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**giz** Deutsche Gesellschaft  
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आवासन और शहरी कार्य मंत्रालय,  
भारत सरकार  
Ministry of Housing and Urban Affairs  
Government of India



# STRATEGIC FRAMEWORK TO STRENGTHEN MUNICIPAL FINANCE OF INDIAN CITIES

With cross-cutting theme on gender and  
climate responsiveness



Volume 1  
January 2025





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In this regard, Praja Foundation conducted a data-driven study in the cities of Ahmedabad, Bengaluru, Guwahati, and Raipur. The study aimed to develop a deeper understanding of the existing state of municipal finance and the various acts and regulations governing the financial architecture of urban local bodies. It also examined the implementation status of reforms proposed by the central and state finance commissions (CFCs/SFCs) and the guidelines issued by the Securities and Exchange Board of India (SEBI) on accessing the bond and capital markets. Our study provides key insights into the current status of the Strategic Framework to Strengthen Municipal Finance in Indian Cities.

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## II. LIST OF ABBREVIATIONS ●●●

74th CAA	74th Constitution Amendment Act
ADB	Asian Development Bank
AMA	Assam Municipal Amendment
AMC	Ahmedabad Municipal Corporation
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
ARV	Annual Rateable Value
ATR	Action Taken Report
AUDA	Ahmedabad Urban Development Authority
BBMP	Bruhat Bengaluru Mahanagara Palike
BDA	Bengaluru Development Authority
CAGR	Compound Annual Growth Rate
CFC	Central Finance Commission
CRISIL	Credit Rating Information Services of India Limited
EWS	Economically Weaker Section
FY	Financial Year
FRBMA	Fiscal Responsibility and Budget Management Act
GDP	Gross Domestic Product
GIDC	Gujarat Industrial Development Corporation
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMC	Guwahati Municipal Corporation
GMDA	Guwahati Metropolitan Development Authority
GPS	Global Positioning System
GST	Goods and Service Tax
HPEC	High Powered Expert Committee
HUDCO	Housing & Urban Development Corporation Ltd
ICPA	Institute of Certified Public Accountants
ICRIER	Indian Council for Research on International Economic Relations
IIPA	Indian Institute of Public Administration
IGT	Inter-Governmental Transfer
INR	Indian Rupee

JNNURM	Jawaharlal Nehru National Urban Renewal Mission
LIC	Life Insurance Corporation of India
LIG	Low Income Group
MC	Municipal Corporation
MIC	Mayor in Council
MoHUA	Ministry of Housing and Urban Affairs
MOSPI	Ministry of Statistics and Programme Implementation
MOSR	Municipal Own Source Revenue
NA	Not Applicable
NIUA	National Institute of Urban Affairs
NMAM	National Municipal Accounts Manual
NOC	No Objection Certificate
O&M	Operation and Maintenance
OSR	Own Source Revenue
PM	Prime Minister
PPP	Public-Private Partnership
RBI	Reserve Bank of India
RMC	Raipur Municipal Corporation
SCADL	Smart City Ahmedabad Development Limited
SCB	Scheduled Commercial Banks
SCM	Smart Cities Mission
SDG	Sustainable Development Goal
SEBI	Securities and Exchange Board of India
SFC	State Finance Commission
SFI	State Financial Institutions
SOP	Standard Operating Procedure
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TCPD	Town and Country Planning Department
TIF	Tax Increment Financing
TPS	Town Planning Scheme
VAT	Value Added Tax
ULB	Urban Local Body



### III. EXECUTIVE SUMMARY ●●●

India's urban landscape is undergoing a transformative change, with cities contributing a staggering 60% to the nation's gross domestic product (GDP) while occupying only 3% of the country's land (NITI Aayog and Asian Development Bank, 2022). However, the rapid urbanisation has exposed critical shortcomings in municipal governance and finance. This report explores the current state of municipal finances in Indian cities, identifies gaps and challenges, and proposes strategic recommendations to enhance fiscal performance and governance. A comprehensive analysis was conducted across four diverse city governments – **Ahmedabad, Bengaluru, Guwahati, and Raipur** – to ensure representational insights into municipal financial health, governance practices, and urban development strategies.



#### Need for the Study ●●●

Urbanisation in India is at a critical juncture, with cities anticipated to house over 600 million people by 2030 (UN-Habitat, 2024). Despite their pivotal role in driving economic growth, Indian municipalities operate within constrained financial frameworks. Municipal expenditures account for only 1% of the nation's GDP, which is significantly lower than the 6%–7% observed in other developing nations (Ahluwalia, et al, 2019). The dependency on unsustainable funding mechanisms, limited fiscal decentralisation, and insufficient revenue sources have created a fiscal gap that undermines service delivery and infrastructure development. Moreover, the 74th Constitutional Amendment, designed to decentralise power to urban local bodies (ULBs), remains inadequately implemented leaving municipalities reliant on state government interventions (Praja Foundation, 2024).

The study's primary objective was to assess municipal finance structures and propose a framework for enhancing Own-Source Revenue (OSR), accessing capital markets, and adopting good practices for fiscal management. Additionally, the study emphasises training and development to equip municipal bodies with the skills necessary to navigate emerging urban challenges.

## City-specific Insights ● ● ●

Each city included in the study presents unique challenges and opportunities, shaped by its socioeconomic context and governance framework.

### AHMEDABAD

Ahmedabad has leveraged municipal bonds effectively, including green bonds for projects under the Atal Mission for Rejuvenation and Urban Transformation scheme (AMRUT). It has introduced innovative revenue mechanisms, such as Geographic Information System (GIS) based property tax assessments and user charges for waste collection. Ahmedabad has adopted practices such as sending alerts to property taxpayers via email and SMS, 10% rebate in case of advance payment of property tax to increase Own Source Revenue (OSR). However, its dependency on state grants and low annual growth in non-tax revenue remain areas of concern. Ahmedabad's adoption of a Climate Resilient City Action Plan sets an example for other cities.



### BENGALURU

As a technological hub, Bengaluru faces urban challenges such as traffic congestion, water shortages, and inadequate waste management. The city relies heavily on state transfers for its budget, reflecting limited fiscal autonomy. The corporation has not issued municipal bonds due to inadequate credit rating and administrative delays. Bengaluru has not issued municipal bonds due to administrative delays. Its recently launched Climate Action and Resilience Plan demonstrates a commitment to sustainability, but inefficiencies in property tax collection and limited budget transparency hinder financial stability. Bengaluru includes poverty and gender budgeting under social welfare head of municipal budget.



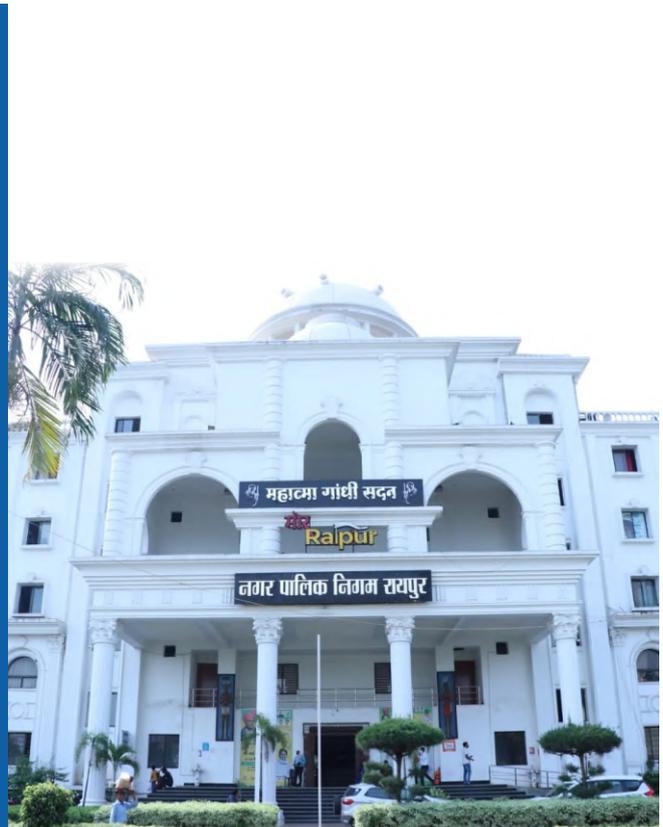
## GUWAHATI

Positioned as the gateway to Northeast India, Guwahati introduced the Assam Municipal Amendment (AMA) Bill in 2024 that enhances urban governance by enabling city governments to manage recruitment locally. Recent efforts to digitise tax collection and empower women through self-help groups in initiatives like 'Poura-Sakhis' for door-to-door tax collection. However, Guwahati lacks independent fiscal authority, which restricts its ability to introduce or revise taxes autonomously. It heavily relies on state transfers, with a significant proportion of its budget funded externally. The city's outdated Annual Rateable Value (ARV) method for property tax valuation has limited its revenue potential.



## RAIPUR

Despite significant efforts in participatory budgeting and revenue reforms, Raipur's fiscal capacity is constrained by stagnant property tax revenues and dependency on state transfers. The city's adoption of GIS for property tax assessment and its plans to issue green bonds are commendable. However, technical challenges, such as the absence of an escrow mechanism, have delayed market borrowing initiatives. Raipur's focus on gender-responsive initiatives, including Mahila Parks and feeding centres, highlights its progressive approach to inclusivity. Raipur includes section for Gender Budget and Urban Poverty Alleviation in its Municipal Budget.



## Key Findings ●●●

The study uncovered several systemic issues such as inadequacy in adopting accrual systems/book-keeping issues, lack of capacities for developing bankable projects, business models, data governance, etc. in municipal finance and governance. The key findings are listed below.



### 1. Revenue and Expenditure Gaps

Indian municipalities face persistent fiscal deficits, primarily due to limited OSR and over-reliance on state and central transfers. Property tax collection, a key revenue source, remains inefficient source of income due to outdated valuation methods, poor collection efficiency and lack of political willingness to increase property tax rates. Due to persistent fiscal deficits, the municipalities are incapable of adequately investing in capital expenses.



### 2. Limited Fiscal Autonomy

Despite constitutional provisions, most ULBs lack the authority to independently levy taxes, revise rates, or allocate budgets, which impairs their ability to respond to local needs effectively and devolution of functions.



### 3. Municipal Borrowing Constraints

While municipalities are permitted to borrow, stringent state approvals, low credit ratings, and lack of institutional capacity deter ULBs from exploring capital market options. Only a few cities, like Ahmedabad, have successfully issued municipal bonds, while others face barriers in setting up escrow mechanisms and adhering to regulatory guidelines issued by the Securities and Exchange Board of India (SEBI) in 2015 (amended in 2019) and Reserve Bank of India (RBI).



### 4. Transparency and Accountability

Financial disclosures and audit practices vary widely across cities, with many failing to publish budget documents or audit reports consistently due to lack of institutional capacity. This lack of transparency undermines investor confidence and public trust.



### 5. Gender-based Outcome Budgeting

The study highlights limited adoption of gender-based outcome budgeting across Indian cities. While Ahmedabad and Raipur allocate funds for gender-specific initiatives, most cities lack structured frameworks or transparent audits to assess gender impacts. Initiatives like pink toilets and women-centric programmes exist; however, they remain inadequately integrated into comprehensive municipal budgeting strategies.



### 6. Climate

The study reveals that climate budgeting mechanisms remains underutilised in Indian municipalities, with only Ahmedabad and Bengaluru integrating climate action into their budgets. Ahmedabad leads with dedicated green initiatives funded through municipal bonds, while Bengaluru aligns its urban forestry budget with climate goals. Other cities lack structured frameworks or allocations for climate resilience.

## Recommendations ● ● ●

The report proposes a multi-dimensional strategy to address the identified challenges.



### 1. Empowering city governments

Article 243X of the Constitution (74th Amendment) Act, 1992, recommends that state governments empower city governments to levy and revise taxes and charges, ensuring financial self-sustainability. To uphold this principle, city governments must be granted the authority to (i) introduce new taxes from the state-prescribed list and (ii) revise existing tax rates. City governments were envisioned as self-governing institutions. However, the actual transfer of funds, functions, and functionaries remains uneven, with state governments retaining substantial control over financial and administrative authority. Among the four case study cities, Ahmedabad and Bengaluru have independent authority to revise the tax rates/charges as per the assigned list in the Municipal Act. While Guwahati, does not have independent authority to revise the tax rates/charges, it cannot independently introduce new taxes/charges also. To address this, state governments must prioritise revision in their Municipal Acts and the devolution of powers to the city governments. One of the key issues, is the absence of a well-established staff selection system at the municipal level. To overcome this, city governments must establish an effective municipal staff selection system or cadre to ensure the recruitment of qualified personnel for effective local governance.



### 2. Own Source Revenue

A sustainable OSR enables financial independence for ULBs, reducing reliance on external grants. Digital tools maximise revenue options, while expanded tax coverage ensures equitable contribution. Leveraging assets diversify income sources, reducing dependency on volatile tax revenues.

- **Efficiency:** Digital tools like Raipur's GIS database boosted tax collection efficiency by 15%, reducing under-assessments. Modernising tax administration through digital tools like GIS mapping, automating processes, and adopting progressive property tax methods can improve revenue collection. Introducing user charges and leveraging municipal assets for revenue generation are also critical.
- **Enforcement and Coverage:** Expanding the coverage of tax net and strengthening penalties for non-payment increased compliance in Pune by 20%, while Ahmedabad's GIS mapping identified 15,000 untaxed properties, adding Rs 5 crore annually.
- **Asset Leverage:** Mumbai raised Rs 200 crore in FY 2021-22 through renting municipal properties and advertising rights, a model for non-tax revenue growth.



### 3. Property Tax

Property tax is a significant revenue source but is often underutilised due to outdated databases and inefficient collection systems. Integrating technology and incentivising compliance create a fairer and more effective system, maximising municipal revenue potential.

- **Data Integration:** GPS and drone surveys have improved property tax databases, leading to expansion of tax bases. Staggered rebates for early payments and linking tax assessments to Circle Rates provide dynamic valuation adjustments.
- **Methodology:** Progressive tax rates linked with real-estate trends, promote fairness, while capital value methods ensure flexibility in valuation. Pune has undertaken initiative for progressive tax rates.
- **Institutional Mechanisms:** The Revenue Boards are established under the Central Board of Revenue Act of 1963, for administration of direct/indirect taxes and appeal hearing in revenue cases. On the similar terms, local revenue boards can be established by the municipal corporations to oversee assessment and collection ensuring better accountability. Outsourcing collection with performance-linked contracts can bridge manpower shortages. Municipal corporation acts must have provision for establishing local revenue boards.
- **Compliance Incentives:** Bengaluru boosted collections by 25% through performance-linked staff incentives, showcasing their impact on revenue.



### 4. Municipal Budget and Accounts

Modern accounting and budgeting practices improve transparency and ensure that public funds address priority needs like sustainability and equity. This boosts investor confidence and enables municipalities to align spending with measurable outcomes.

- **Accounting Reforms:** Update accounting systems to align with the National Municipal Accounts Manual (NMAM), moving from cash-based to accrual accounting for better financial management. Also, the central government must consider updating the NMAM to align with emerging financing mechanisms, and SDG-aligned, climate change & gender-responsive frameworks for improved transparency and consistency in order to make it inclusive.
- **Outcome-based Budgeting:** Aligning fiscal responsibility frameworks with performance outcomes ensures targeted resource allocation.



## 5. Municipal Borrowing and Loans

Borrowing is indispensable for financing capital intensive infrastructure projects. However, fiscal discipline and transparency are vital to prevent debt crises. Leveraging future revenue and maintaining strong financial reporting attract investments and ensure long-term financial health of city governments.

- **Long-term Planning:** Escrow accounts linked to regular revenues ensure timely repayment which reduces fiscal risks.
- **Creditworthiness:** Project-based ratings, fiscal transparency, and strong accountability mechanisms attract investors and ensure sustainable borrowing. Cities need to adhere to SEBI guidelines (Chapter 4). Creditworthiness can be built through transparent financial reporting and the generation of a revenue surplus by expanding revenue channels.



## 6. Fiscal Transfers

Fiscal transfers bridge funding gaps, particularly for municipalities with limited OSR. While GST has subsumed local taxes, it provides no direct revenue sharing mechanism for city governments. Instead, cities rely on indirect funding through missions, programs, schemes, etc. City governments must receive a direct, regular share of GST revenue, similar to states, through mechanisms like escrow accounts, mandated by the Centre and states.

