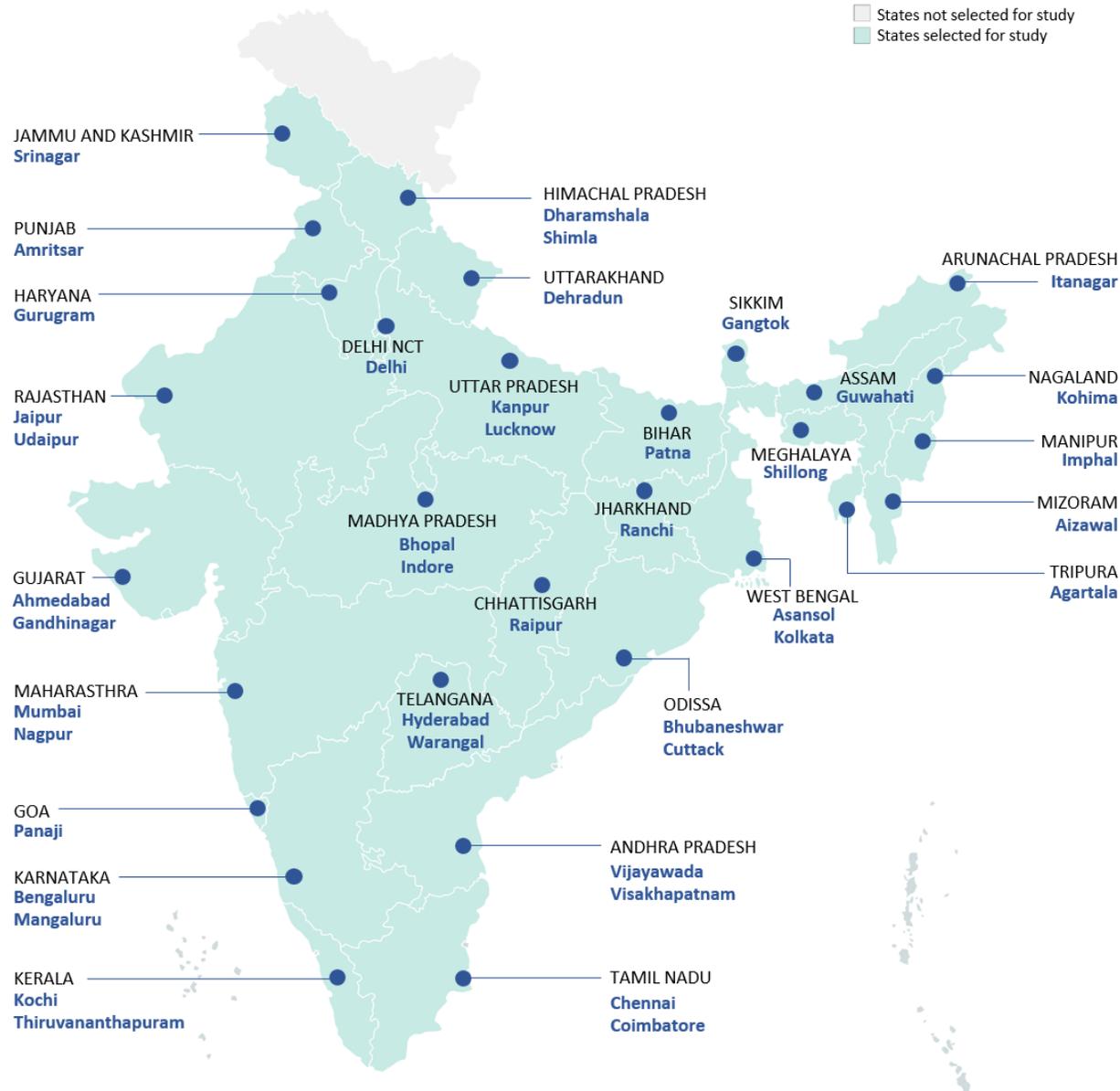


Fiscal Empowerment of City Governments

Key Financial Indicators and Challenges in Data Availability

September 2024





A total of **320 budget documents for Seven Financial Years (2017-18 to 2023-24)** and **12 audit account documents** were analysed to study **43 cities across 28 states and 2 UT**.

The study has divided the cities into **four categories** based on their population:

- **Mumbai,**
- **Above 30 lakh -7 Cities**
- **between 10 lakh and 30 lakh- 14 Cities**
- **Below 10 lakh- 21 Cities**

It was important to analyse **Mumbai** separately given the size of the population and financial empowerment.

