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Issue 87

In This Issue

MCGM budget of 2018-19

This issue aims at demystifying the Municipal Corporation of Greater Mumbai (MCGM) budget of 2018-19 as presented in the Municipal Commissioner's speech.

Big Story

The national and state budgets are prepared and presented by their respective finance ministers, both of who fall in the deliberative (elected) wing of governments. At the city level, however, the budget is prepared and presented by the Municipal Commissioner, a bureaucrat and an unelected executive appointed by Chief Minister through the Urban Development Ministry. The elected bodies, namely the standing committee and the Corporation then just debate on it and make small modifications, following which the budget goes into effect for the financial year. Just like the 'power of the purse' at the national level is with the Lok Sabha, the elected House, the preparation and presentation of the budget should be a responsibility of the elected (deliberative) body of the Municipal Corporation of Greater Mumbai (MCGM).

This system is leading to a trend in which important projects are dropped without any explanation. It leads to a disconnect with the mandate given by the people, which in turn the only explanation for is a simple lack of accountability. Further, there needs to be a setting of some basic service-level benchmarks in terms of outcomes of the budget. A budget's core purpose is rendered moot if there is no outcome-based approach which encourages monitoring and tracking the progress of spending.

MCGM's Finance Department has launched a portal for measuring the various service level indicators of Citizen Services. This measures 28 performance indicators across 4 key sectors, i.e. Water Supply, Sewerage, Solid Waste Management and Storm Water Drains. This, according to the Municipal Commissioner, has introduced performance monitoring in addition to financial monitoring in these sectors. However, these 28 performance indicators are not mentioned and the data pertaining to the same has not been mentioned in the budget. To the MCGM's credit, however, all details pertaining to the budget speech by the Municipal Commissioner over the years have been made available on the MCGM website. This is a step towards a transparent budgeting process. This newsletter aims at breaking down the perceived complexity of the budget and simplifying it for consumption by any resident of Mumbai. The budget is broken down into major departments that the Mumbaikar relates most to, like; civic issues, health, education, and the budget under-utilisation therein.

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Once the Budget Estimates (BE), an estimate of how much the Corporation plans to spend in the Financial Year (FY), are presented and passed in March/April, the Corporation revises these numbers based on spending and other factors and published Revised Estimates (RE). The RE is an indication of a more realistic spending figure that the civic body works up typically towards the end of the calendar year. 'Actuals' is what the MCGM actually spent in that FY.

PRAJA DIALOGUE

Mumbai is falling prey to a trend in which budgetary allocation is significant but the translation of that into utilisation of funds is severely lacking. Despite having more-than-sufficient funds at its disposal, the MCGM is unable to optimally utilise these funds. This either means that the civic body does not have the willingness and/or expertise to execute the spending, or that they are over-ambitious to begin with and unnecessarily large provisions are made to please citizens and elected representatives with the size. As a result, accountability and efficacy of the Corporation needs to be kept in check.

To put this in perspective, the roads & traffic department of the MCGM in the Estimates of 2018-19 (Rs. 2,059 crores) has 8% of the total budget of 2018-19. And yet, the Mumbaikar has to deal with potholes and inadequate quality of roads year after year. Let us now delve deeper into the major departments and promises that the Commissioner has made through the budget.

All figures are in crores unless specified otherwise. All figures have been taken from the Municipal Commissioner's speeches over the years.

Table 1 Budget Estimates of Major Departments over the years							
Department	2014-15	2015-16	2016-17	2017-18	2018-19		
Disaster Management Cell	15.96	33.64	34.87	29.65	29.67		
Education Department	2,032.50	1,895.40	2,021.07	1,895.38	2,150.90		
Solid Waste Management Department	2,236.80	2,231.95	2,512.22	2,430.41	2,605.86		
Transport Department	516.40	524.29	555.27	451.27	459.30		
Storm Water Drains Department	1,458.18	1,426.33	1,408.48	844.11	928.88		
Development Plan Department	1,071.69	940.57	1,777.51	1,258.44	1,021.46		
Fire Brigade Department	357.65	486.29	581.59	435.81	419.20		
Roads & Traffic Department	3,138.38	3,875.17	4,554.47	1,883.78	2,058.92		
Health Department	798.52	895.06	944.68	793.48	868.42		
Major Hospitals	966.37	1,114.05	1,187.75	1,094.14	1,185.31		
Medical Hospitals	252.72	294.79	361.12	336.95	369.13		
Specialised Hospitals	168.58	214.71	245.09	213.10	216.80		
Peripheral Hospitals	630.92	727.70	840.38	793.13	927.56		
Water Operation Department	2,186.75	2,438.57	2,662.07	2,249.81	2,244.33		
Water Supply Project Department	1,548.29	1,025.93	643.21	328.04	452.78		
Sewerage Operation Department	919.23	848.45	960.46	810.40	797.64		
Sewerage Project Department	255.09	203.51	225.35	162.66	146.59		
Mumbai sewerage project disposal	299.36	370.81	659.67	456.49	548.67		
Total	31,178.18	33,519.15	37,052.15	25,141.51	27,258.07		