- **Incentive-based Grants:** Linking fiscal transfers to measurable outcomes in service delivery incentivises operational efficiency. AMRUT Mission, tied grants function like performance-based grants, where tied grants must be used for specific sectors like water supply and sewerage, with quantifiable performance indicators.
- **Transparent Allocation:** Econometric models, considering infrastructure needs and socioeconomic indicators, enhance fairness and timely grant distribution.



## 7. Capacity Building

One of the key issues, is the absence of a well-established staff selection system at the municipal level. To overcome this, city governments must establish an effective municipal staff selection system or cadre to ensure the recruitment of qualified personnel for effective functioning of local governance.

City governments need skilled officials with regular training and capacity-building support, facilitated by training institutions and budget allocations. This must be mandated in State

*to be continue...*

Municipal Acts for effective implementation. Continuous capacity building and training will ensure clear accountability and structured decision-making that will help in aligning policies with urban priorities and improve governance outcomes.

- **Staff Training:** Regular staff assessments and structured training in financial management, GIS, and engineering enhance institutional capacity, with annual targets ensuring continuous skill development.
- **Leadership Development:** Empowering municipal commissioners and staff with training on municipal finance ensures efficiency in the operations of city governments.



## 8. Citizen Participation

Citizen participation is essential for fostering inclusive, accountable, and transparent governance. Engaging citizens at the local level ensures that municipal policies are reflective of community needs, resulting in more effective service delivery and enhanced trust in local authorities.

- **Engagement Platforms:** Establishing Ward Sabhas and participatory budgeting integrates citizens in decision-making. Digital grievance redressal systems enhance transparency and responsiveness.



## 9. Climate Action (SDG 13)

Cities play a pivotal role in climate action, as they are both significant contributors to emissions and vulnerable to climate risks. Embedding sustainability into municipal planning ensures resilience, while innovative financing mechanisms support climate initiatives without straining budgets.

- **Climate and Gender Integration:** Municipal Acts must provide a legal mandate for the City Climate Action Plan and its financing while integrating a gender-responsive framework to ensure inclusivity and address existing gaps in line with SDG 13.
- **Outcome based budgeting for climate action:** Allocation of municipal budgets and a separate Performa in city budget for climate action ensures prioritisation. Financing tools like green bonds and carbon credits diversify funding sources.
- **Climate Risk Assessments:** Integrating these into financial planning ensures that infrastructure projects align with long-term sustainability goals.
- **Climate Resilience:** Dedicated climate action cells must be established to ensure climate and gender-responsive assessment, improving investment alignment. Additionally, standardised contracts should support gender and climate-based regulations in PPPs to enhance accountability and sustainability.



## 10. Gender Inclusivity (SDG 5)

Diverse leadership, including women and other genders, enhances decision-making by incorporating varied perspectives. This leads to policies that are more inclusive, equitable, and representative of the community's needs, ultimately improving governance outcomes.

- **City-level Budgets:** Establishing gender-specific budgets addresses disparities in municipal spending. Databases tracking indicators like female property ownership enable targeted welfare schemes.
- **Representation:** According to the 73rd and 74th Constitutional Amendment Acts, 1/3rd of all seats in Panchayats and ULBs are reserved for women. However, in the four cities studied, representation remains lower, indicating ineffective implementation of this provision. Ensuring its enforcement will enhance women's and other genders' participation in leadership roles and subject committees will foster diverse perspectives in governance and decision-making.

## Conclusion ●●●

India's rapid urbanisation presents an opportunity to position cities as engines of economic growth and social transformation. However, the current state of municipal governance and finances underscores the pressing need for systemic reforms. The gaps in fiscal decentralisation, revenue generation, and governance mechanisms impede Indian municipalities from realising their full potential. The findings of this study highlight not only the critical challenges faced by ULBs but also the immense opportunities for innovation and improvement.

Looking ahead, the success of urban transformation in India will depend on a collaborative effort involving all stakeholders. State and Union governments must prioritise the devolution of powers and resources to ULBs, while private entities and international financial institutions can play a critical role in funding and supporting innovative urban projects. Citizens must also be empowered to participate actively in governance beyond the ballot box through online/offline platforms to communicate their needs and requirements related to basic services, to the elected and appointed officials.

The path forward demands a paradigm shift in how Indian cities are financed, governed, and managed. By embracing the recommendations outlined in this report – ranging from fiscal reforms, capacity building, climate resilient and gender responsive initiatives – Indian cities can harness its urban growth in an inclusive and sustainable manner to drive economic progress, improve quality of life, and create resilient, sustainable cities.

## Way Forward ●●●

The recommendations in this report serve as actionable standard operating procedures (SOPs) on municipal finance and highlight strategies that cities can adopt to enhance own-source revenue and access investments through capital markets. These recommendations are designed to effectively guide cities in improving their financial practices. The chapters in the report act as practical training modules to help cities improve their financial capacity. Cities can use these chapters as a guide to conduct training sessions and deliver effective sessions.

## Chapter 1

# INTRODUCTION



## 1.1. Background ● ● ●

India is undergoing one of the most significant urban expansion phases in its history. As per the Census of 2011, approximately 377 million individuals, constituting 31.14% of the total population, resided in urban areas. This figure is projected to surpass 814 million by 2050 (World Population Prospects, 2014). In terms of economic contribution, cities occupy just 3% of the nation's land, but their contribution to the GDP is a whopping 60% (NITI Aayog, 2021). India's GDP reached approximately \$3.7 trillion in 2023. With a growth rate of about 7%, and accounting for any minor fluctuations in the GDP deflator (assuming the exchange rate remains stable), the nominal GDP is expected to reach \$4 trillion in 2024 (Debroy, 2023).

Considering the extent of urbanisation, there is a need to position Indian cities as drivers of the structural transformation of the Indian economy. This would require enhancement and massive upgrading of infrastructure. This calls for active support by state governments and the central government (Ahluwalia, et al., 2019). The urban development pattern in India is being financed in ways that are not sustainable. The trend towards ad hoc and unsustainable funding has only increased with the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in 2006 and the more recent Smart Cities Mission (SCM) and AMRUT have tried to bridge the gap (Joshi, 2023).



### **Atal Mission for Rejuvenation and Urban Transformation (AMRUT) 2.0 Reforms**

*The AMRUT 2.0 had introduced key reforms that closely align with the recommendations outlined in this report. Measures such as GIS for property tax mapping, dynamic valuation systems, and performance-linked incentives directly reflect this report's emphasis on modernising tax administration to boost revenue generation. Similarly, AMRUT's focus on rationalising user charges for water supply and sewerage is in line with the report's recommendation, to set charges that recover operations and maintenance (O&M) costs while ensuring affordability and equitable access. Additional reforms, including the issuance of municipal bonds, rejuvenation of water bodies, and the use of digital tools for grievance redressal, are similarly highlighted in both the reports as essential strategies to improve financial sustainability and governance.*

**Source:** [https://amrut.mohua.gov.in/uploads/AMRUT\\_2.0\\_REFORMS\\_TOOLKIT.pdf](https://amrut.mohua.gov.in/uploads/AMRUT_2.0_REFORMS_TOOLKIT.pdf)

## Local Governance in Urban Finance ● ● ●

Cities have become centres of economic growth where better-paying jobs, innovation, and key institutions of education and healthcare facilities are located. There are several pockets in every city where the wealth creators and their local support system reside. Their demands for provision of essential local public goods, including safety for women, from ULBs are progressively increasing. Urbanisation brings both challenges and opportunities together and, if managed well, it can bring transformative changes by becoming the instrument of economic, social, and political progress.

The Indian constitution empowers state governments to govern cities and towns, granting them the authority to enact laws, particularly those concerning land and related matters. City governments, as the closest local governance institutions to citizens, play a crucial role in providing essential services such as water and sanitation, affordable housing, public transport, and safety. Recognising this significance, the 74th Constitution Amendment Act (74th CAA) of 1992 directed states to promote decentralisation and embrace the subsidiarity principle, especially in matters of state finances, ensuring autonomy in expenditure management through State Finance Commissions (SFCs).

Furthermore, the 12th Schedule of the 74th CAA guides the devolution of 18 functions from states to city governments, emphasising the decentralisation of functions and duties. However, the actual devolution of functions to ULBs is at the discretion of state governments, leading to variations in implementation across states. Many state governments have included all the 18 functions by dividing them into (a) Obligatory functions and (b) Discretionary functions.

Even though the 74th CAA clearly mandated for democratic decentralisation through self-governing local authorities in urban areas, this did not result in a structural shift in the functioning of municipal corporations. A study conducted by the Reserve Bank of India (RBI) on municipal finance states that, out of the 18 functions listed in Schedule 12 of the 74th Amendment Act, 11 already formed a part of municipal functions, while the remaining functions can be traced back to either the state list or the concurrent list. In other words, the state governments still control the revenue sources of city governments, which affects efficient service delivery at the local level. Referring to this, the Hon'ble Prime Minister of India in the Chief Secretary's Conference on Urban Governance held at Dharamshala (July 2022) has advised the states/cities to put efforts towards increasing the share of municipal revenue to GDP.

## Fiscal Decentralisation ●●●

A significant development in municipal finance is fiscal decentralisation. It means the transfer of financial responsibility from the central and state governments to local governments, to enable local governments to deliver and fund an increasing number of services (UN Habitat, 2009). This devolution of fiscal responsibility to the local governments or the principle of fiscal decentralisation conforms to the generic assumption that the local authorities are the 'best to supply local public goods.' Article 243X of the Constitution entrusts state governments the power to impose taxes, duties, tolls, and fees and allows them to assign revenues from specific sources to local governments. Article 243Y assigns SFCs the task of reviewing and recommending the devolution of tax revenues and grants-in-aid to city governments. Effective devolution and transfer of revenue sources under these provisions has, however, been limited (RBI, 2022).

In many nations, the central and state governments have transferred responsibilities to local governments. This transfer is sometimes a component of broader fiscal decentralisation efforts, wherein the central or the state government delegates budgetary authority to local governments to make taxing and expenditure decisions. At the same time, in many cases, the authority to impose taxes is not included in the decentralisation process. In other instances, devolution has served as a means for higher levels of government to transfer their debt obligations onto municipalities by decreasing their transfers and pushing responsibilities downward (UN Habitat, 2009).

## Municipal Finances in Indian Cities ●●●

Due to limited sources of revenue generation, municipal corporations in India are largely dependent on grants from the central and state governments for meeting their expenditure needs (RBI, 2022). ULBs lack financial decision-making power as they need to follow the tax/user charge base rates set by the state government and cannot increase it. They also lack legislative powers in addition to lack of fiscal powers. This has constrained the scope of avenues of revenue for city governments. Therefore, it is imperative that city governments in India improve collection efficiencies in respect of property tax, user charges, lease rentals, advertisement tax, and parking charges (RBI, 2022).

In the absence of any significant policy measure to prop up collection efficiencies, municipal finance in Indian cities is showing a declining trend. The share of Municipal Own Source Revenue (MOSR) to GDP has declined from average 0.62% during 1997 to 0.43% in 2017-18. While the share of MOSR has been depressing, the share of State Transfer has increased from 0.26% to 0.33% of GDP during the same period, whereas of Central Transfer has dramatically increased from 0.025% to 0.12% of GDP (Joshi, 2023).

The Constitution of India does not specify the revenue base for local governments. The authority to determine their revenue base, including tax authority, tax base, tax rate setting, local tax autonomy, as well as grants-in-aid and other forms of transfers, lies with the state governments. Within this framework, state governments have delineated the taxes that local governments are permitted to levy and collect.

Goods and Service Tax (GST) was introduced in 2017 and has adversely affected the municipal finances at a structural level, leading to loss of municipal revenue. Prior to this, the Union, states, and local bodies had independent power of taxation, which was supported by devolution of funds and grants by the Union and states to city governments. In 2005, the Value Added Tax (VAT) was introduced as a comprehensive tax on domestic consumption of goods and services, but it did not subsume any local taxes.

However, the GST shared revenue between the Union and the state government which subsumed the power of local governments to raise their independent revenues (Mathur, 2022). GST subsumed local taxes such as Octroi including accounts-based Octroi in the form of local body tax, entry tax, and entertainment tax. In contrast, countries such as Brazil, South Africa, and Nigeria have provided their urban local government access to GST and income tax (Forum of Federations, 2024).

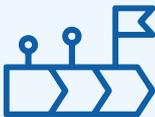
Studies by the High-Powered Expert Committee (HPEC) have brought out how Indian municipalities are under-spending in core infrastructure such as transport, water supply, sewerage, and drainage for decades, striking at the very root of the country's potential for economic growth and prosperity. Municipal expenditures are constrained by municipal revenues because the municipalities need to balance their budgets; thus, the actual municipal expenditure is lower than the required expenditure. Moreover, unlike the centre and the states, some Indian cities like Guwahati has made no distinction between revenue expenditure and capital expenditure at the urban local government level, perhaps because of an accounting convention or because their capital expenditure tends to be small. This is a serious problem considering the huge urban infrastructure deficit in Indian cities. (Ahluwalia, et al., 2019).

## 1.2. Objectives of the Proposed Work and Scope ● ● ●

The objectives of the proposed work and scope are:

- 

1 Review existing municipal finances of cities in India, identify gaps/challenges and opportunities, including the status of the implementation of the National Municipal Accounts Manual (NMAM).
- 

2 Develop strategies for augmenting revenues through rationalisation of property tax, user charges, exploring capital markets for financing city governments.
- 

3 Build city-specific road map for enhancing revenues, especially property taxes of city governments (for case study cities).

4



Develop standard operating procedures (SOPs) on municipal finance, based on national and international best practices.

5



Suggest training modules with a focus on augmenting own source revenue, accessing investments through capital markets.

Source: Compiled by study team

The primary objective of the study is to conduct a thorough study of the current situation of municipal finances in Indian cities. The study also aims to develop a strategic framework that would serve as a practical guide for Indian cities, providing insights into best practices and prospective avenues for financial growth. This study has done an in-depth analysis of four Indian cities, which will provide details on their current financial status and various components of municipal finance. The study has also identified the trends and gaps based on which it makes recommendations for augmenting/improving the municipal finances of these cities.

### 1.3. Approach and Methodology ● ● ●

The study methodology comprises three steps, as shown in Figure 1.

1



The approach of the study combines secondary research (literature review) and primary research (field surveys and stakeholder consultations) to understand urban governance challenges, validate findings, and develop a strategic framework that promotes financial sustainability and effective governance for cities.

2



Consultation with stakeholders at the city level to present the initial findings of the secondary research (literature survey) and primary research (field survey) and gather inputs/suggestions along with validation of the study findings.