States	Cities	Budget Data Availability						
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Andhra Pradesh	Vijayawada	Green	Green	Red	Red	Green	Red	Red
	Visakhapatnam	Green	Red	Red	Red	Green	Red	Red
Arunachal Pradesh	Itanagar	Red	Red	Red	Red	Red	Red	Red
Assam	Guwahati	Green	Red	Red	Red	Red	Red	Red
Bihar	Patna	Green	Green	Green	Green	Green	Green	Red
Chhattisgarh	Raipur	Green	Green	Green	Green	Green	Green	Red
Delhi NCT	Delhi	Green	Green	Green	Green	Green	Green	Green
Goa	Panaji	Red	Green	Green	Green	Green	Green	Red
Gujarat	Ahmedabad	Green	Green	Green	Green	Green	Green	Green
	Gandhinagar	Green	Green	Green	Green	Green	Green	Green
Haryana	Gurugram	Green	Green	Green	Green	Green	Red	Red
Himachal Pradesh	Dharamshala	Red	Red	Red	Red	Red	Red	Red
	Shimla	Green	Green	Green	Green	Green	Green	Green
Jammu and Kashmir	Srinagar	Red	Red	Red	Red	Red	Red	Red
Jharkhand	Ranchi	Green	Green	Red	Green	Red	Red	Red
Karnataka	Bengaluru	Green	Green	Green	Green	Green	Green	Green
	Mangaluru	Red	Red	Red	Green	Green	Green	Green
Kerala	Kochi	Red	Red	Green	Green	Green	Green	Green
	Thiruvananthapuram	Red	Red	Green	Green	Green	Green	Green
Madhya Pradesh	Bhopal	Green	Green	Green	Green	Green	Green	Red
	Indore	Green	Green	Green	Green	Green	Green	Green
Maharashtra	Mumbai	Green	Green	Green	Green	Green	Green	Green
	Nagpur	Red	Red	Red	Red	Red	Red	Red
Manipur	Imphal	Red	Red	Red	Red	Red	Red	Red
Meghalaya	Shillong	Green	Green	Green	Green	Green	Green	Green
Mizoram	Aizawl	Red	Red	Red	Red	Red	Red	Green
Nagaland	Kohima	Red	Red	Red	Red	Red	Red	Red

States	Cities	Budget Data Availability						
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Odisha	Bhubaneswar	Green	Green	Green	Green	Green	Green	Green
	Cuttack	Green	Green	Green	Green	Green	Green	Green
Punjab	Amritsar	Green	Green	Green	Green	Green	Green	Red
Rajasthan	Jaipur	Green	Green	Green	Green	Green	Green	Green
	Udaipur	Green	Green	Red	Red	Red	Red	Red
Sikkim	Gangtok	Green	Green	Green	Green	Green	Green	Red
Tamil Nadu	Chennai	Green	Green	Green	Green	Green	Green	Green
	Coimbatore	Green	Green	Green	Green	Green	Green	Green
Telangana	Hyderabad	Red	Red	Red	Green	Green	Green	Green
	Warangal	Green	Green	Green	Green	Green	Green	Red
Tripura	Agartala	Green	Green	Green	Green	Red	Green	Green
Uttar Pradesh	Kanpur	Green	Green	Green	Green	Green	Green	Green
	Lucknow	Green	Green	Green	Green	Green	Green	Green
Uttarakhand	Dehradun	Red	Red	Red	Red	Red	Red	Red
West Bengal	Kolkata	Green	Green	Green	Green	Green	Green	Green
	Asansol	Red	Red	Red	Red	Red	Red	Red

Available Online	Green
Not Available Online	Red

- **Seven cities** viz. Itanagar, Dharamshala, Srinagar, Nagpur, Imphal, Kohima, and Asansol **do not have budget documents** available online (corporation website) for any of the seven years.
- **Only 16 Cities** have **budget documents** available online (corporation website) for all seven years.

States	Cities	Audit Data Availability					
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Andhra Pradesh	Vijayawada	Green	Green	Green	Green	Green	Green
	Visakhapatnam	Green	Red	Red	Red	Red	Red
Arunachal Pradesh	Itanagar	Red	Red	Red	Red	Red	Red
Assam	Guwahati	Red	Red	Red	Red	Red	Red
Bihar	Patna	Red	Red	Red	Red	Red	Red
Chhattisgarh	Raipur	Red	Red	Green	Green	Green	Green
Delhi NCT	Delhi	Green	Green	Green	Green	Green	Green
Goa	Panaji	Red	Red	Green	Green	Green	Green
Gujarat	Ahmedabad	Red	Green	Green	Green	Green	Green
	Gandhinagar	Red	Red	Red	Red	Red	Red
Haryana	Gurugram	Green	Red	Red	Red	Red	Red
Himachal Pradesh	Dharamshala	Red	Red	Red	Red	Red	Red
	Shimla	Green	Red	Red	Red	Red	Red
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Jharkhand	Ranchi	Red	Red	Red	Red	Red	Red
Karnataka	Bengaluru	Red	Red	Green	Green	Green	Green
	Mangaluru	Green	Green	Green	Green	Green	Green
Kerala	Kochi	Green	Green	Green	Green	Green	Red
	Thiruvananthapuram	Green	Green	Green	Green	Green	Green
Madhya Pradesh	Bhopal	Green	Green	Green	Green	Green	Green
	Indore	Red	Red	Red	Green	Green	Green
Maharashtra	Mumbai	Green	Green	Green	Green	Green	Green
	Nagpur	Green	Green	Red	Red	Red	Red
Manipur	Imphal	Red	Red	Red	Red	Red	Red
Meghalaya	Shillong	Red	Red	Red	Red	Red	Red
Mizoram	Aizawl	Green	Green	Green	Green	Green	Green
Nagaland	Kohima	Red	Red	Red	Red	Red	Red