Only Major Departments have been shown & 'Total' is total budget estimates

Proposed Plan in Speech 2018-19		What should be done?
ion 🥵	Gross actual receipts from 'Octroi' tax in 2016-17 were Rs. 7,244 crores. The introduction of the Goods and Services Tax (GST) on the 1st of July, 2017 resulted in the abolition of Octroi. The State Government is mandated to compensate for the same.	Outcome-based approach must be implemented for expenditure of this grant
Administration	MCGM's Finance Department has launched a portal for measuring the various service level indicators of Citizen Services. This measures 28 performance indicators across 4 key sectors, i.e. Water Supply, Sewerage, Solid Waste Management and Storm Water Drains.	Data pertaining to the parameters should also be mentioned in the budget

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PRAJA DIALOGUE

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Propos	sed Plan in Speech 2018-19	What should be done?			
墙	Salary of 1,06,000 MCGM employees registered on the E-Muster, biometric attendance (AEBAS) system is calculated on the basis of their attendance. The AEBAS system was launched in July 2017.	The MCGM should make public a module which specifies the number of sanctioned and available posts in the MCGM administration			
tation	The 'Pedestrian First – Footpath Policy', a policy wherein footpath surface, width, encroachment, vehicle conflicts and continuity of footpath are considered and parking on footpath is prohibited. There is no mention of said policy in this year's speech.	It is estimated that the average Mumbaikar spends 51% of travel time on foot (walking). Hence, the MCGM should not ignore the pedestrian			
Transportation	The Coastal Road Project, estimated to cost a little less than 50% of the total Health budget, needed 17 Coastal Regulation Zone (CRZ) clearances and the Commissioner claims that it will provide open space of 54 hectares, lead to CO2 emissions decreasing, have BRTS Lanes, and have a Cost Benefit Ratio of 1:15.	These tall claims are backed by no data or calculation whatsoever, something that the Commissioner should have provided, consider- ing the project costs the taxpayer Rs. 51.398 crores per km.			
	MCGM has started utilising imported material to get instant relief during the monsoon for filling of potholes. After the satisfactory result of these material, MCGM has processed a proposal for manufacturing of the similar material in MCGM owned plant and the manufacturing of these material is expected to be started before the	Why is such material needed when there should not be any potholes in the first place?			
	Rs. 1 crore has been proposed in the BE of 2018-19 for the parking policy.	The esimates are insignificant considering the dire parking crisis the city faces due to shortage of space.			
	Losses expected in BEST is Rs. 1,043.41 crores. The Municipal Commissioner, in his speech has recommended cutting bus fleet size and other measures like freezing dearness allowance of employees.	This, coupled with the ambitious Coastal Road Project, indicates an inclination towards private transport over public transport.			
	On an average, around 34% of the Health budget is remaining unutilised from 2014-15 to 2016-17.	Utilisation of health budget, particularly on primary health			
Health	us on strengthening peripheral hospitals and dispensaries by ndardizing equipment and other requirements. Standardization ist of drugs, consumables and disposables as well as Human purces in 10 peripheral hospitals will be done at an estimated cost is.61 crores				
	25 dispensaries will be identified for repair and will be upgraded to provide first level medical intervention to poor.				
	Rs. 13.50 crores have been allocated in budget estimates for eradication of TB.	This allocation is necessary since as per our analysis, 18 people have died daily due to tuber- culosis in last 5 years (April'12 to March'17)			
Education 🯹	7.89% of the total budget in the Budget Estimates of 2018-19 will be spent on Education	Despite this significance in the budget total enrolment rates in Municipal Schools (primary as well as secondary) have fallen by 90,902 students (a drop of 21%) from 2012-13 to 2016-17.			

PRAJA DIALOGUE

Utilisation of budgets in major departments



Utilisation of Health Budget



Utilisation of Storm Water Drainage Budget



Despite the dire flooding crisis, 48% (almost half) of Budget Estimates were unutilised in 2015-16.

Budget Estimates - BE Actuals **Revised Estimates** % of unutilised money (between BE and Actuals)

*-Includes Bridges and Coastal Road Project

Actual numbers have not been released by the corporation so we have calculated on Revised Estimate

Watch out for our March 2018 newsletter to know more about status of Crime in Mumbai Next Issue



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