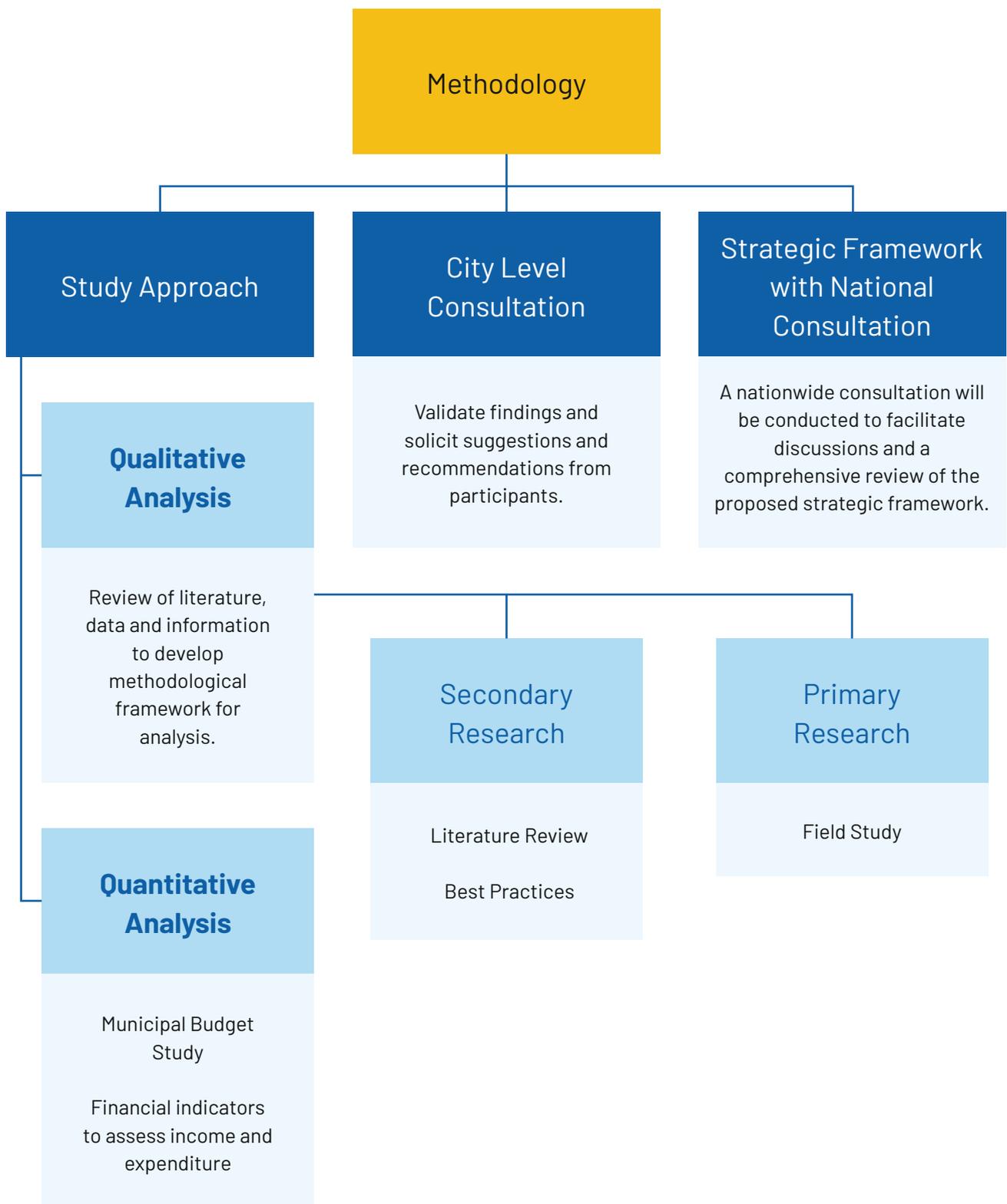
3



Based on the inferences from both the primary and secondary analysis, the draft strategic framework would be prepared and presented to the Project Steering Committee being constituted by the Ministry of Housing and Urban Affairs, Government of India, which then envisages to serve as a practical guide for the cities to follow.

Source: Compiled by study team

**Figure 1: Study Methodology**

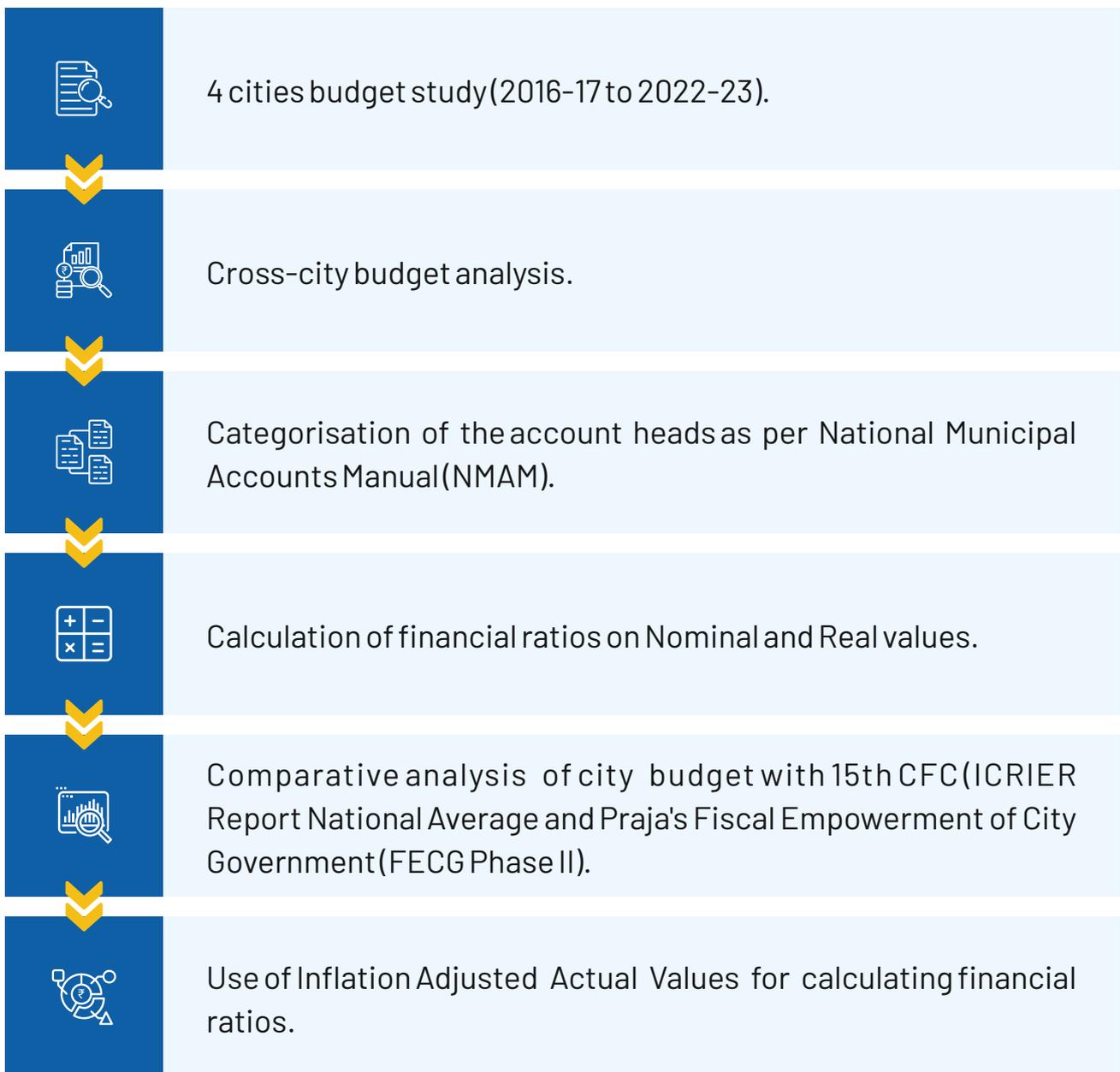


Source: Compiled by study team

The study approach consisted of both qualitative analysis and quantitative analysis. The qualitative analysis involved secondary research through various documents. It included secondary research on fiscal decentralisation, municipal finances in Indian cities, trends, review of articles, journals, reports and government websites, the respective Municipal Acts of the case study cities, municipal budget documents, audit reports, State Finance Commission (SFC) reports, Action Taken Report (ATR) among others. Analysis of these documents helped in developing meaningful insights into the day-to-day operations of the city government, current practices, trends, opportunities, challenges, and best practices, among other factors.

The qualitative analysis was strengthened with a questionnaire-based primary survey focused on the status of municipal finance, 'Gender equality' (SDG 5), and 'Climate change' (SDG 13) approaches being adopted by cities. In addition to this, several non-structured discussions were also organised with relevant stakeholders to gather inputs/insights on the subject. The quantitative analysis was done utilising the official budget documents of the four case study cities.

**Figure 2: Process adopted for budget analysis**



Source: Compiled by study team

**Figure 3: Process followed for the study**



**Document Review**

A desktop review of existing research papers from peer reviewed journals, government reports, documents including Municipal Budget books, the State Municipal Act, and other city-specific documents were done. The findings and analysis from the literature review were collated for preparing the framework of the proposed study.



**Discussions**

Interactive discussions were initiated, focusing on diverse themes within municipal finance, aimed at eliciting insights from city government stakeholders, experts, and women groups. These covered various thematic areas. The draft discussion points were shared with domain experts before finalisation.



**Existing Practices and Processes**

Existing municipal financial mechanisms followed by the cities were documented and innovative practices implemented by the cities were mapped during the study. Further, the financial ratios from the budget documents were calculated for understanding the municipal financial status.



**Financial Indicator Analysis**

The budget documents of 6 years were analysed to understand the fiscal health of the selected city governments. A list of indicators and parameters were finalised after discussion with the experts and women groups. Based on the finalised indicators, data entry, checking and analysis was carried out.

Source: Compiled by study team

The analysis of this data was challenging due to lack of uniformity in the budget data. For instance, in the budget preparation process under different heads, the nomenclature of account heads differed from city to city. To overcome this challenge, the rules defined under the NMAM was followed, which helped in categorising the account heads based on their nature and purpose.

**National Municipal Accounts Manual (NMAM) and need for updation**

NMAM, introduced in 2004, has played a pivotal role in standardising accounting practices across Urban Local Bodies (ULBs) in India. However, with emerging financing mechanisms such as Public-Private Partnerships (PPPs), climate finance, and municipal bonds, there is a need for updated guidelines. A revision of the NMAM would align it with recent mission like the AMRUT, Swachh Bharat Mission, etc, while also addressing regional variations in account nomenclature to ensure better data consistency. Moreover, incorporating sustainability parameters i.e. SDG-aligned goals—including sustainable infrastructure (Goal 11), gender equality (Goal 5), and access to basic services (Goal 6)—would enhance its relevance in today's context. A gender-responsive framework with dedicated account heads and disaggregated databases by gender, age, income, and other demographics is essential for transparency, supporting better tracking of women's participation in governance, access to urban services, and safety outcomes.

The budget data analysis carried out thereafter aimed to provide a holistic view of the financial health of municipal corporations by calculating the financial ratios on nominal values (actual budget values) and real values (inflation adjusted actual values). This comparison of data illustrates the real picture and status of growth in the cities. The financial values were adjusted to inflation using a GDP deflator (values taken from the Ministry of Statistics and Programme Implementation [MOSPI]) to limit the anomalies. Inflation adjusted actual values were then used to calculate such financial ratios as the annual growth, the percentage share to the total income and revenue income from FY 2016-17 to FY 2021-22 for all four cities. A total of 28 budget documents for six financial years were analysed for all four cities.

Consultations were conducted at the city level to share the preliminary results from both secondary and primary research. These discussions enabled stakeholders to provide feedback, offer suggestions, and validate the research findings, ensuring their relevance and accuracy. The findings of the same are discussed in detail in volume 2 of the report.

The functions performed by the ULBs as per the 12th Schedule of the 74th Constitutional Amendment Act (CAA) and the population of cities varied across the four cities; therefore, a financial cross-comparison among them was not possible as it would not have captured the true picture. For municipal revenue and expenditure analysis, each case study city has been compared with two other cities having similar level of devolution of 18 functions and population bracket (Table 1).

**Table 1: Details of population of the case study city and comparison cities**

Population bracket	Study City	List of comparison cities	
Above 30 lakh	<b>Ahmedabad</b>	Kolkata	Surat
	<b>Bengaluru</b>	Chennai	Hyderabad
10 to 30 lakh	<b>Raipur</b>	Bhopal	Ranchi
Below 10 lakh	<b>Guwahati</b>	Gandhinagar	Panaji

Source: Fiscal Empowerment of City Governments Report 2024

For comparison, the municipal budgets of the corresponding corporations were utilised:

- Ahmedabad (AMC) – Ahmedabad Municipal Corporation is compared with Kolkata (KMC) – Kolkata Municipal Corporation and Surat (SMC) – Surat Municipal Corporation.
- Bengaluru (BBMP) – Bruhat Bengaluru Mahanagara Palike is compared with Chennai (GCC) – Greater Chennai Corporation and Hyderabad (GHMC) – Greater Hyderabad Municipal Corporation.
- Raipur (RMC) – Raipur Municipal Corporation is compared with Bhopal (BhMC) – Bhopal Municipal Corporation and Ranchi (RaMC) – Ranchi Municipal Corporation.
- Guwahati (GMC) – Guwahati Municipal Corporation is compared with Gandhinagar (GaMC) – Gandhinagar Municipal Corporation and Panaji (PMC) – Panaji Municipal Corporation.

Among the devolved functions performed by the corporations, function 1 (Urban planning including town planning), function 2 (Regulation of land-use and construction of buildings), function 5 (Water supply for domestic, industrial and commercial purposes), function 6a (Public health, sanitation conservancy and function), and function 6b (Solid waste management) have been compared across the cities for analysis as major taxes collected by cities are for these functions.

**Table 2: Details of devolution of functions for study cities and comparison cities**

	1 Urban planning including town planning	2 Regulation of land-use and construction of buildings	5 Water supply for domestic, industrial and commercial purposes	6a Public health, sanitation conservancy	6b Solid waste management
<b>Ahmedabad (AMC)</b>	●	●	●	●	●
Kolkata (KMC)	●	●	●	●	●
Surat (SMC)	●	●	●	●	●
<b>Bengaluru (BBMP)</b>	●	●	●	●	●
Chennai (GCC)	●	●	●	●	●
Hyderabad (GHMC)	●	●	●	●	●
<b>Raipur (RMC)</b>	●	●	●	●	●
Bhopal (BhMC)	●	●	●	●	●
Ranchi (RaMC)	●	●	●	●	●
<b>Guwahati (GMC)</b>	●	●	●	●	●
Gandhinagar (GaMC)	●	●	●	●	●
Panaji (PMC)	●	●	●	●	●

Source: UGI Index 2024, Praja Foundation. Compiled by study team  
 Note: The highlighted cities are study cities

●  
State Govt.

●  
Functions under Multiple Agencies

●  
Functions under City Govt.

**Table 3: Functions performed by agencies across Cities**

Function: Urban Planning and Town Planning		
	<b>Ahmedabad</b>	AUDA, TPS, AMC
	<b>Bengaluru</b>	BDA, Town & Country Planning Department, BBMP
	<b>Guwahati</b>	GMDA
	<b>Raipur</b>	TCPD for Master Plan, RMC: Town Planning Section for implementation

Function: Regulation of Land-Use and Construction of Buildings		
	<b>Ahmedabad</b>	AUDA, TPS, AMC
	<b>Bengaluru</b>	BDA, Town & Country Planning Department, BBMP
	<b>Guwahati</b>	GMC Town Planning Branch and Enforcement Branch, GMDA
	<b>Raipur</b>	RMC: Town Planning Section for building permissions and demolitions, TCPD for land-use regulation, Chhattisgarh Housing Board for EWS/LIG housing

### Function: Water Supply (Domestic, Industrial, and Commercial)



<b>Ahmedabad</b>	GIDC, TPS, AUDA
<b>Bengaluru</b>	Bangalore Water Supply and Sewerage Board
<b>Guwahati</b>	GMC Water Works Branch, State Public Health Engineering Department, Assam Urban Water Supply and Sewerage Board
<b>Raipur</b>	Chhattisgarh State Industrial Development Corporation, RMC: Water Department

### Function: Public Health and Sanitation Conservancy



<b>Ahmedabad</b>	State Health and Family Welfare Department, AMC, Health, Water and Solid Waste Management Department
<b>Bengaluru</b>	Karnataka Health Department (Hospitals), BBMP Health Department (Primary Health Centers, Spraying, Fogging)
<b>Guwahati</b>	GMC: Health Branch, Garage Branch, Engineering Branch, State Public Health Engineering Department
<b>Raipur</b>	RMC (Hospitals, sewerage cleaning, drain cleaning), State Health Department

### Function: Solid Waste Management



<b>Ahmedabad</b>	AMC, Health and Solid Waste Management Department
<b>Bengaluru</b>	Bengaluru Solid Waste Management Limited (on behalf of BBMP)
<b>Guwahati</b>	GMC
<b>Raipur</b>	RMC: Solid Waste Management Department

Source: Compiled by study team

In Ahmedabad, the urban planning and town planning function and the function pertaining to the regulation of land-use and construction of buildings are performed by the Ahmedabad Urban Development Authority (AUDA), the Town Planning Scheme (TPS), and the Ahmedabad Municipal Corporation (AMC). The function dealing with the water supply for domestic, industrial and commercial purposes is performed by the Gujarat Industrial Development Corporation (GIDC), the TPS, and the AUDA. The function related to public health and sanitation conservancy is performed by multiple agencies, i.e., the State Health and Family Welfare Department, the AMC, and the Health, Water and Solid Waste Management Department. The solid waste management function is performed by the AMC and the Health and Solid Waste Management Department.

