

*Government of Meghalaya
Urban Affairs Department*

No. UAU/46/2015/Pt/319

Dated, Shillong, 31st March 2017

OFFICE MEMORANDUM

Subject: Norms for generating funds for setting up and/or operating the common Effluent Treatment Plants.

Whereas the Hon'ble Supreme Court of India vide order dated 22.02.2017 in WP (C) 375 of 2012, has directed that the setting up common effluent treatment plants should be taken up as an urgent mission; and whereas the Hon'ble Supreme Court puts the onus to operate the Common Effluent Treatment plants for effluents and sewage on the municipalities and local bodies; and whereas the Hon'ble Supreme Court has further directed that the task be completed within 3 years and that for such projects land would be required for setting up zero liquid plant; and whereas the Hon'ble Supreme Court has left it open to the municipalities to evolve norms to recover funds for the purpose of generating finances to install and run all the "common effluent treatment plant" and has also directed that the process of evolving the above norms shall be supervised by the concerned State Government through the Secretary Urban Department and local authority; And,

Whereas as per the directions of the Supreme Court, the norms for generating funds shall be finalised on or before the 31st March 2017, so as to implement with effect from the next financial year i.e. from 1st April, 2017; And,

Whereas recognizing that the main obstacle in the setting-up and operation of sewage and effluents treatment plants is the requirement of capital and O&M funds as well as availability of land being largely sixth scheduled area falling within municipal areas and outside in city agglomerate as well as, the historic legacy of non-availability of adequate sewerage, Septage and effluent treatment and drainage system in towns of Meghalaya; and whereas recognising the difficulty as being complex with somewhat general reluctance of the public to pay additionally for such services; and whereas such costs of treating polluting sources primarily lies with the originator of polluting sources and waste generating sources; and whereas applying the Polluter Pay Principle to such households, units, industries, enterprise and commercial units the Municipal and other Local traditional authorities as assigned with such tasks may require imposition of additional charges for recovery of such investments; And,

Whereas though the finances for the capital may come from the Government sector to a great extent, but fund is also required from the population for such services and the cost for operation and maintenance will however have to be met by the population, who should pay user charges as well as charges based on polluter pay principle.

Now therefore, to achieve the objectives set out by the directions and to improve the quality of environment in cities and towns in Meghalaya, the following norms are hereby outlined and notified for implementation by all statutory towns, urban areas and local authorities. While the basic responsibility of providing a primary effluent treatment facility will lie with the generator of the effluent at the origin /source level, these guidelines shall augment and improve the system of setting up and operations of common effluent treatment plants by municipalities/town committees and other local bodies as applicable.

These norms shall apply in the entire urban areas mentioned above and shall come into force with effect from 1.4.2017. To achieve these objectives and directions in these guidelines the existing schemes of Govt. of India and Govt. of Meghalaya from various departments and ministries shall be leveraged to the extent possible by the concerned departments and agencies. These guidelines are in supplementation of existing provisions of Acts, Rules and guidelines prevalent in the State. The timelines enunciated in Acts, Rules and pronouncements would be adhered by all Municipalities, Urban authorities and Local Authority as the case may be at the earliest point of time in such Acts/Rules/Directions of Courts and Tribunal.

II. Formulation of strategy for mobilisation of capital for setting up common treatment facility -

On formulation of the project Concept proposal State Government in the Urban Affairs Department on behalf of ULB's can raise funds through the following sources of funding :-

- Externally Aided Projects
- Institutional Funding wherein the state government could agree to stand guarantee.
- Central and State government funding
- Tariff fixation so as to recover the the O & M cost in full including part recovery of the capital (covered under this guideline)
- Extensive Awareness programme to involve community and have their willingness to agree to participation and paying of user charges and building of corpus.
- Creation of corpus fund by levy of additional annual fee for a limited period (upto 5 years)

1. International and Bilateral Funding:

Financial assistance is provided by international bilateral and multilateral donor agencies like the World Bank (WB), Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), Advisory Services in Environmental Management of Germany (ASEM), British Department for International Development (DFID), Danish International Development Agency (DANIDA) and similar agencies. Some of these could be grants or technical assistance for the report preparation for a new project or evaluation of an on-going project, while others are soft loans for capital works as may be approved. Municipals/Local bodies may submit such proposals and pursue to achieve the objectives and timelines.

2. Central Assistance (Grant in Aid, Loan):

Various programmes/sources of GOI funds are extended to the States as grant-in-aid under the Central Programmes such as AMRUT, NLCPR, Finance Commission and 10% Lumpsum Grants for the North Eastern Region (NER) of the ministries concerned. However Government of India would be requested to revisit their current policies of not covering smaller towns and for greater allocation under 10% provision for the NER. Municipals/Local bodies may submit such proposals and pursue to achieve the objectives and timelines.

3. State Government Funding:

Funds can also be made available from the State Government Annual Budget and from the Annual Allocation to the MLA's local area development schemes and other Infrastructure development programme as per requirement and priority of the area. Municipals/Local bodies may submit such proposals and pursue to achieve the objectives and timelines.

4. Institutional Financing:

UIBs can mobilise funds by taking the loan from the financial institutions such as banks, HUDCO, LIC, NABARD, IL&FS etc., wherein State Government could agree to stand guarantee if required. The percentage of loan and interest rates can be negotiated with these institutions. Municipals/Local bodies may submit such proposals and pursue to achieve the objectives and timelines.