States	Cities	Audit Data Availability					
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Odisha	Bhubaneswar	Green	Green	Green	Green	Green	Red
	Cuttack	Green	Green	Green	Green	Green	Red
Punjab	Amritsar	Red	Red	Red	Red	Red	Red
Rajasthan	Jaipur	Red	Red	Red	Red	Red	Red
	Udaipur	Red	Red	Red	Red	Red	Red
Sikkim	Gangtok	Green	Green	Green	Green	Green	Green
Tamil Nadu	Chennai	Green	Green	Green	Green	Green	Green
	Coimbatore	Red	Green	Green	Green	Green	Red
Telangana	Hyderabad	Green	Green	Green	Green	Green	Green
	Warangal	Green	Green	Green	Green	Green	Green
Tripura	Agartala	Green	Green	Green	Red	Red	Red
Uttar Pradesh	Kanpur	Green	Green	Green	Green	Green	Green
	Lucknow	Green	Green	Green	Green	Green	Green
Uttarakhand	Dehradun	Red	Red	Red	Red	Red	Red
West Bengal	Kolkata	Green	Green	Green	Green	Green	Green
	Asansol	Red	Red	Red	Red	Red	Red

Available Online	Green
Not Available Online	Red

- **15 out of 43 cities do not have Audit Account Statements** available online for all six years viz. – Itanagar, Guwahati, Patna, Gandhinagar, Dharamshala, Srinagar, Ranchi, Imphal, Shillong, Kohima, Amritsar, Jaipur, Udaipur, Dehradun and Asansol.

- During this study, it was witnessed that **not all cities publish** and upload their budget documents/data on the municipal corporation website or in the public domain. **Only 16 out of 43** cities published all seven budget documents from **2016-17 to 2023-24**.
- Out of **43 cities**, **26 cities publish budget data as per the account head**, while **13 cities publish budget data divided based on the department accounts**. Not all cities follow the '**format of accounting**' mentioned in the **National Municipal Accounting Manual (NMAM)** to prepare budget documents.
- Inconsistency in budget formats both within and across cities, prompted the team to **re-categorise** them into a **common comparable format across all cities**.
- In addition to the budget format, **eight cities** Lucknow, Raipur, Dehradun, Ahmedabad, Gandhinagar, Amritsar, Mangalore and Coimbatore have **budgets published in only regional languages**.
- Many cities do not include 'Budget at A Glance' and a summary of Revenue and Capital Income/Expenditure in their budget.

Average CAGR for 43 Cities (2016-17 to 2021-22)

Financial Ratios (on Nominal Values)	Own Source Revenue	Tax Revenue	Property Tax Revenue	Non-Tax Revenue
CAGR	7.15%	5.07%	7.30%	8.89%
Per Capita	Rs.2,151.84	Rs.1,068	Rs.755.86	Rs.1,054.57
Percentage Share to Total Income	34.72%	18.05%	13.85%	16.93%
Percentage Share to Own Source Revenue	Not Applicable	Not Applicable	41.02%	Not Applicable

Percentage **Share of Own Source Revenue** of all **43 cities** to Total Income is **34.72%** which indicates cities are relying on grants/non source revenues.

Tax Revenue share to Total Municipal Income is 18.05%

Share of **Property Tax Revenue** to **Total Income** is **13.85%**, which is less than **Non Tax Revenue** percentage of **16.93%**

**Average Per Capita According to City Category (2016-17 to 2021-22)
in Rs.**

City Category (on Nominal Values)	Average Per Capita Own Source Revenue	Average Per Capita Tax Revenue	Average Per Capita Property Tax Revenue	Average Per Capita Non-Tax Revenue
Mumbai	17,807.05	5,340.24	1,071.73	12,466.81
Above 30 Lakh population	3,600.79	2,274.93	1,864.20	1,325.86
Between 10-30 Lakh population	1,622.55	817.04	572.61	805.50
Below 10 Lakh population	1,688.45	824.44	673.48	772.34

Per Capita Own Source Revenue for cities below 10 lakh population is **more than** the cities that fall between 10-30 lakh population.