In Bengaluru, the urban planning and town planning function and the regulation of land-use and construction of buildings function are performed by the Bengaluru Development Authority (BDA), the Town & Country Planning Department, and the Bruhat Bengaluru Mahanagara Palike (BBMP). The function pertaining to the water supply for domestic, industrial, and commercial purposes is performed by the Bangalore Water Supply and Sewerage Board. The Public health and sanitation conservancy is performed by multiple agencies, i.e., hospitals by the Health Department (Karnataka Govt.), primary health centres; spraying and fogging by the BBMP Health Department. The Solid waste management function is performed by the Bengaluru Solid Waste Management Limited, working on behalf of the BBMP.

In Guwahati, the urban planning and town planning function is performed by the Guwahati Metropolitan Development Authority (GMDA). The function related to the regulation of land-use and construction of buildings is performed by the Guwahati Municipal Corporation (GMC), Town Planning Branch and Enforcement Branch, Guwahati Metropolitan Development Authority. The water supply for domestic, industrial and commercial purpose's function is performed by the GMC Water Works Branch, the State Public Health Engineering Department, and the Assam Urban Water Supply and Sewerage Board. Public health and sanitation conservancy function is performed by multiple agencies, i.e., the GMC - Health Branch, Garage Branch and Engineering Branch, and the State Public Health Engineering Department. The Solid waste management function is performed by the GMC.

In Raipur, urban planning and town planning functions are overseen by the Town and Country Planning Department (TCPD), with implementation handled by the Town Planning Section of the Raipur Municipal Corporation (RMC). The regulation of land use and construction of buildings involves the Town Planning Section of the RMC for building permissions and demolitions, TCPD for land-use regulation, and the Chhattisgarh Housing Board for EWS (Economically Weaker Sections) and LIG (Low-Income Group) housing. Water supply for domestic, industrial, and commercial purposes is managed by the State Government, Chhattisgarh State Industrial Development Corporation, and RMC Water Department. Public health and sanitation functions are shared among multiple agencies: hospitals are managed by the RMC and the State Health Department, sewerage systems are maintained by the RMC Health Department, and cleaning of drains is handled by the RMC. Solid waste management is the responsibility of the Solid Waste Management Department of the RMC.

## 1.4. City Profiles ● ● ●

For a comprehensive understanding of the status of municipal finances, four cities – Ahmedabad, Bengaluru, Guwahati and Raipur – were selected in consultation with the Ministry of Housing and Urban Affairs (MoHUA). The cities represented varied geographic regions of India and have different socio-economic set-up.

**Figure 4: Map showing the four cities selected for the study, i.e., Ahmedabad, Bengaluru, Guwahati, and Raipur**



**Table 4: Details of all the four case study cities (Municipal Corporations)**

Basic statistics of the four case study cities (Municipal Corporation)			
Name of the city corporation			
Ahmedabad Municipal Corporation (AMC)	Bruhat Bengaluru Mahanagara Palike (BBMP)	Guwahati Municipal Corporation (GMC)	Raipur Municipal Corporation (RMC)
Population			
55,77,940 (Census 2011)	84,43,675 (Census 2011)	9,57,352 (Census 2011)	10,10,087 (Census 2011)
79,22,000 (current estimated)	11,993,000 (current estimated)	13,58,000 (current estimated)	14,33,000 (current estimated)
No. of municipal wards and administrative zones			
48 wards (7 zones)	198 wards (8 zones)	60 wards (6 zones)	70 wards (10 zones)
Term duration of current elected representatives			
2021-26	Not Available	2022-27	2020-25
No. of councillors/ councillors-elected			
192	198 (Elections are due)	60	70
No. of councillors/ councillors-nominated (if not actual, based on Act)			
Not Available	Not Available	2	10 Elderman
No. of sanctioned vs filled posts			
Sanctioned posts -39,210,	Sanctioned posts-12,923,	Sanctioned posts -2,644,	Sanctioned posts - 1,823,
Filled posts - 23,106,	Filled posts - 6,818,	Filled posts - 997,	Filled posts -1,397,
Vacant posts - 16,104,	Vacant posts - 6,105,	On Contract - 1,281,	Vacant posts - 426,
Vacancy % - 41.07	Vacancy % - 47.24	Vacant posts - 366,	Vacancy % - 23.37
		Vacancy % - 13.84,	
		Vacancy without contract - 62.29%	
		Women working - 254	
Finance Department Human Resource Data			
Not Available	Sanctioned -1,374	Sanctioned - 105	Sanctioned - 266
	Vacant - 346	Vacant - 57	Vacant - 127
	Vacancy % - 25.18	Vacancy % - 54.29	Vacancy % - 47.6
Credit Rating			
CRISIL AA+/Stable ( By CRISIL) in 2024	[ICRA]B+ (February 2024)	'IND BB' by Ind-Ra (2014)	I R triple B plus (ICRA - 2016)

## Basic statistics of the four case study cities (Municipal Corporation)

Name of the city corporation			
Ahmedabad Municipal Corporation (AMC)	Bruhat Bengaluru Mahanagara Palike (BBMP)	Guwahati Municipal Corporation (GMC)	Raipur Municipal Corporation (RMC)
Schedule of council meetings (weekly, monthly)			
Corporation meets once per month; Special Committee meets once in fortnight; Standing Committee meets once a week.  The Gujarat Provincial Municipal Corporations Act, 1949	The Corporation shall meet at least once in every month.  The Bruhat Bengaluru Mahanagara Palike Act, 2020 Elections are due in BBMP.	The Corporation shall meet at least once in three months.  The Guwahati Municipal Corporation Act, 1971.	The Corporation shall meet at least once in every two months and every committee shall meet at least once in every month for the transaction of its business.  Chhattisgarh Municipal Corporation Act, 1956.
If Smart city, is there an SPV in place?			
Yes  Smart City Ahmedabad Development Limited (SCADL)	Yes  Bengaluru Smart City Limited	Yes  Guwahati Smart City Limited	Yes  Raipur Smart City Limited.
Have ward/s committees been created?			
Yes	Not Available	Not constituted	Not constituted

Source: Current Estimated population - <https://www.census2011.co.in/census/city/>, Compiled by study team

\* HR Data: As per data collected during Field Visit in March 2024

## Budget Preparation Process ●●●

The budget preparation process of each city is discussed in Table 5.

**Table 5: Budget Preparation process**

Ahmedabad Municipal Corporation (AMC)	Bruhat Bengaluru Mahanagara Palike (BBMP)	Guwahati Municipal Corporation (GMC)	Raipur Municipal Corporation (RMC)
<b>Budget prepared by</b>			
Preparation of zone-wise budget estimates by Zonal commissioners by 30th November.	Preparation of zone-wise budget by Zonal commissioners	Preparation of department-wise budget by the Head of the Department by November-December	Preparation of department-wise budget by the Head of the Department.
<b>Submission of budget</b>			
Estimates of income and expenditure to be prepared annually by Commissioner by 1st week of January.	Submission of zone-wise budget to Commissioner	Compilation of budget for review by Municipal Commissioner before 15th December.	Submission of the department-wise budget to the Commissioner by 30th November.
<b>Review and revisions</b>			
Standing committee considers budget estimates, or revise it and lay before the corporation within 15 days from the date of submission by the commissioner.	Standing committee for taxation and finance shall appeal for the estimates and proposals by the Commissioner by 15th January.	Budget finalisation by Municipal Commissioner for placing before the Mayor-in-Council (MIC) for approval by 15th February.	Submission of budget by the Commissioner to the Mayor-in-Council (MIC) for review and revision by 15th January.
<b>Approval of budget</b>			
Standing committee chairperson presents the budget in the Corporation/house for approval by the 3rd week of February	After passing the budget, a copy is submitted to the Government by 1st February.	Budget estimates prepared and approved by the MIC laid before the Corporation by 15th March.	Reconsideration of the budget estimate to the MIC for approval by 15th February.
<b>Final adoption of estimates</b>			
Final adoption of budget estimate by the corporation by Thirty-first day of March	Final adoption of budget estimate by the Corporation by the 1st week of March.	Final adoption of budget estimate by the Corporation by 31st March.	Final adoption of the budget estimate by the Corporation by 31st March.

Source: Compiled by study team

- In all the four corporations, the budget is submitted to the municipal commissioner for review.
- After the submission by the commissioner, in Ahmedabad and Bengaluru, it is laid before the Standing Committee; in Guwahati and Raipur, it is laid before the Mayor-in-Council for review and revision.
- In all the four corporations, the revised and reviewed budget is laid before the corporation for final approval and adoption.

The process is purely administrative with minimal direct public consultation. Incorporating participatory budgeting at various stages could ensure better alignment with citizen needs and enhance transparency. This structured process typically takes 4–6 months from initiation to final publication. To make it more participatory, municipalities could introduce citizen consultations or public hearings, ensuring that community priorities influence budget allocations.

## Data Availability ●●●

Budget documents and audit reports carry critical data with respect to municipal finance of a city. They are further used to analyse the budget and generate financial ratios, which help to understand the status of growth of the city governments at different levels. This data can then help to study various factors affecting the finances of the city. Therefore, the availability of such data documents in the public domain assumes enormous importance, especially from the transparency perspective. Tables 6 and 7 give details on the parameter of ‘data availability’.

**Table 6: Availability of Budget Documents**

State	City	Budget documents available on the corporation website						
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Gujarat	Ahmedabad	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Karnataka	Bengaluru	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assam	Guwahati	Yes	No	No	No	No	No	No
Chhattisgarh	Raipur	Yes	Yes	Yes	Yes	Yes	Yes	No

Source: Fiscal Empowerment of City Governments Report 2024

**Table 7: Availability of Audit Reports**

State	Cities	Audit reports available on the corporation website					
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Gujarat	Ahmedabad	No	Yes	Yes	Yes	Yes	Yes
Karnataka	Bengaluru	No	No	Yes	Yes	No	No
Assam	Guwahati	No	No	No	No	No	No
Chhattisgarh	Raipur	No	No	Yes	Yes	No	No

Source: Fiscal Empowerment of City Governments Report 2024

- Ahmedabad Municipal Corporation has published budget documents in Gujarati language starting from FY 2013-2014 while audit reports are available from FY 2018-19 to FY 2022-23 on its website.
- Bruhat Bengaluru Mahanagar Palike has published budget documents in Kannada language from FY 2009 to 2020 and audit report are only available for two years i.e. FY 2019-20 and FY 2020-21 on the website.

- Guwahati Municipal Corporation has published budget document in English language only for FY 2015-16 and FY 2017-18 but no audit reports are published on the city government’s website.
- Raipur Municipal Corporation has published budget documents in Hindi language from FY 2013-14 to FY 2022-23 while audit reports are published only for four years, i.e. FY 2012-13, FY 2013-14, FY 2019-20 and FY 2020-21.

**Table 8: Details of Types of Budgets**

State	City	Does the city government publish the following budgets:				
		Outcome	Gender	Poverty	Ward	Climate
Gujarat	Ahmedabad	No	Yes	Yes	Yes	Yes
Karnataka	Bengaluru	No	Yes	Yes	No	Yes
Assam	Guwahati	No	No	No	No	No
Chhattisgarh	Raipur	No	Yes	Yes	Yes	No

Source: Fiscal Empowerment of City Governments Report 2024

- None of the four city governments publish the outcome budget. Without an outcome budget, municipalities struggle to track the effectiveness of public spending, leading to inefficiencies and unaccountable resource use. This limits transparency, delays improvements in public services and compromises long-term planning to meet community needs.
- Only Guwahati does not include section for gender budget in its municipal budget.
- The municipal budgets of Ahmedabad, Bengaluru, and Raipur have a section for urban poverty alleviation. Guwahati’s budget does not include any provisions for urban poverty alleviation.
- Ahmedabad and Raipur municipal budgets have a section for ward-wise budget.
- Ahmedabad municipal budget includes a section for climate budget and Bengaluru municipal budget includes climate budget under the Urban Forestry and Horticulture budget head.

The absence of an outcome budget in all four city governments limits their capacity to measure the effectiveness of public spending, improve transparency, and enhance service delivery. Gender budgeting, a critical tool for addressing systemic inequalities, is largely neglected, as seen in Guwahati. On the other hand, cities like Ahmedabad and Bengaluru have introduced measures for urban poverty alleviation, climate action, and ward-level budgeting, demonstrating the value of localised and thematic financial strategies. Embracing outcome-based, gender-responsive, and climate-inclusive budgeting can promote transparency, equity, and sustainable development, aligning city budgets with both community needs and long-term urban goals.

## Governance Indicators ●●●

The introduction of the third tier of government is targeted towards establishing decentralised governance mechanism at the grass-roots level. Article 243X of the 74th CAA, 1992 recommended state governments to transfer powers to the city governments to assign and levy taxes and charges. The city governments are entrusted to provide services to the residents reinforcing the need to ensure their self-sustainability and independence in functioning. The key indicators assessed are (a) devolution of powers, (b) systemic fiscal transfers, and (c) transparency and accountability.

## Devolution of Fiscal Powers ● ● ●

**Table 9: Details of Devolution of Fiscal Powers to the city corporations by the state government**

State	City	Does the city government hold independent authority to		
		Introduce new taxes/charges as per State Municipal Act	Revise the tax rates/charges	Allocate its financial resources and approve budget
Gujarat	Ahmedabad	Yes	Yes	Yes
Karnataka	Bengaluru	Yes	Yes	No
Assam	Guwahati	No	No	Yes
Chhattisgarh	Raipur	Yes	No	No

Source: Fiscal Empowerment of City Governments Report 2024

Among the four cities, Ahmedabad Municipal Corporation has the maximum level of devolution of powers, which led to independence in terms of introducing new tax/charges, revise tax rates, charges and autonomy to approve the budget.

- Other than Guwahati, all the other three cities can independently introduce new taxes/charges.
- Ahmedabad and Bengaluru have independent authority to revise the tax rates/charges as per the assigned list in the Municipal Act.
- Only Ahmedabad and Guwahati have independent authority to allocate its financial resources and approve budget.

## Systemic Fiscal Transfers ● ● ●

As for systemic fiscal transfers, the latest State Finance Commission (SFC) and Action Taken Report (ATR) were studied for all four corporations and their availability were analysed.

**Table 10: Details of availability of SFC and ATR of the corporation**

State	City	Latest SFC report published on official website	Action Taken Report (ATR) of Latest SFC report published on official website
Gujarat	Ahmedabad	Not available	Not available
Karnataka	Bengaluru	5th SFC (2024-2025)	Not available
Assam	Guwahati	6th SFC (2020-2025)	5th ATR (2016-2020)
Chhattisgarh	Raipur	3rd SFC (2017-2022)	3rd ATR (2017-2022)

Source: Fiscal Empowerment of City Governments Report 2024

- Data for SFC and ATR are not available for Ahmedabad (Gujarat) as the state governments has recently constituted 4th SFC (4th November 2024) and for Bengaluru (Karnataka) the state government has not published ATR.

- Guwahati (Assam) and Raipur (Chhattisgarh) have published their respective latest SFC and ATR report on the official website.

## Financial Transparency and Accountability ●●●

Financial transparency and accountability are key governance parameter. Table 11 informs on the types of budgets being published by the four cities.

**Table 11: Details of Financial Transparency and Accountability of the corporations**

Gujarat	Karnataka	Assam	Chhattisgarh
Ahmedabad (AMC)	Bengaluru (BBMP)	Guwahati (GMC)	Raipur (RMC)
<b>State Municipal Act makes it mandatory to publish the budget and accounts</b>			
No	Yes	No	Yes
<b>State Municipal Act has the provision for the external audit of municipal accounts</b>			
Yes	Yes	Yes	Yes
<b>City Government publishes its Credit Rating on the website</b>			
No	No	No	Yes
<b>Contracts and tenders dealt by city governments published on the website</b>			
Yes	Yes	Yes	Yes

Source: Compiled by study team

## 1.5. Conclusion ●●●

Cities are drivers of Indian economy. They require sustainable financial support from state and central governments along with fiscal decentralisation. The case study of four cities representing varied geographical regions – Ahmedabad, Bengaluru, Guwahati, and Raipur – provide analysis and details on current financial practices, status of devolution of 74th CAA and the opportunities around the same. Analysis of Municipal Acts, budget documents, audit reports, SFC reports, and ATR provided details of current practices, trends, opportunities, challenges, and good practices in the four cities.

Praja Foundation conducted an Urban Governance Index study in 2024 around the same context. The study discussed the extent of decentralisation of the urban governance framework and the associated devolution of powers to the city governments across states in the country. This study gives details on the financial powers of the city government of the four selected case study cities. Below are the key points that case study cities shall follow along with way forward for their governance structure.

