion/cancellation of the scheme.**
- 9.0 With regard to loan financing of the schemes, IDC budget RE & BE periods based on Opening Balance of Loan against ongoing schemes shall be given by SM(LM) to Budget section along with repayment schedule to firm up IEBR statement. This will be updated with the estimates of interest associated with loan disbursement expected in RE and BE periods by Budget Section. Final break up of IDC against each of the scheme will be done half yearly by Loan Section and forward necessary IBAs to concerned Circle by 15.10.2010 (Half Year)/ 15.04.2011 (Full Year).**
- 10.0 Wherever MBR sanction amount of the scheme is inadequate due to inflation / escalation/ increase in the scope of work/ Order awarded at higher than tender cost, ROW impact, concerned CE/SE of the zone/ C.O. shall process a note in advance for enhancement of Financial Sanction (FS) amount and wherever required to seek MERC approval for enhanced amount.**
- 11.0 It may please be ensured by the circle that for all ongoing schemes against which expenditure is appearing in CWIP as on 31/03/10 has been identified with correct BCN, MBR/FS number with date and scheme nomenclature. Where such details are not traceable corrective action shall be taken and intimated Budget Section status of reconciliation as MERC is rejecting all such capitalisation in ARR unless provided with documentary evidence of MBR/FS.**
- 12.0 For CE level sanction of Capex no BCN will be allotted by FTU as intimated vide our circular no. 900 dated 28-07-2009. For such schemes all expenditure shall be clubbed under common BCN identified with "Circle name + Circle Code" e.g. For all such Capex expenditure require a copy of sanction from CE where a register will be maintained to allot FS Sr. number for continuous monitoring & identification of expenditure.**
- 13.0 In case of Civil Circle, budget shall be provided only against valid MBR/FS which will be executed completely by Civil Circle like Boundary Wall etc. For others, concerned SE of the O&M or Const Circle can provide internally budget to Civil Budget for execution and its transfer back to concerned O&M or Const Circle through Quarterly IBAs. This arrangement is to avoid multiple use of unique BCN allotted to each Circle and for ensuring correct reporting of expenditure to MERC in format 4.4. For civil circles only one common BCN [civil+circle code for Eg. CIVIL470] code is provided in CB2 file where Capex expenditure is reported. Against this BCN no capitalisation will be allowed and only in the concerned O&M or Const Circle expenditure transfer out entry shall be passed quarterly.**

- 14.0 Schemes which are sanctioned prior to 01.04.2006 and still ongoing, all circle shall provide in a separate sheet, strategy to complete all such schemes balance activities including revised financial sanction, (if required) and associated ROW problems for taking appropriate decisions at Corporate Office as MERC has taken serious objection on such old on-going schemes.**
- 15.0 All amount figures in the Budget Data file shall be indicated only in Rs. Crore with two decimal places.**
- 16.0 It shall be the responsibility of Each Circle to further allocate approved budget of their Circle to all the Divisions in their Circle wherever required for their budget utilization, monitoring and control.**
- 17.0 Wherever Scheme is fully capitalized [i.e. where CWIP is made Nil] and still some balance payments are remained then the concerned Head of the Unit shall ensure creation of adequate provision of liability towards balance payments and report the same as expenditure in the year of provision. In other words, no budgetary provisions shall be made for all such completed schemes where liability is created and such BCN level record will be deleted from 'CB2' but it will appear in MERC Format 4.4. The record from MERC Format 4.4 will be deleted only when sum of CWIP, Annual Capex Exp. And Capitalisation is 'Nil'.**

CAPITAL BUDGET SCHEDULE 2010-11

Sr.No.	Activity	Due Date	Action by
1.	Dispatch of circular (along with existing BE Budget data file (CB2) of circle	15/10/2010	Budget Section
2.	Updating of original 'CB2' file with necessary corrections	18/10/2010	<u>SE (circle),</u> M (F&A)
3.	Addition of Scheme in the format of CB2 in a separate sheet (not covered in CB2 list) using MS EXCEL	24/10/2010	<u>SE (Circle)</u> M (F&A)
4.	Submit both the proposal to CE of the Zone for review & forward the proposal in original hard copy of 'CB2' and new schemes (along with its soft copy) using format of 'CB2'.	29/10/2010	<u>CE Zone</u> AGM Zone
5.	Update Circle Budget Data Master File based on 3 & 4 inputs & forward a final hard copy to respective Circle (& soft copy by Email)	within 10 days	Budget Section
6.	Consolidation of Budget circle wise	4.11.2010	
7.	Review of Budget at Zonal level/ CO level	20 th Oct.31 st Oct.2010	<u>DIR (F)/</u> CGM (F&A)/ AGM(CF)
8.	Finalize Board note item	15.11.2010	
9.	Communicate approved budget to all circle /c.o.	Within a week's time from the approval of the Board	Budget Section

FY 2009-10**CB4****(RS. IN CRORE)**

S.N	CATEGORY	NO. OF SCHEMES	RE	ACTUAL
1	ANCILLIARY (AN)/Others	92	321	592.32
2	EVACUATION(EV)	22	421	280.99
3	LIFE EXTENSION(LE)	85	165	189.27
4	LINK LINES(LL)	20	165	172.39
5	SUB STATION WITH ASSOCIATED LINES(SS)	117	1004	386.72
6	T/F AUGUMENTATION(TA)	88	344	219.04
7	T/F REPLACEMENT(TR)	49	580	522.70
	TOTAL	473	3000	2363.43