In terms of Average Per Capita Property Tax Revenue cities below 10 lakh population **have larger share than** the cities that fall between 10-30 lakh population.

- **Mumbai** has a Nominal Own Source Revenue Compound Annual Growth Rate (**CAGR**) of **6.93 %** and Real Own Source Revenue CAGR of 3.09%.
- The Average CAGR of Own Source Revenue for cities above 30 lakhs is 2.61%. **Delhi** has **the highest Own Source Revenue CAGR of 5.52%**
- The Average Nominal Own Source Revenue CAGR for cities between 10 to 30 lakh is **8.95%** whereas, the Real CAGR is 5.04%.
- Indore has the highest Nominal and Real Own Source Revenue **CAGR of 19.13% and 14.85%** respectively.
- The Average Nominal Own Source Revenue CAGR for these **17 cities is 7.88%** whereas the Real CAGR is 4%. Dehradun has the highest Nominal and Real Own Source Revenue CAGR of 20.37% and 16.04% respectively.

- **Mumbai** has the Nominal Average Per Capita Tax Revenue of **Rs.5,340.24**. Mumbai is witnessing a decreasing per capita value from 2016-18 to 2021-22 from Rs.9,171.43 to Rs.5,008.20.
- In the cities above 30 lakh population, **Jaipur has the lowest** Average Per Capita Value of Tax Revenue with Rs.171 during study it was observed that Jaipur **levies only two taxes** namely, the House Tax and the Urban Development Tax.
- **Patna has the lowest** Average Per Capita Value of Tax Revenue with **Rs.342.85** in the cities **between 10 lakh and 30 lakh population**.
- For cities below 10 lakh, **Gandhinagar has the highest Average Per Capita Value of Tax Revenue** with **Rs.2,871.80**. Aizawl has the lowest Average Per Capita Value of Tax Revenue with Rs.60.48.

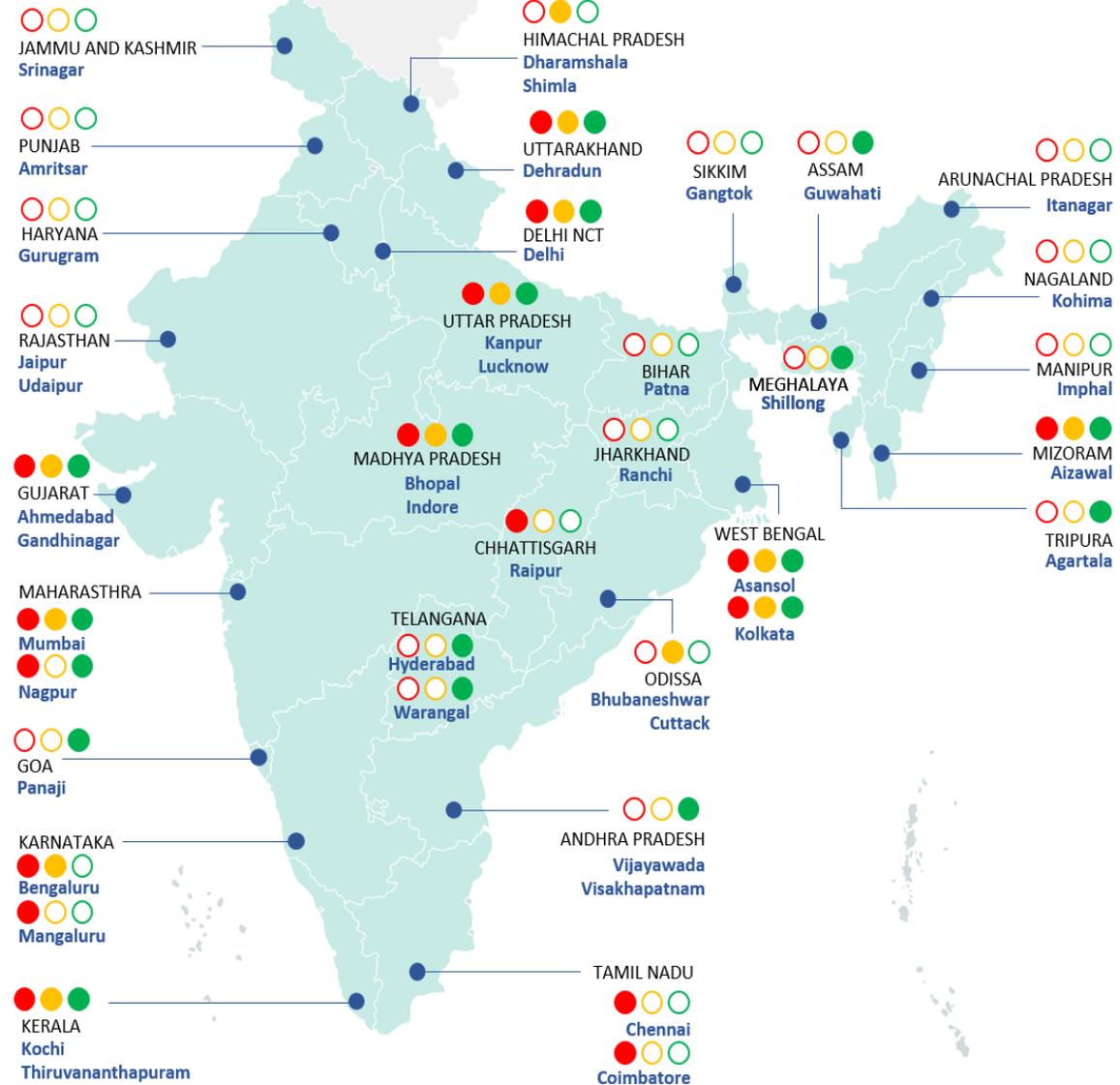
- **Mumbai has Nominal Property Tax Revenue CAGR of 4.25%** whereas its Real Property Tax Revenue CAGR is 0.50%. This shows that there is no growth for Property Tax revenue from 2016-17 to 2021-22.
- The Average Nominal Property Tax CAGR for cities above 30 lakh is 3.06% and whereas, the Real CAGR is -0.65%. **Ahmedabad has the highest Nominal and Real Property Tax CAGR of 8.53% and 4.63% respectively.**
- The Average Nominal Property Tax CAGR for the third category of cities is 11.23% whereas, the Real CAGR is 7.23%. **Vishakhapatnam has the lowest Nominal and Real Property Tax CAGR of 6.04% and 2.22% respectively.**
- The Average Nominal Property Tax CAGR for the fourth category is 6.61%. and whereas, the Real CAGR is 2.78%. **Dehradun has the highest Nominal Property Tax CAGR of 21.38%**, while its Real Property Tax Revenue CAGR is 17.01%.