### Ahmedabad

- To improve the urban governance structure, Gujarat needs to ensure that the Mayor has a term (currently set at one year) that is co-terminus with that of the city government, as this allows for execution of envisioned projects and ultimately fulfilment of citizens' mandate.
- The council should have independent authority to frame byelaws and regulations for functions under the city government.

### **Bengaluru**

- To improve the urban governance structure, Karnataka needs to ensure that the Mayoral term (currently set at one year) is co-terminus with that of the city government for synchronised development goals.
- To improve fiscal empowerment of the city government, Karnataka should empower its city government to approve their own budget.

### **Guwahati**

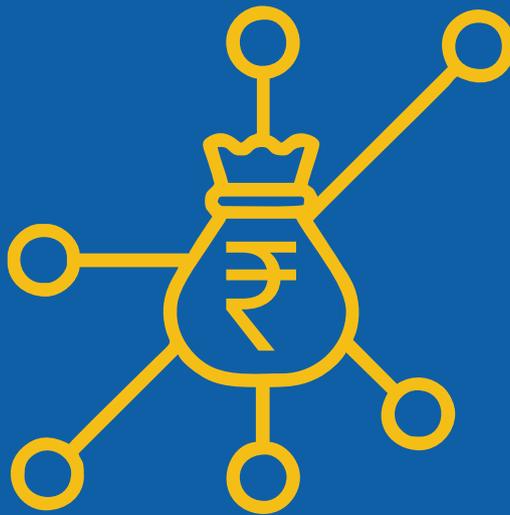
- To improve the urban governance structure of GMC, the state needs to focus more on empowering the city administration by devolving sanctioning authority, ensuring regular training for officials, and devolution of functions to the city government.
- The GMC also needs to establish open data portal and city government's Active Grievance Redressal Mechanism with centralised system where citizens can close the complaints.
- The GMC should prioritise formalising contractual positions, as more than 60% of these roles currently remain unfilled. The absence of skilled human resources poses a significant constraint to achieving long-term systemic reforms. GMC launched 'Poura Sakhi 2.0,' a women-led initiative. The programme enhances women's participation in urban governance, focusing on sanitation, waste management, and community engagement, aiming to improve service delivery and promote inclusive development. To strengthen it further, GMC should institutionalise 'Poura Sakhis' through staff selection reforms and policy changes. Given its role in improving property tax collection, the initiative should be continued and expanded for other urban functions.

### **Raipur**

- To improve the urban governance structure further, the city administration should have the sanctioning authority for recruitments, less vacancy rate in the city administration, provision for training of officials and all 18 functions listed under the 12th Schedule of 74th CAA devolved to the city government.
- City administrations in Chhattisgarh should be empowered by granting them the authority to approve recruitment and ensuring that employees receive regular training.

## Chapter 2

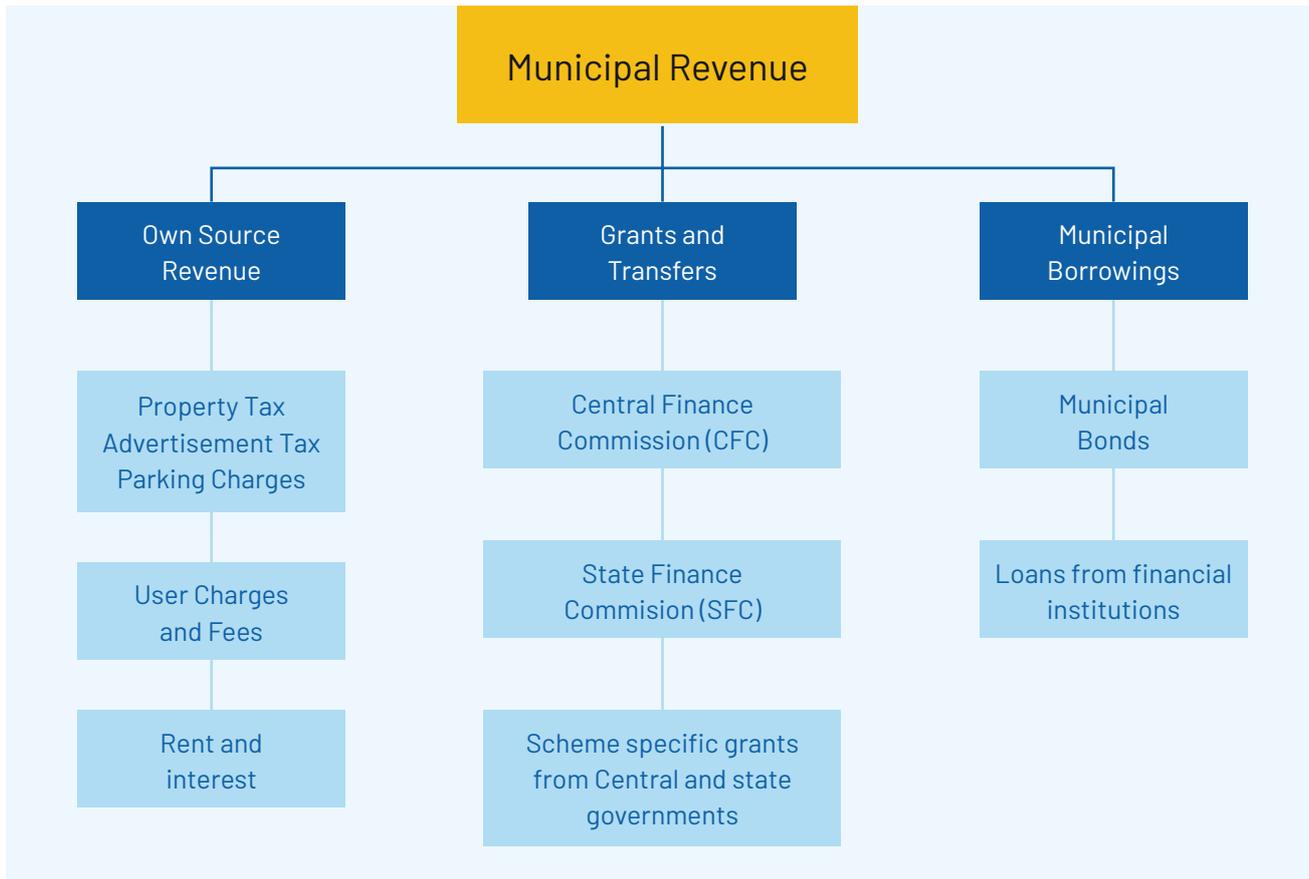
# MUNICIPAL REVENUE



Municipal finance is the backbone of local governance, enabling municipalities to provide essential services and invest in infrastructure. It has various sources like revenue generation through taxes, user fees, and intergovernmental transfers, along with market borrowings and private sector partnerships to fund infrastructure. A strong financial management system with transparency and citizen participation are critical for local governments to function effectively.

## Sources of Municipal Revenue ●●●

**Figure 5: Municipal Revenue Sources**



Source: Budget Documents compiled by study team

Due to limited sources of revenue generation, municipal corporations in India are largely dependent on grants from the central and state governments to meet their expenditure needs (RBI, 2022). The lack of financial decision-making power has constrained the scope of avenues of revenue for city governments. Therefore, it is imperative that city governments in India improve collection efficiencies in respect of property tax, user charges, lease rentals, advertisement tax and parking charges (RBI, 2022).

In the absence of any significant policy measure to prop up collection efficiencies, municipal finance in Indian cities is showing a declining trend. The share of Municipal Own Source Revenue (MOSR) to GDP has declined from an average 0.62% during 1997 to 0.43% in 2017-18. While the share of MOSR has been depressing, the share of State Transfer has increased from 0.26% to 0.33% of GDP during the same period, whereas of Central Transfer has dramatically increased from 0.025% to 0.12% of GDP (Joshi, 2023).

The Constitution of India does not specify the revenue base for local governments. The authority to determine their revenue base, including tax authority, tax base, tax rate setting, local tax autonomy, as well as grants-in-aid and other forms of transfers, lies with the state governments. Within this framework, state governments have delineated the taxes that local governments are permitted to levy and collect.

## Role of CFC and SFC in Municipal Finance in Indian Cities ●●●

The CFC and SFCs play a crucial role in strengthening municipal finance in India. While the CFC provides broader, national-level support and incentives for municipalities, the SFC focuses on state-specific issues and ensures a more localised approach to resource allocation. Together, they aim to improve the fiscal health, autonomy, and governance of municipalities, thereby contributing to sustainable urban development.

**Table 12: Difference between CFC and SFC**

Aspect	Central Finance Commission (CFC)	State Finance Commission (SFC)
Constitutional Basis	Article 280 of the Indian Constitution	Article 243-I of the Indian Constitution
Established By	President of India every 5 years	Governor of the respective State every 5 years
Primary Focus	Distribution of financial resources between Union and States; supports municipalities	Distribution of State revenues between State and local bodies, including municipalities
Scope of Recommendations	National level; covers all States and Union Territories	State-specific; tailored to the financial needs of municipalities within that State
Allocation of Grants	Provides grants-in-aid to municipalities to enhance their revenue and infrastructure	Recommends grants-in-aid from State resources to municipalities for various needs
Revenue Enhancement	Incentivises municipalities to improve revenue generation (e.g., property taxes, user charges)	Identifies new revenue sources for municipalities; suggests tax and fee reforms
Promoting Fiscal Discipline	Encourages fiscal responsibility through performance-based grants	Recommends measures to strengthen financial management and accountability of municipalities
Support for Urban Governance	Supports capacity building, digitalisation, and governance reforms in municipalities	Focuses on local administrative efficiency, governance improvements, and capacity building
Addressing Disparities	Provides resources to reduce disparities between urban and rural local bodies	Ensures equitable distribution of State resources among municipalities, especially in underserved areas
Monitoring and Accountability	Promotes transparency and better financial practices through conditional grants	Recommends improved financial reporting, auditing, and accountability measures for municipalities

Source 1: SFC & CFC website- <https://fincomindia.nic.in/archive/ShowContentOne.aspx?id=16&Section=1> <https://fincomindia.nic.in/>

The table highlights the distinct but complementary roles of the CFC and SFC, with the CFC addressing national-level fiscal redistribution and the SFC focusing on state-specific financial needs, thus enabling localised governance and fiscal autonomy for municipalities.

The ATR serves as a critical document detailing the steps taken in response to prior assessments or recommendations. As discussed in Table 10, data for SFC and ATR are not available for Ahmedabad (Gujarat) as the state government has recently constituted 4th SFC (4th November 2024) and for Bengaluru (Karnataka) the state government has not published ATR, and Guwahati (Assam) and Raipur (Chhattisgarh) have published their respective latest SFC and ATR report on the official website.

The Fifth ATR for Guwahati outlines the city's targeted efforts to address pressing urban challenges, including traffic congestion, waste management, and insufficient public infrastructure. Key measures highlighted in the report include the establishment of digital platforms for grievance redressal and the adoption of e-governance tools to enhance transparency and citizen participation in governance. These initiatives aim to streamline public service delivery and strengthen governance mechanisms, reflecting a proactive approach to urban development. Similarly, the 3rd ATR for Raipur highlights the progress in critical sectors such as water supply, sanitation, and housing, with notable achievements like the expansion of piped water networks and the construction of affordable housing for economically weaker sections.

Sustainable urban development requires initiatives like solar energy projects and improved waste segregation practices. However, cities such as Ahmedabad and Bengaluru face challenges in financial governance due to delays in implementing recommendations from SFCs. Gujarat recently established its 4th SFC, while Karnataka is operating under its 5th SFC, yet the delay in actionable outcomes hinders equitable resource allocation and structured financial planning. In contrast, cities like Guwahati and Raipur have demonstrated strategic urban governance through timely adoption of SFC recommendations. Ensuring timely implementation of these mechanisms in all states is critical for addressing infrastructure gaps and meeting the demands of growing urban populations.

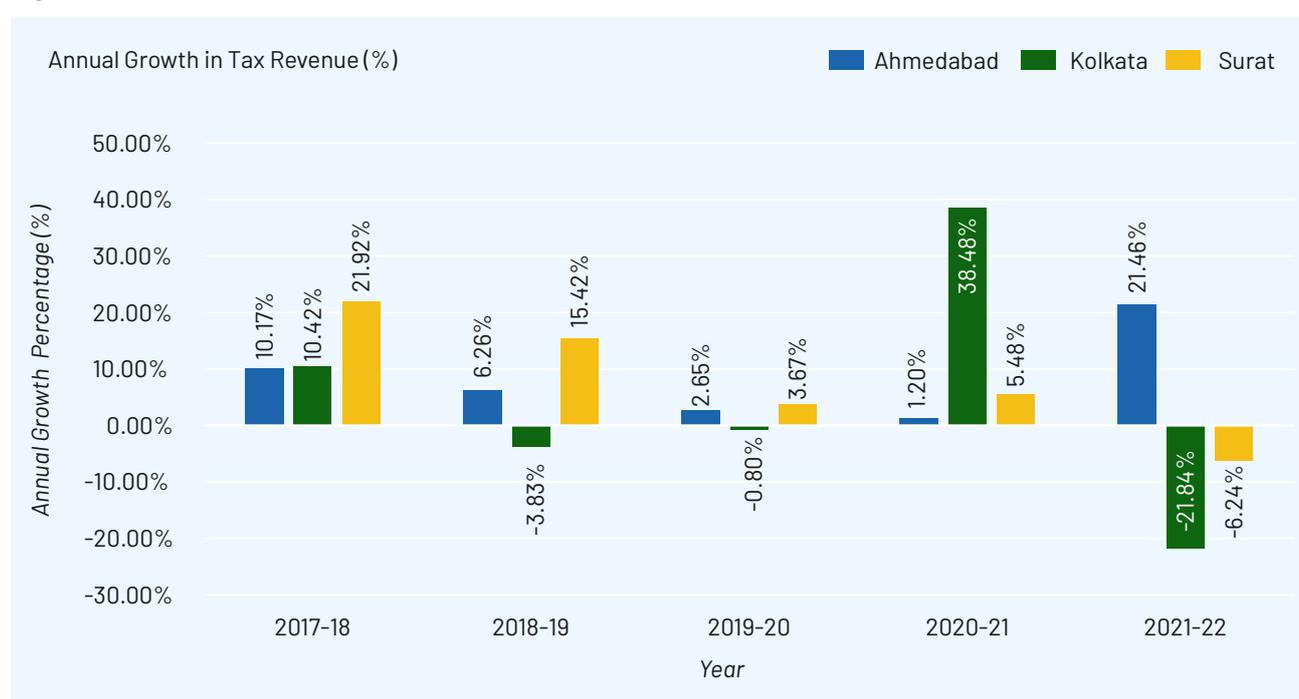
## 2.1 Municipal Revenue ●●●

### Tax Revenue ●●●

Tax revenue includes property tax, user charges (such as fees for water supply, sewage, and waste management), stamp duty and registration fees, entertainment tax, advertisement tax, and trade and professional taxes. Property tax is one of the primary sources of revenue for municipalities, followed by user charges for essential services. Entertainment and advertisement taxes contribute to local finances, while trade taxes are levied on businesses operating within municipal areas.