5. Public Private Partnership:

The possibility of having the private operator to invest the money required should be explored. This includes investing money by the private operators to develop the infrastructure also and its O&M for a number of years agreed to beforehand as appropriate. The repayment would be by the Municipal/local bodies with or without the supplementation from Government by way of billing and collection of user charges and fees from the public.

6. Corporate Social Responsibility:

Industries and companies operating in the State can also jointly or severally contribute towards funding setting of common effluent treatment facilities outside their campus and in towns in Meghalaya.

7. Community Funding and Corpus creation by way of additional levy:

Partial funding by the community, industries and commercial establishments who can benefit from a common treatment plant can also be availed. For this purpose the local body can immediately collect from the households/industries/commercial establishment within its jurisdiction with effect from the next financial year towards a creation of corpus fund for setting up common treatment facilities at the outfall of the major streams of the concerned city/town. The quantum of charges from each establishment is as follows:

Sl. No.	Category	Fees rate/Charges (in Rupees per annum for a period of 5 years)
1	Domestic	200*
2	Large Commercial/Industrial Establishments **	5000*
3	Medium Commercial/Industrial Establishments**	2500*
4	Small Commercial/Industrial Establishments**	1000*

(* as maybe revised from time to time)

(** as per para 10 of Bye Law No.136 in Shillong Municipal Bye Law)

8. Formulation of strategy for Tariff Fixation:

The user charges on completion to be fixed by the utility must take into account the ability of the system to meet the following:

- Operating cost (excluding establishment cost)
 - Establishment cost (generally 12-15% of project cost)
 - Depreciation
 - Debt services (both capital repayment and interest)
 - Asset replacement fund
 - Capital development
- Tariff structure should be fixed and revised periodically.

Automatic increase of tariff periodically on an index basis can also be adopted. In many cases, the same authority also provides water supply services, and the charges for sewerage are included as a percentage of the water charges.

In setting tariffs, the first consideration must be a consistent transparent tariff policy endorsed by the Government. Demand management through higher rates for high consumption and a lifeline rate where there are urban poor, should be considered in the tariff structure.

User Categories:

The users may be categorized as:

- Domestic
- Commercial (business entities, hotels, industries, etc.)

- c. Government authorities
- d. Partly commercial
- e. Bulk consumers

Methods of Charging:

The methods of levying charges can be any one or more of the following:

- a) Metered system: Based on water consumption charges (with minimum fixed charge)
- b) Non-metered system:
 - i. Fixed charge per house per month
 - ii. Fixed charge per family per month
 - iii. Fixed charge per tap per month
 - iv. Percentage of rateable value of the property.
 - v. Charge based on number of toilet seats in the house / building

In many cases, sewerage charges / cess are levied as a percentage of the water bill, or as a percentage of property tax.

In addition, users also need to **pay one-time connection charge at the time of connection**. In areas where water meter is not available or not working, flat charges per household / connection may be adopted. While the advantage of flat charges is that it requires no expense for installing and reading meters, there are disadvantages of inequality.

Sl. No.	Category	One time deposit for connection
1	Domestic	Rs.5000/connection
2	Commercial/Industrial	Rs.10,000/connection

Monthly Sewer Charges proposed to be levied :

All amount are in INR.

Sl. No.	Category	Monthly charges	Upper limit
1	Domestic	200*	250*
2	Commercial	600*	700*
3	Industrial	800*	1000*

(* based on O&M cost calculated for Zones 1a and 1b1 in DPR for Sewerage Project under NERCCDIP in Shillong.)

The tariff would need to be increased every year by 6% to 10%.

In many cases, sewerage charges / cess are levied as a percentage of the water bill, or as a percentage of property tax. In addition, users also need to pay one-time connection charge at the time of connection.

These norms shall be applicable to all towns and cities in Meghalaya with effect from 1st April 2017 and shall be in force till such time the detail User Charge Policy and

imposition of User Charges, accommodating the provisions of cost recovery & maintenance of common effluent treatment plants that are notified by the State Government under any other provisions that may be applicable such as Holding Tax and such like etc.


Additional Chief Secretary to Government of Meghalaya
Urban Affairs Department

Memo No. UAU .46/2015/ 319

Dated 31st March, 2017

Copy to:-

1. The P.S. to the Chief Minister, Govt. of Meghalaya for information of the Hon'ble Chief Minister.
2. The P.S. to the Minister i/c Urban Affairs Department, Meghalaya for kind information of the Hon'ble Minister.
3. The P.S. to the Chief Secretary, Meghalaya, for information of the Chief Secretary.
4. The P.S. to the Addl Chief Secretary, I/C Urban Affairs for information of the Additional Chief Secretary.
5. All Administrative Departments, Government of Meghalaya, for information.
6. The All Deputy Commissioners of concerned Districts for information and necessary action
7. The Secretary, District Council Affairs Department for information and for circulating the above to all Autonomous District Councils in the state.
8. The Director, Urban Affairs for information and necessary action.
9. The Director, Printing and Stationery for publishing the above Office Memorandum in the Meghalaya Gazette.
- ~~10.~~ The State Informatics Officer, NIC for uploading the Office Memorandum in the government website,
11. The Secretary, MUDA for information necessary action.
12. All Chief Executive Officers of all Municipal Boards for information and necessary action.


Joint Secretary
Urban Affairs Department
Meghalaya