- **Mumbai** has an **Average Percentage Share of Non-Tax Revenue to Total Income** of **34.73%**. Mumbai generates significant Non-Tax revenue as it provides municipal services which generate significant revenue. It also earns income from interest and dividends.
- The Average Percentage Share of Non-Tax Revenue to Total Income for **cities above 30 lakhs** is **16.70%**. **Chennai** has the **lowest Average Percentage Share of Non-Tax Revenue** to Total Income of **9.95%**.
- The Average Percentage Share of Non-Tax Revenue to Total Income for **cities between 10 and 30 lakhs** is **14.16%**. **Patna** has the lowest Average Percentage Share of Non-Tax Revenue to Total Income of **2.94%**.
- The Average Percentage Share of Non-Tax Revenue to Total Income for **cities below 10 lakhs** is **17.55%**. **Dehradun** has the lowest Average Percentage Share of Non-Tax Revenue to Total Income of **5.46%**.

- **Mumbai has the Average Percentage Share of Total Grants to Total Income of 20.31%**
- **The Average Percentage Share of Total Grants to Total Income for cities above 30 lakh population is 49.52%. Jaipur has the highest Average Percentage Share of Grants to Total Income of 72.91%.**
- **The Average Percentage Share of Total Grants to Total Income for cities between 10 lakh and 30 lakh population is 61.89%. Patna has the highest Average Percentage Share of Grants to Total Income of 82.56%.**
- **The Average Percentage Share of Grants to Total Income for cities below 10 lakh is 63.98%. Dehradun has the highest Average Percentage Share of Grants to Total Income of 92.29%.**

Devolution of Financial Powers

Does the city government/council have	YES	NO
Authority to introduce new tax/ charges from the assigned list of taxes	●	○
Authority to revise the existing tax rates/ charges	●	○
Authority to approve the budget	●	○