#### AHMEDABAD

**Figure 6: Annual Growth in Tax Revenue (%) of Ahmedabad, Kolkata, and Surat**



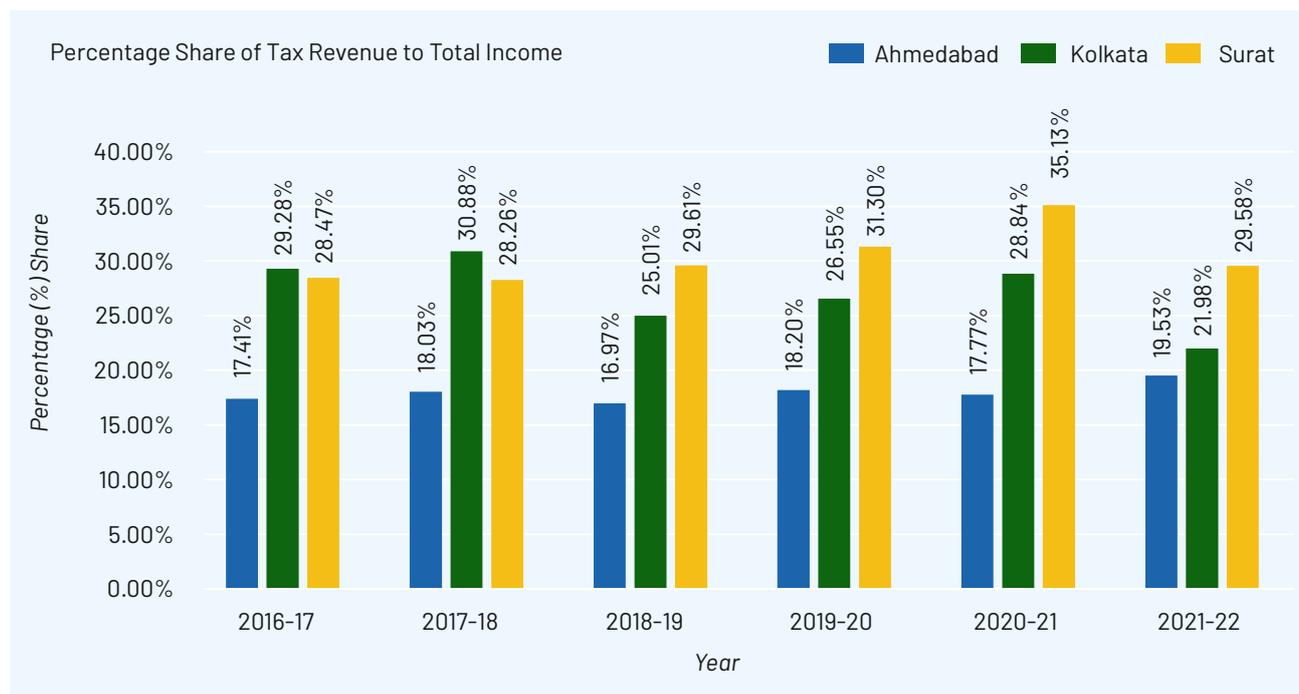
**Table 13: Annual Growth in Tax Revenue (%) of Ahmedabad, Kolkata, and Surat**

Annual Growth in Tax Revenue (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Ahmedabad (AMC)</b>	<b>10.17%</b>	<b>6.26%</b>	<b>2.65%</b>	<b>1.20%</b>	<b>21.46%</b>	<b>8.35%</b>
Kolkata (KMC)	10.42%	-3.83%	-0.80%	38.48%	-21.84%	4.49%
Surat (SMC)	21.92%	15.42%	3.67%	5.48%	-6.24%	8.05%

The Annual Growth of Tax Revenue of Ahmedabad during FY 2017-18 to FY 2021-22 is 8.35%, which is nearly double that of Kolkata (4.49%). The steep growth of 21.46% recorded in FY 2021-22 was due to the high revenue generated from the collection of increased Property Tax, Vehicle Tax, and Water Tax.

The CAGR for all ULBs for the period 2012-17 was 8.93% (ICRIER, 2019). AMC is performing better in tax revenue growth as compared to the national average.

**Figure 7: Percentage Share of Tax Revenue to Total Income of Ahmedabad, Kolkata and Surat**



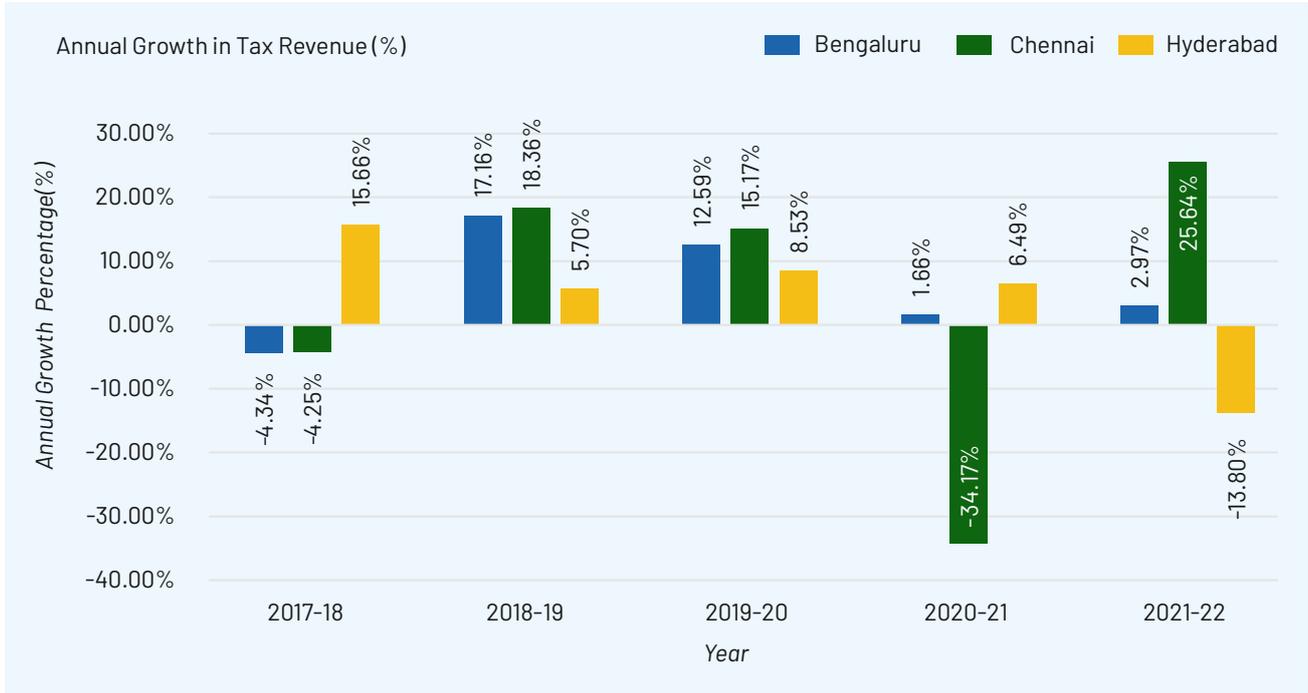
**Table 14: Percentage Share of Tax Revenue to Total Income of Ahmedabad, Kolkata, and Surat**

Percentage Share of Tax Revenue to Total Income	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Ahmedabad (AMC)</b>	<b>17.41%</b>	<b>18.03%</b>	<b>16.97%</b>	<b>18.20%</b>	<b>17.77%</b>	<b>19.53%</b>	<b>17.98%</b>
Kolkata (KMC)	29.28%	30.88%	25.01%	26.55%	28.84%	21.98%	27.09%
Surat (SMC)	28.47%	28.26%	29.61%	31.30%	35.13%	29.58%	30.39%

The Average Percentage Share of Tax Revenue to the Total Income of Ahmedabad for FY 2016-17 to FY 2021-22 of Ahmedabad is 17.98%, which is lower than that of Kolkata (27.09%) and Surat (30.39%). AMC has a low percentage share of tax revenue as Kolkata and Surat have a larger share of non-tax revenues through user charges and other sources.

The average tax revenue percentage share to total income for six years is 17.98%, which is lower than the percentage share of tax revenue to all ULBs during 2012-17 at 25% (ICRIER, 2019). Hence, the tax revenue contributes less to AMC's total income as compared to the national average.

**Figure 8: Annual Growth in Tax Revenue (%) of Bengaluru, Chennai, and Hyderabad**



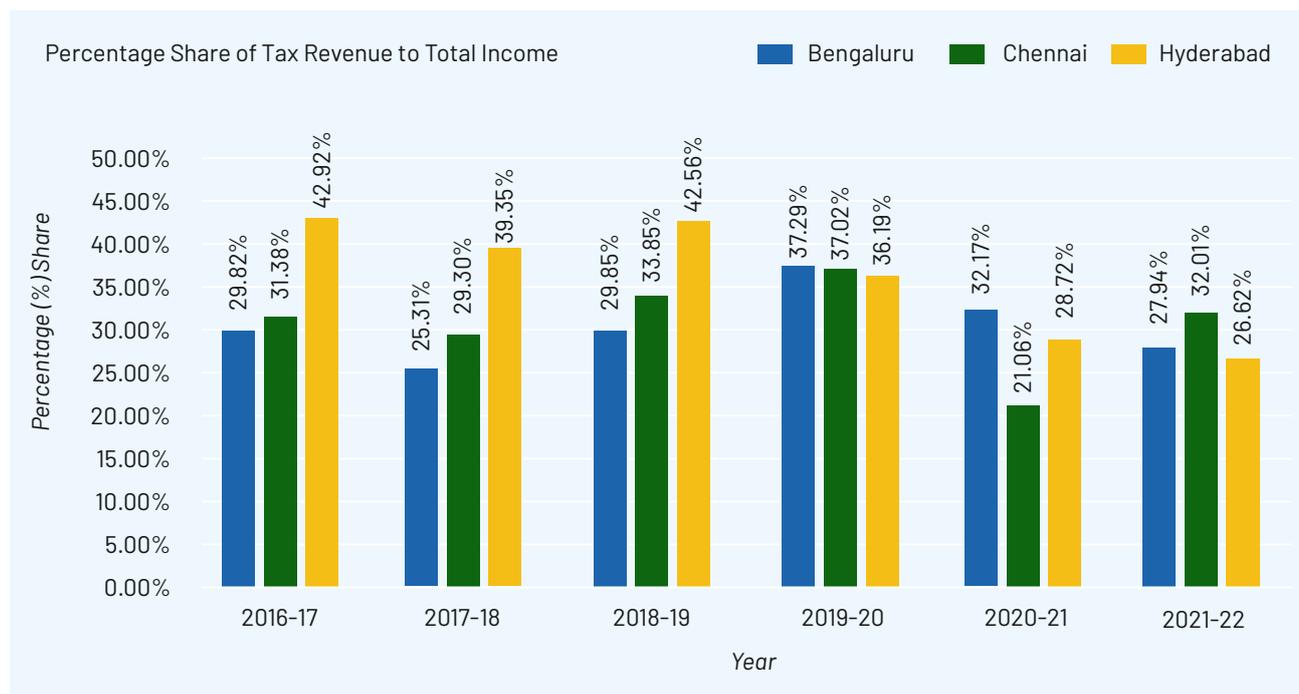
**Table 15: Annual Growth in Tax Revenue (%) of Bengaluru, Chennai, and Hyderabad**

Annual Growth in Tax Revenue (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Bengaluru (BBMP)</b>	<b>-4.34%</b>	<b>17.16%</b>	<b>12.59%</b>	<b>1.66%</b>	<b>2.97%</b>	<b>6.01%</b>
Chennai (GCC)	-4.25%	18.36%	15.17%	-34.17%	25.64%	4.15%
Hyderabad (GHMC)	15.66%	5.70%	8.53%	6.49%	-13.80%	4.52%

The Annual Growth of Tax Revenue of Bengaluru for FY 2017-18 to FY 2021-22 is 6.01%, which is higher than that of Chennai (4.15%) and Hyderabad (4.52%). BBMP's average tax revenue growth is lower than the national ULB CAGR of 8.93%, indicating BBMP's slower tax revenue growth compared to the national average.

The steep positive annual growth of tax revenue of 17.16% recorded in FY 2018-19 was due to the high revenue generated from penalties and fines on Property Tax and Katha Transfer fee. It declined to 2.97% in FY 2021-22 as the growth rate returned to the base year continuing the previous trend.

**Figure 9: Percentage Share of Tax Revenue to Total Income of Bengaluru, Chennai, and Hyderabad**



**Table 16: Percentage Share of Tax Revenue to Total Income of Bengaluru, Chennai, and Hyderabad**

Percentage Share of Tax Revenue to Total Income	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Bengaluru (BBMP)</b>	<b>29.82%</b>	<b>25.31%</b>	<b>29.85%</b>	<b>37.29%</b>	<b>32.17%</b>	<b>27.94%</b>	<b>30.40%</b>
Chennai (GCC)	31.38%	29.30%	33.85%	37.02%	21.06%	32.01%	30.77%
Hyderabad (GHMC)	42.92%	39.35%	42.56%	36.19%	28.72%	26.62%	36.06%

The Average Percentage Share of Tax Revenue to Total Income for FY 2016-17 to FY 2021-22 of Bengaluru is 30.40%, which is slightly lower than that of Chennai (30.77%) and Hyderabad (36.06%). BBMP has a low percentage share of tax revenue to total income as compared to that of Hyderabad. BBMP's average percentage share of tax revenue to total income exceeds the 25% national average for ULBs, indicating BBMP has higher percentage share of tax revenue to its total income than the national average.

**Figure 10: Annual Growth in Tax Revenue (%) of Guwahati, Gandhinagar, and Panaji**



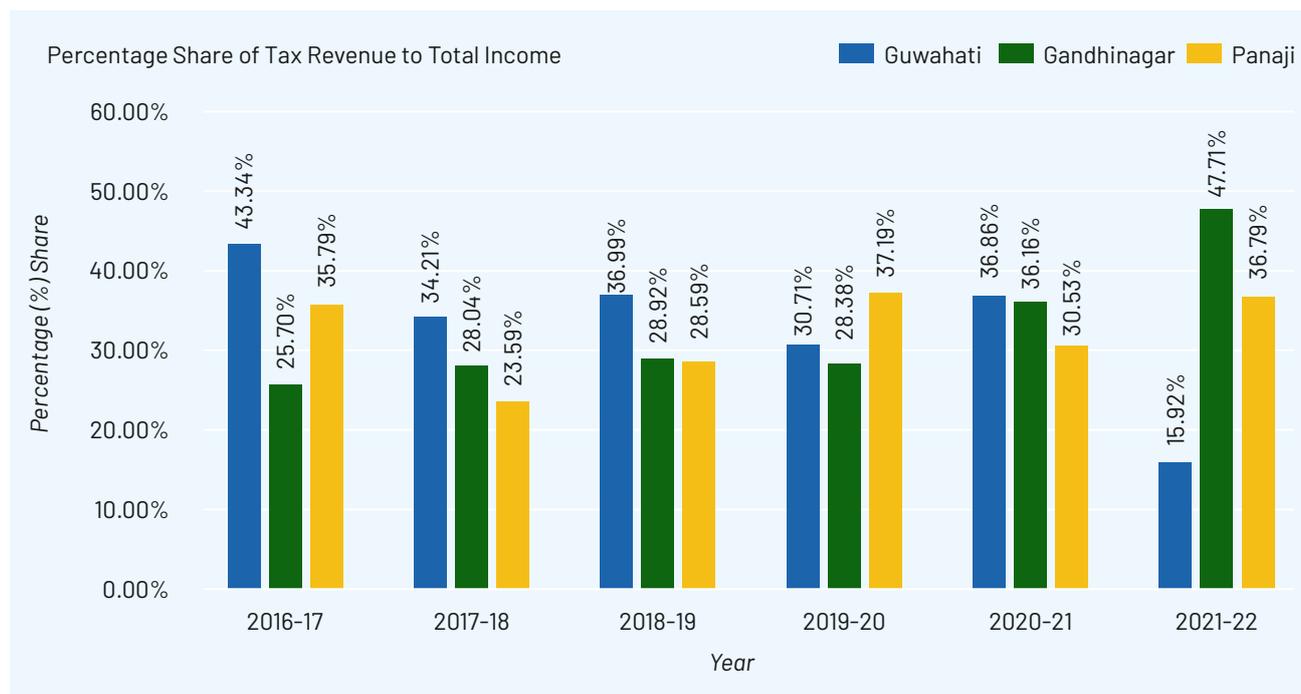
**Table 17: Annual Growth in Tax Revenue (%) of Guwahati, Gandhinagar, and Panaji**

Annual Growth in Tax Revenue (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Guwahati(GMC)</b>	<b>-2.57%</b>	<b>1.80%</b>	<b>-17.71%</b>	<b>28.11%</b>	<b>-23.84%</b>	<b>-2.84%</b>
Gandhinagar(GaMC)	8.90%	7.37%	-6.09%	40.40%	13.60%	12.84%
Panaji(PMC)	10.45%	11.23%	-1.93%	0.82%	32.14%	10.55%

The Annual Growth of Tax Revenue of Guwahati for FY 2017-18 to FY 2021-22 is -2.84%, which is way lower than that of Gandhinagar (12.84%) and Panaji (10.55%). The CAGR of tax revenue for Guwahati from 2017-18 to 2022-23 is -10.37% i.e. significantly lower than the national average of 8.93%.

The Annual Growth of Tax Revenue has been consistently low in Guwahati throughout six years; it registered a rise in FY 2020-21 as the collection of tax by the authorities was done efficiently by mapping the properties. The negative -23.84% figure indicates the arrears collected.