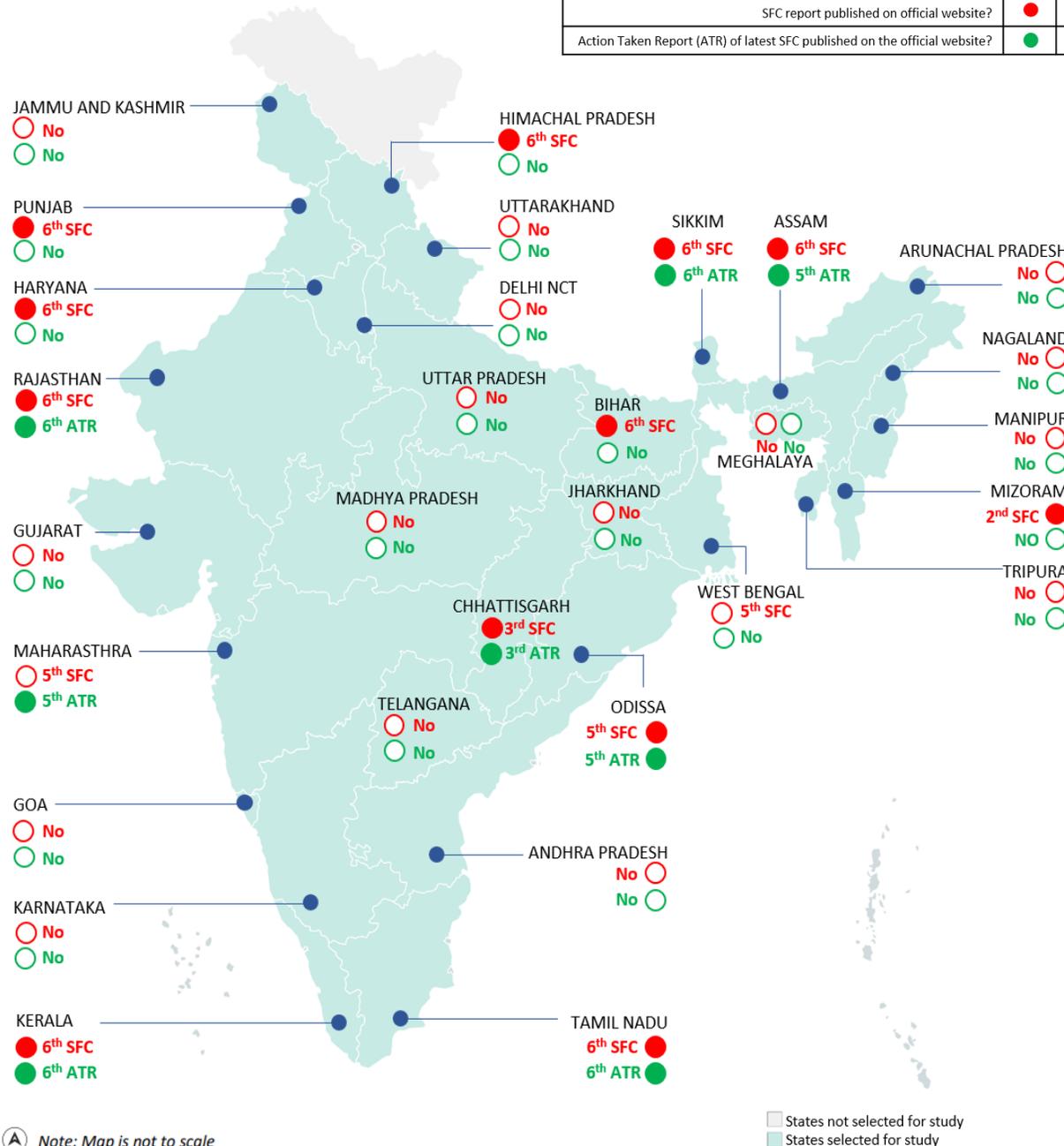


- **23 out of the 43 cities** do not have an independent authority to introduce new taxes given in the assigned list of taxes according to the respective State Municipal Acts.
- **20 out of the 43 cities** do not have independent authority to **approve the budget** according to the respective Municipal Acts.
- **10 States** viz. Arunachal Pradesh, Bihar, Haryana, Jammu and Kashmir, Jharkhand, Manipur, Nagaland, Punjab, Rajasthan, and Sikkim **have not devolved any of the three financial powers.**

Note: In this governance indicator of 'Devolution of Financial Power' the cities are evaluated according to their respective State Municipal act. The states of Gujarat, Karnataka, Maharashtra, Tamil Nadu, Telangana and West Bengal have more than one Municipal Corporation Acts in force. Thus, the cities in these states have varied evaluations.