**Figure 11: Percentage Share of Tax Revenue to Total Income of Guwahati, Gandhinagar, and Panaji**



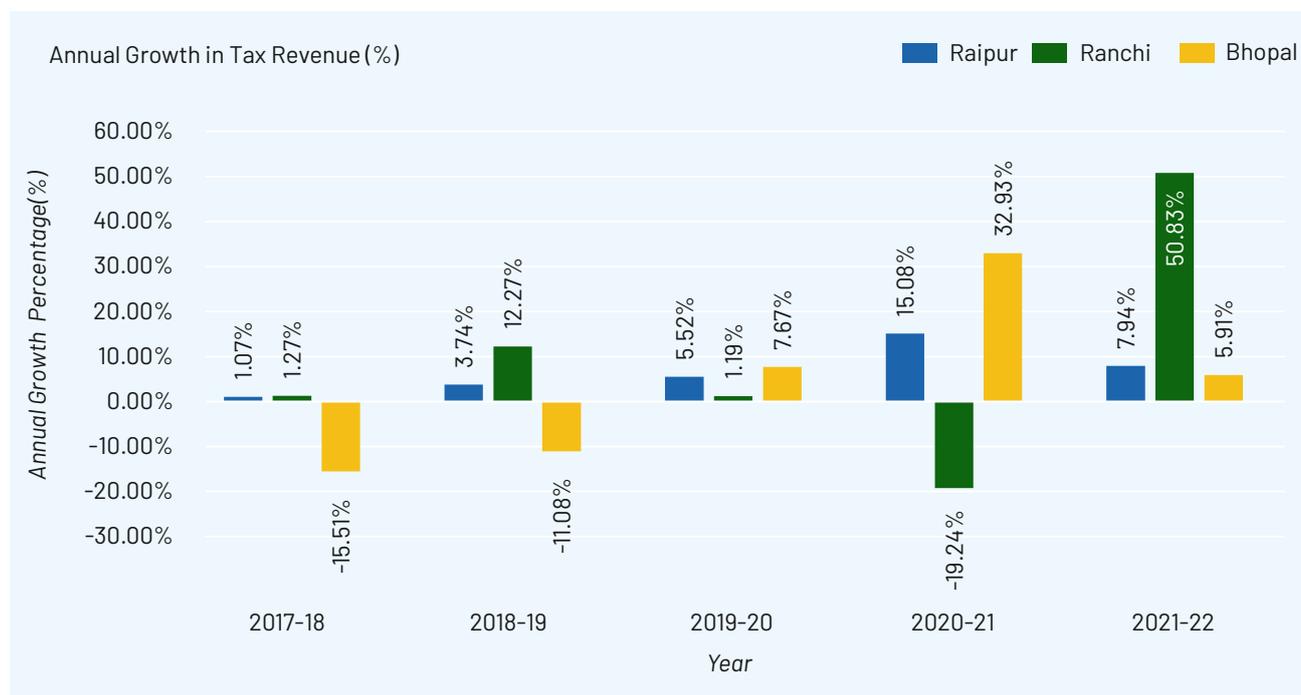
**Table 18: Percentage Share of Tax Revenue to Total Income of Guwahati, Gandhinagar, and Panaji**

Percentage Share of Tax Revenue to Total Income	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Guwahati (GMC)</b>	<b>43.34%</b>	<b>34.21%</b>	<b>36.99%</b>	<b>30.71%</b>	<b>36.86%</b>	<b>15.92%</b>	<b>33.01%</b>
Gandhinagar (GaMC)	25.70%	28.04%	28.92%	28.38%	36.16%	47.71%	32.48%
Panaji (PMC)	35.79%	23.59%	28.59%	37.19%	30.53%	36.79%	32.08%

The Average Percentage Share of Tax Revenue to Total Income for FY 2016-17 to FY 2021-22 of Guwahati is 33.01%, which is higher than that of Gandhinagar (32.48%) and Panaji (32.08%). The average tax revenue percentage share of total income over six years is 33.01% which is higher than the 25% national average for ULBs, indicating GMC exceeds the national benchmark and has a higher share of tax revenue than the national average.

The Percentage share of Tax Revenue to Total Income has decreased over six years, it declined from 43.34% in FY 2016-17 to 15.92% in FY 2021-22. The decreasing trend from FY 2016-17 (43%) to FY 2021-22 (15 %) in Guwahati is observed due to increased central and state borrowings.

**Figure 12: Annual Growth in Tax Revenue (%) of Raipur, Ranchi, and Bhopal**



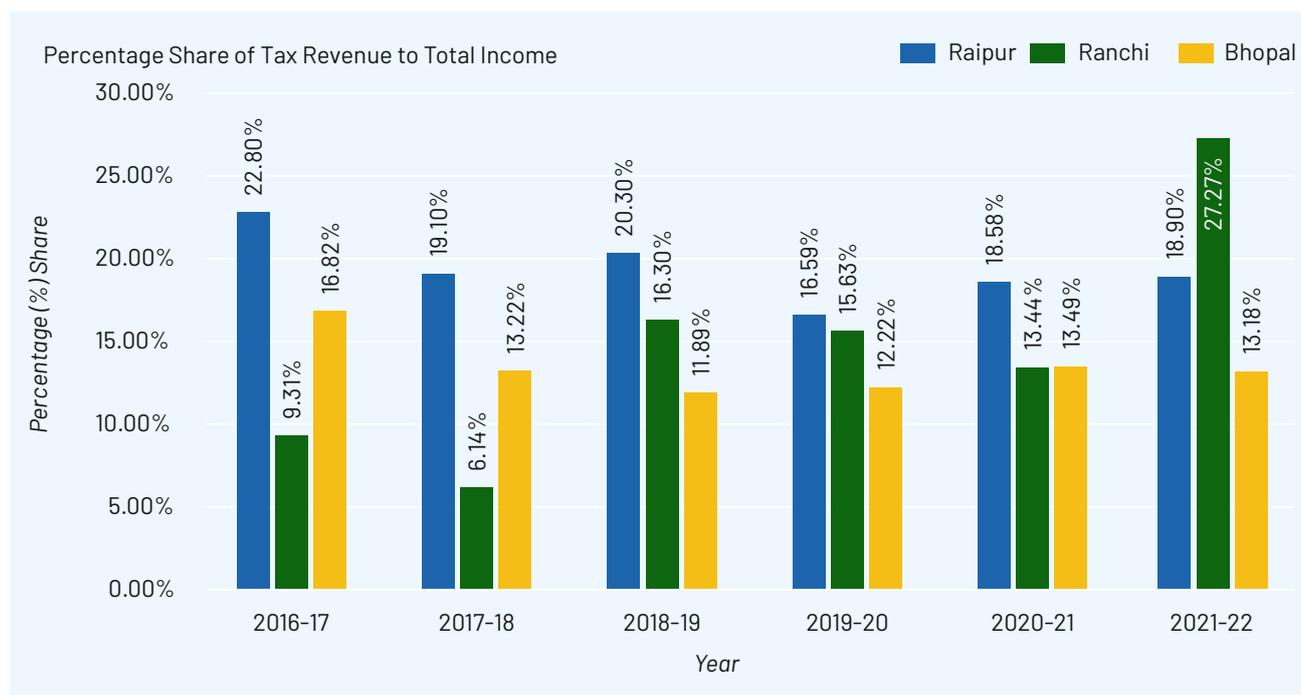
**Table 19: Annual Growth in Tax Revenue (%) of Raipur, Ranchi, and Bhopal**

Annual Growth in Tax Revenue (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Raipur(RMC)</b>	<b>1.07%</b>	<b>3.74%</b>	<b>5.52%</b>	<b>15.08%</b>	<b>7.94%</b>	<b>6.67%</b>
Ranchi(RaMC)	1.27%	12.27%	1.19%	-19.24%	50.83%	9.26%
Bhopal(BhMC)	-15.51%	-11.08%	7.67%	32.93%	5.91%	3.09%

The Annual Growth Tax Revenue of Raipur for FY 2017-18 to FY 2021-22 is 6.67% which is higher than Bhopal(3.09%). RMC's tax revenue growth in comparison with national CAGR of 8.93% for all ULBs indicates that RMC's tax revenue growth is below the national average.

The Annual Growth in Own Tax Revenue dropped in FY 2021-22 to 7.94% after increasing in FY 2020-21 at 15.08%. The steep positive growth of 15.08% in FY 2020-21 was as a result of the high revenue generated from the previous residual collection of Property Tax, Water Tax, and surcharge applicable.

**Figure 13: Percentage Share of Tax Revenue to Total Income of Raipur, Ranchi, and Bhopal**



**Table 20: Percentage Share of Tax Revenue to Total Income of Raipur, Ranchi, and Bhopal**

Percentage Share of Tax Revenue to Total Income	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Raipur (RMC)</b>	<b>22.80%</b>	<b>19.10%</b>	<b>20.30%</b>	<b>16.59%</b>	<b>18.58%</b>	<b>18.90%</b>	<b>19.38%</b>
Ranchi (RaMC)	9.31%	6.14%	16.30%	15.63%	13.44%	27.27%	14.68%
Bhopal (BhMC)	16.82%	13.22%	11.89%	12.22%	13.49%	13.18%	13.47%

The Average Percentage Share of Tax Revenue to Total Income for FY 2016-17 to FY 2021-22 of Raipur is 19.38%, which is higher than that of Ranchi (14.68%) and Bhopal (13.47%). The average share of tax revenue in RMC's total income from FY 2016-17 to FY 2021-22 is 19.38%, below the national average of 25%, highlighting that RMC's tax revenue is lower than that of other ULBs across the country. RMC has undertaken initiatives such as GIS mapping, and provided tax rebates in recent years to increase its tax collection.

## Non- Tax Revenue ●●●

Non-tax revenue typically includes income from property rentals, fines, fees for various licenses, and service charges. Municipalities earn revenue from renting out public properties, such as markets, parking lots, and community halls. Additionally, fines and penalties collected for violations (such as traffic or building code infractions) contribute to non-tax revenue. Service charges are levied for specific services, such as issuing certificates or permits. Other sources include grants and transfers from state or central governments.

### **Enhancing revenue through user charges in Municipalities**

*Municipalities in India face significant challenges in meeting expenditure needs due to inadequate own tax revenues and user charges. According to the RBI's Report on Municipal Finances, optimising user charges for municipal services can significantly increase Urban Local Body (ULB) revenues and reduce reliance on state transfers. However, property tax implementation is often politically and resource-intensive. For example, Mumbai exempts properties under 500 sq. ft. from property tax, causing an estimated Rs 500 crore annual revenue loss, while in Rajasthan, properties under 1,500 sq. ft. are exempt from urban development tax. These exemptions significantly impact municipal revenue generation, further straining the financial capacity of ULBs.*

*Cities can sustainably enhance their finances by increasing non-tax revenue through optimised user charges, service fees, and rental income, reducing reliance on state transfers. Municipal acts across states provide a framework for levying user charges, though their scope and application vary. For instance:*

- *States like Maharashtra, Karnataka, Andhra Pradesh and Kerala have provision for water and sewerage charges in place of traditional taxes like water and sewerage tax. In Mumbai, Maharashtra: Non-tax revenue forms 43% of OSR, largely driven by user charges, fees, and rentals whereas in Ahmedabad, Gujarat: Non-tax revenue contributes approximately 35% of OSR, primarily from urban services like water supply and waste management.*
- *In Karnataka, user charges can be levied for public amenities like halting places, cart stands, and cattle sheds.*
- *The Calcutta Municipal Corporation Act (1980) specifies differential user charges for residential and non-residential purposes and includes fees for services like vehicle washing.*

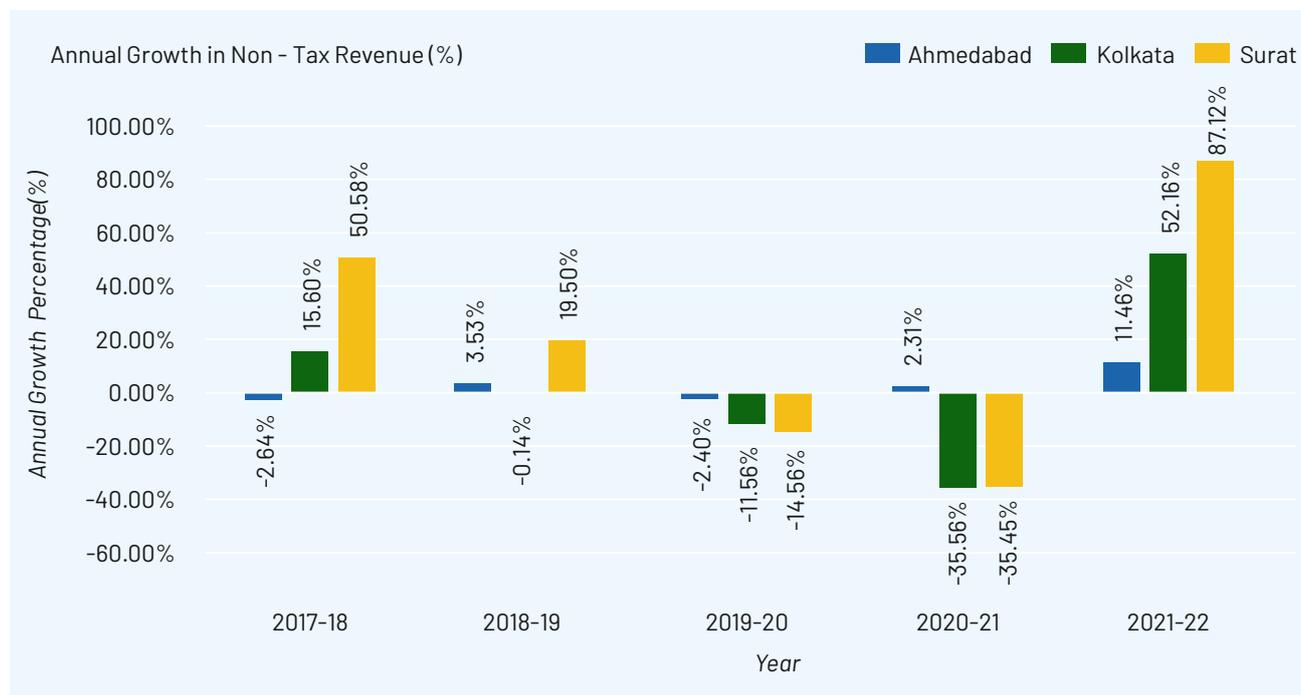
*The methodology for calculating user charges often accounts for the cost of operation, maintenance, depreciation, interest payments, and distribution losses, ensuring financial sustainability. Despite these provisions, user charges remain underutilised as a significant revenue source.*

*By effectively implementing user fees, ULBs can:*

- *Recover the costs of providing municipal services.*
- *Enhance the quality and range of services available to residents.*
- *Reduce dependency on state government funds.*

*The collection of revenue from user charges allows municipalities to improve service levels and introduce new programs, thereby enhancing the overall quality of urban living. Taxes on advertisement hoardings, property taxes on commercial establishments, and land-based taxes could provide additional revenue sources for local governments. By leveraging these provisions, ULBs can unlock the vast untapped potential of user charges, leading to sustainable urban development and improved financial health.*

- Source: 1) [https://www.cg.gov.in/wp-content/uploads/2017/07/User\\_charge\\_levy\\_paper.pdf](https://www.cg.gov.in/wp-content/uploads/2017/07/User_charge_levy_paper.pdf)  
2) <https://www.hindustantimes.com/cities/mumbai-news/ordinance-waives-property-tax-on-flats-smaller-than-500-sq-ft-101644252911828.html>  
3) <https://rajmunicipal.com/static/public/act/UD%20Tax%20Calculation%20and%20Rules-converted.pdf>