Systemic Fiscal Transfers

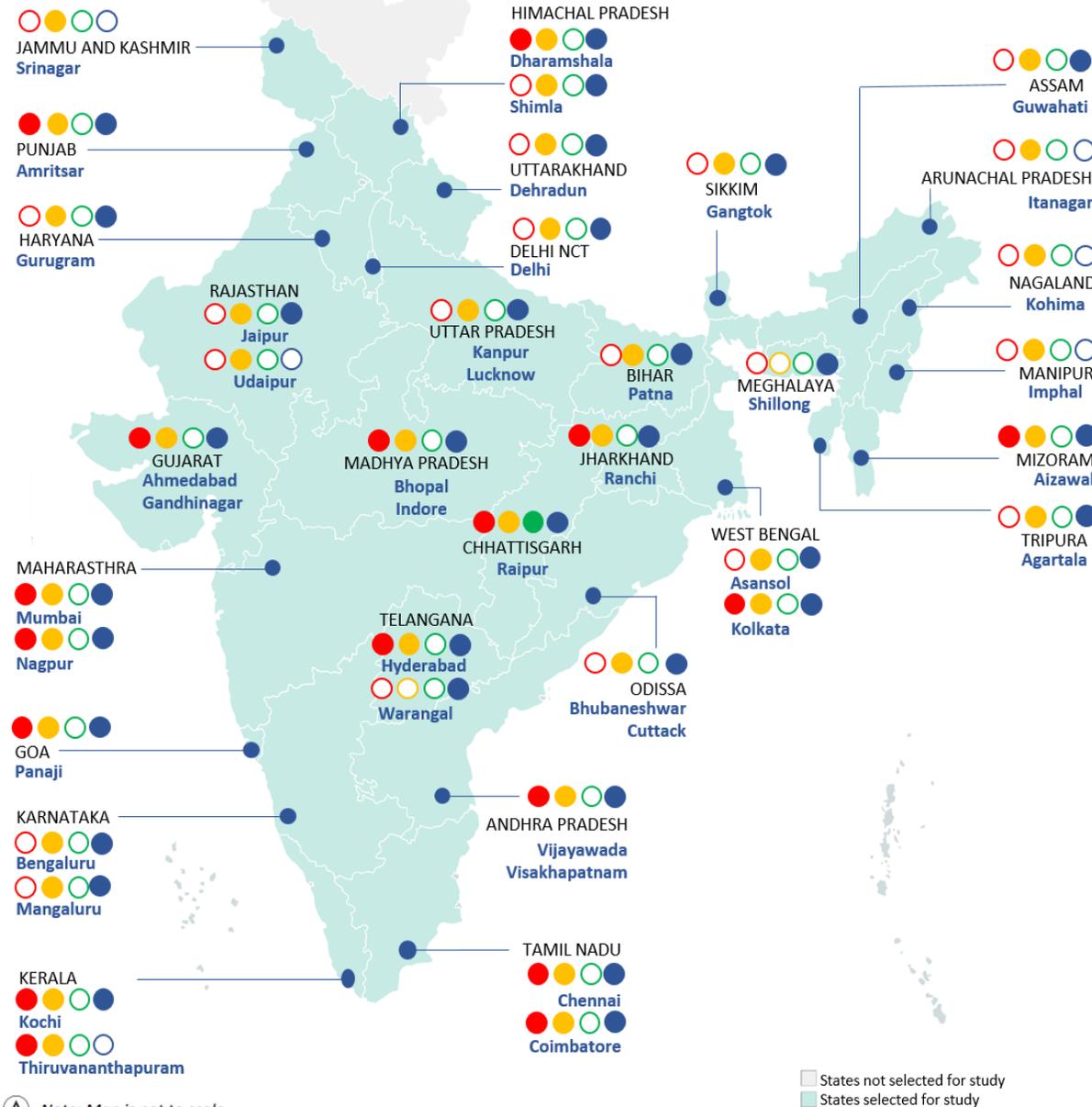
Does the State Finance Commission (SFC) have	YES	NO
SFC report published on official website?	●	○
Action Taken Report (ATR) of latest SFC published on the official website?	●	○



- **Nine cities** viz. Assam, Bihar, Haryana, Himachal Pradesh, Kerala, Punjab, Rajasthan, Sikkim, and Tamil Nadu have the **6th SFC** report published on the official website.
- **Maharashtra, Odisha, and West Bengal** have the **5th SFC** report published on the official website.
- Chhattisgarh has published 3rd SFC and ATR report while Mizoram has published 2nd SFC report.
- **16 cities** have not published any SFC report and ATR in the public domain.

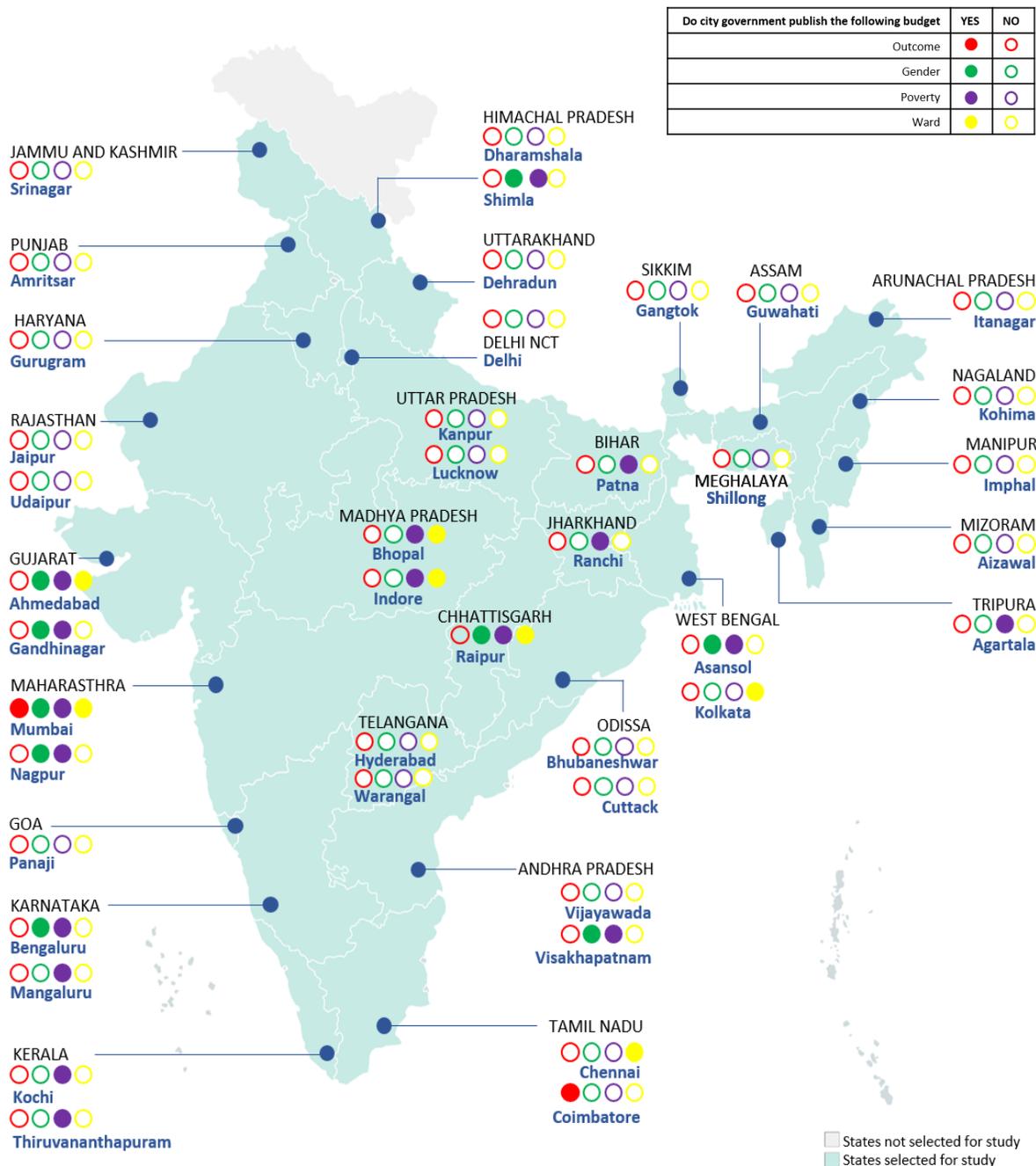
Financial Transparency & Accountability

	YES	NO
Does the State Municipal Act make it mandatory to publish the budget and accounts?	●	○
Does the State Municipal Act have a mandatory provision on external audit of Municipal accounts?	●	○
Does the City Government publish its Credit Rating on the website?	●	○
Are the contracts and tenders dealt by the City Government published on the City Govt. website?	●	○



- The State Municipal Acts applicable for **20 out of the 43** cities mandates publishing of budget and accounts.
- The State Municipal Acts applicable for **41 out of all 43** cities, except Warangal and Shillong, include provision for conducting an external audit of Municipal accounts.
- **Only one city (Raipur) out of the 43 cities has published its credit ratings on their website.**
- All cities except Itanagar, Srinagar, Thiruvananthapuram, Imphal, Kohima, and Udaipur have the contracts and tenders published on the City Government website.

Type of Budgets



- Cities should publish four types of budgets viz. **Outcome, Gender, Poverty and Ward based.**
- Mumbai & Coimbatore publish the **outcome/performance budget.**
- Only **nine cities out of the 43** (Vishakhapatnam, Raipur, Ahmedabad, Gandhinagar Shimla, Bengaluru, Mumbai, Nagpur and Asansol) **publish gender-inclusive budgets.**
- **Vishakhapatnam** is the only city that includes a Poor Budget and SC, ST & Women Child Welfare Budget in the municipal budget document.

Thank You!

To know more:

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