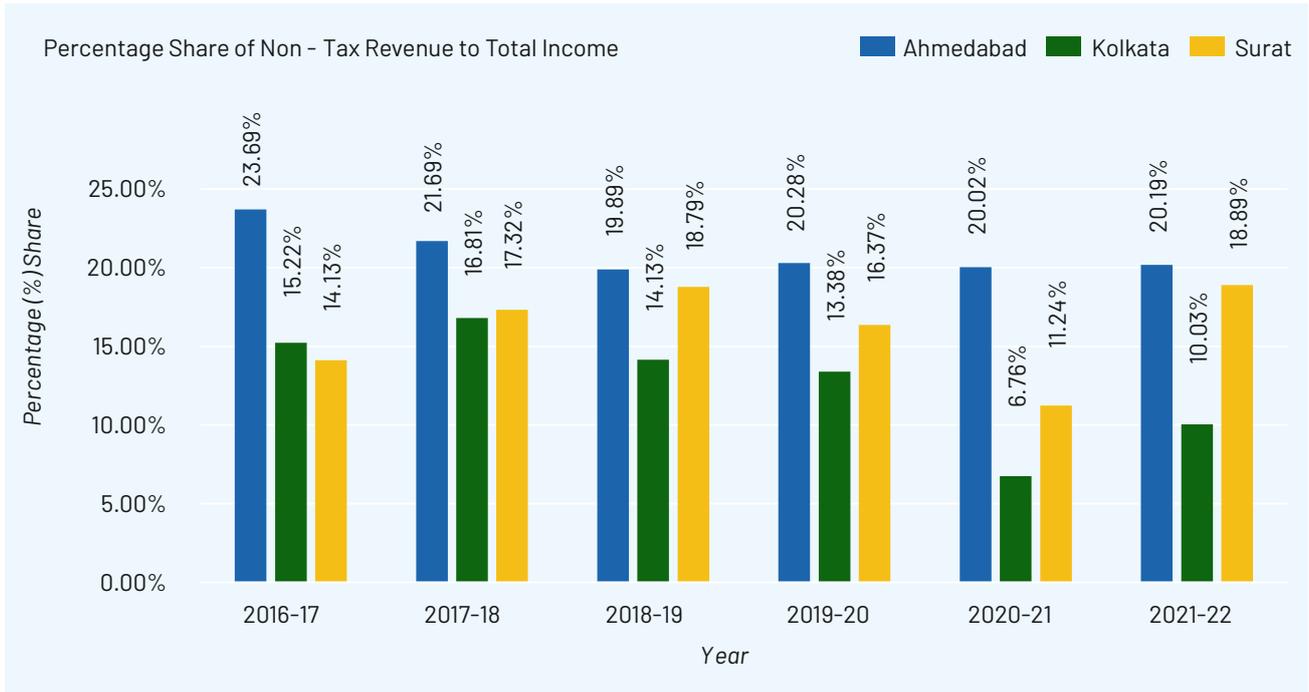
**Figure 14: Annual Growth in Non-Tax Revenue (%) of Ahmedabad, Kolkata, and Surat**

**Table 21: Annual Growth in Non-Tax Revenue (%) of Ahmedabad, Kolkata, and Surat**

Annual Growth in Non-Tax Revenue (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Ahmedabad (AMC)</b>	<b>-2.64%</b>	<b>3.53%</b>	<b>-2.40%</b>	<b>2.31%</b>	<b>11.46%</b>	<b>2.45%</b>
Kolkata (KMC)	15.60%	-0.14%	-11.56%	-35.56%	52.16%	4.10%
Surat (SMC)	50.58%	19.50%	-14.56%	-35.45%	87.12%	21.44%

The Annual Growth of Non-Tax Revenue of Ahmedabad for FY 2017-18 to FY 2021-22 is 2.45%, which is lower than that of Kolkata (4.10%) and Surat (21.44%). AMC's non-tax revenue grows at an average annual rate of 2.31%, with a CAGR of 2.20%, significantly lower than the 12.05% CAGR for all ULBs from 2012 to 2017 (ICRIER, 2019).

The non-tax revenue collection declined to -2.40% in FY 2019-20 due to the pandemic but has drastically increased to 11.46% in FY 2021-22. The collection of user charges for various services like sanitation, community hall income, advertising revenue, entry fee etc. contributed to the increase.

**Figure 15: Percentage Share of Non-Tax Revenue to Total Income of Ahmedabad, Kolkata, and Surat**

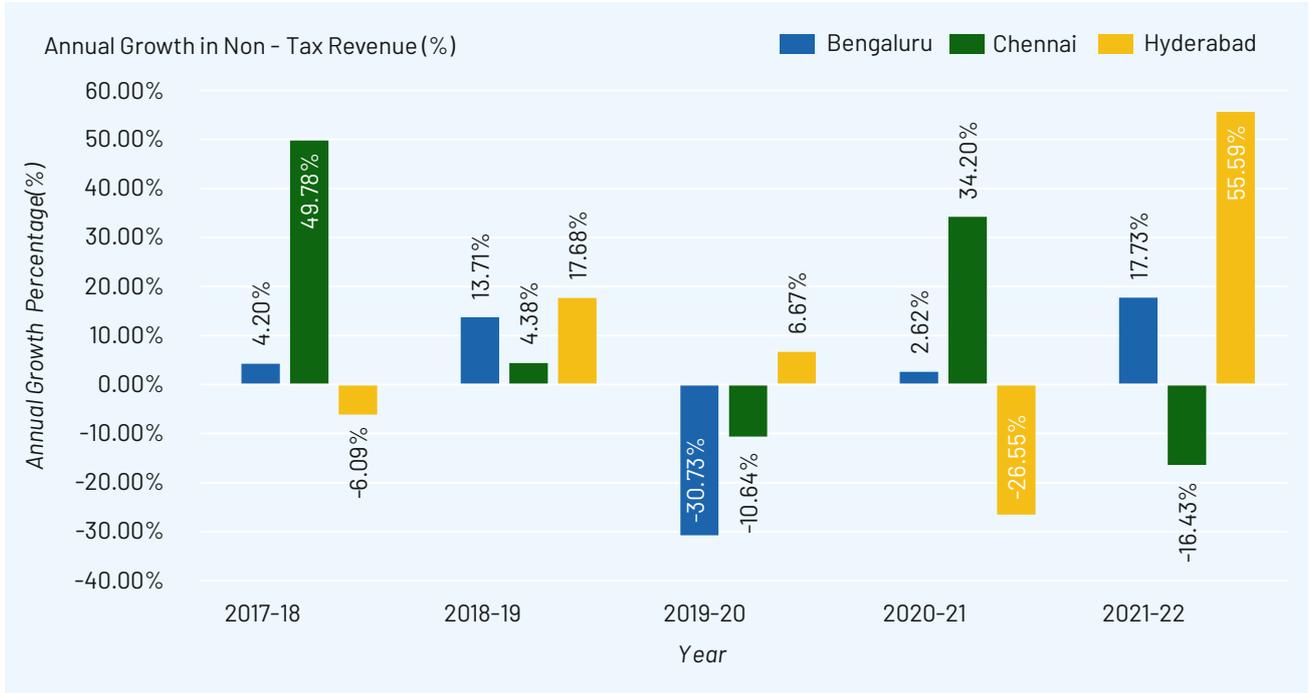


**Table 22: Percentage Share of Non-Tax Revenue to Total Income of Ahmedabad, Kolkata, and Surat**

Percentage Share of Non-Tax Revenue to Total Income	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Ahmedabad (AMC)</b>	<b>23.69%</b>	<b>21.69%</b>	<b>19.89%</b>	<b>20.28%</b>	<b>20.02%</b>	<b>20.19%</b>	<b>20.96%</b>
Kolkata(KMC)	15.22%	16.81%	14.13%	13.38%	6.76%	10.03%	12.72%
Surat(SMC)	14.13%	17.32%	18.79%	16.37%	11.24%	18.89%	16.12%

The Average Percentage Share of Non-Tax Revenue to Total Income of Ahmedabad for FY 2016-17 to FY 2021-22 is 20.96 %, which is higher than that of Kolkata(12.72%)and Surat (16.12%). From FY 2016-17 to FY 2022-23, AMC's non-tax revenue averaged 20.27%, surpassing the 18% national average, reflecting a stronger revenue share. Traditionally, the share of non-tax has been higher in AMC owing to the commercial identity of the city. However, the percentage share of non-tax revenue to total income has decreased over the years from 23.69% in FY 2016-17 to 20.19% in FY 2021-22.

**Figure 16: Annual Growth in Non-Tax Revenue (%) of Bengaluru, Chennai, and Hyderabad**



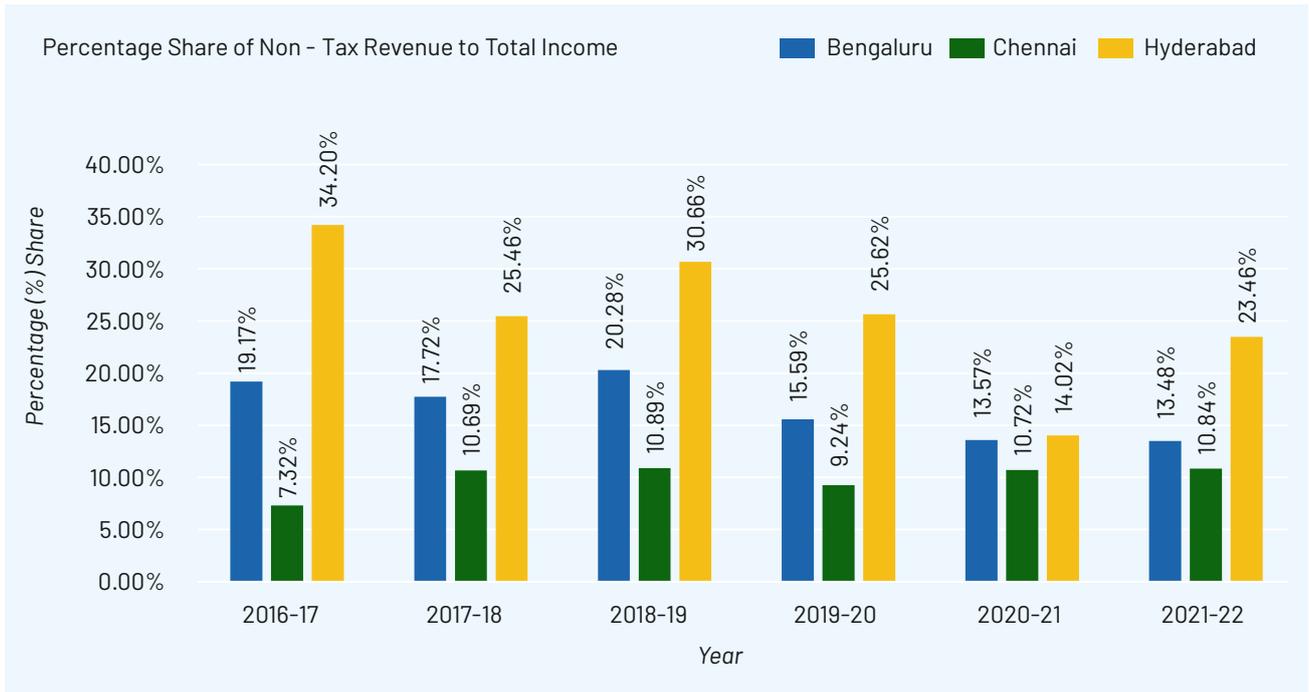
**Table 23: Annual Growth in Non-Tax Revenue (%) of Bengaluru, Chennai, and Hyderabad**

Annual Growth in Non-Tax Revenue (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Bengaluru(BBMP)</b>	<b>4.20%</b>	<b>13.71%</b>	<b>-30.73%</b>	<b>2.62%</b>	<b>17.73%</b>	<b>1.51%</b>
Chennai(GCC)	49.78%	4.38%	-10.64%	34.20%	-16.43%	12.26%
Hyderabad(GHMC)	-6.09%	17.68%	6.67%	-26.55%	55.59%	9.46%

The Annual Growth of Non-Tax Revenue of Bengaluru for FY 2017-18 to FY 2021-22 is 1.51%, which is lower than that of Chennai (12.26%) and Hyderabad (9.46%). BBMP has low growth rate of non-tax revenue than that of Chennai and Hyderabad. Bengaluru's non-tax revenue is lower than the 12.05% CAGR observed for all urban local bodies (ULBs) during 2012-17, highlighting slower growth compared to other cities.

The non-tax revenue collection for various services like Rent from lease of Land, Ground Rent, Building Regulation/Building Betterment Fees has shown a decline to -30.73% in FY 2019-20 and it has drastically increased to 17.73% in FY 2021-22 on account of COVID-19 pandemic.

**Figure 17: Percentage Share of Non-Tax Revenue to Total Income of Bengaluru, Chennai, and Hyderabad**

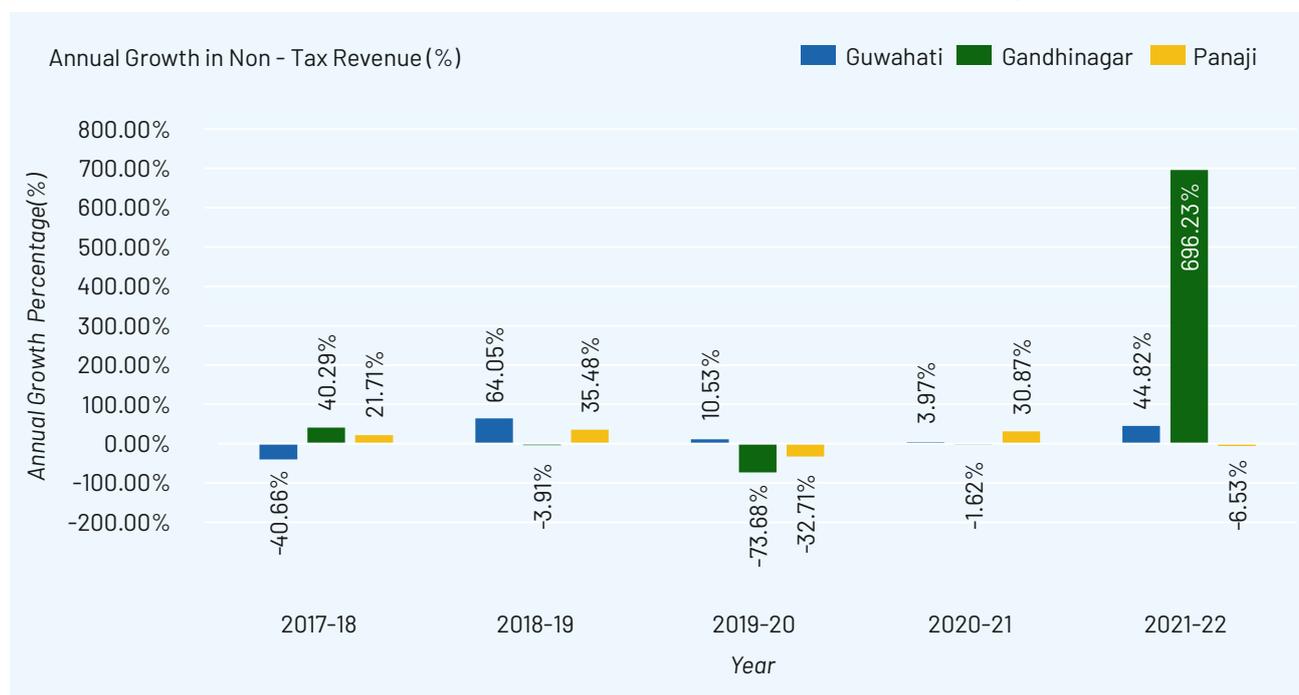


**Table 24: Percentage Share of Non-Tax Revenue to Total Income of Bengaluru, Chennai, and Hyderabad**

Percentage Share of Non-Tax Revenue to Total Income	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Bengaluru (BBMP)</b>	<b>19.17%</b>	<b>17.72%</b>	<b>20.28%</b>	<b>15.59%</b>	<b>13.57%</b>	<b>13.48%</b>	<b>16.64%</b>
Chennai (GCC)	7.32%	10.69%	10.89%	9.24%	10.72%	10.84%	9.95%
Hyderabad (GHMC)	34.20%	25.46%	30.66%	25.62%	14.02%	23.46%	25.57%

The Average Percentage Share of Non-Tax Revenue to Total Income of Bengaluru for FY 2016-17 to FY 2021-22 is 16.64%, which is higher than that of Chennai (9.95%) and lower than that of Hyderabad (25.57%). The percentage share of non-tax revenue of BBMP is low when compared to Hyderabad and is high when compared to Chennai, due to the difference in the assigned taxes the cities can collect according to their Municipal Acts.

**Figure 18: Annual Growth in Non-Tax Revenue (%) of Guwahati, Gandhinagar, and Panaji**



**Table 25: Annual Growth in Non-Tax Revenue (%) of Guwahati, Gandhinagar, and Panaji**

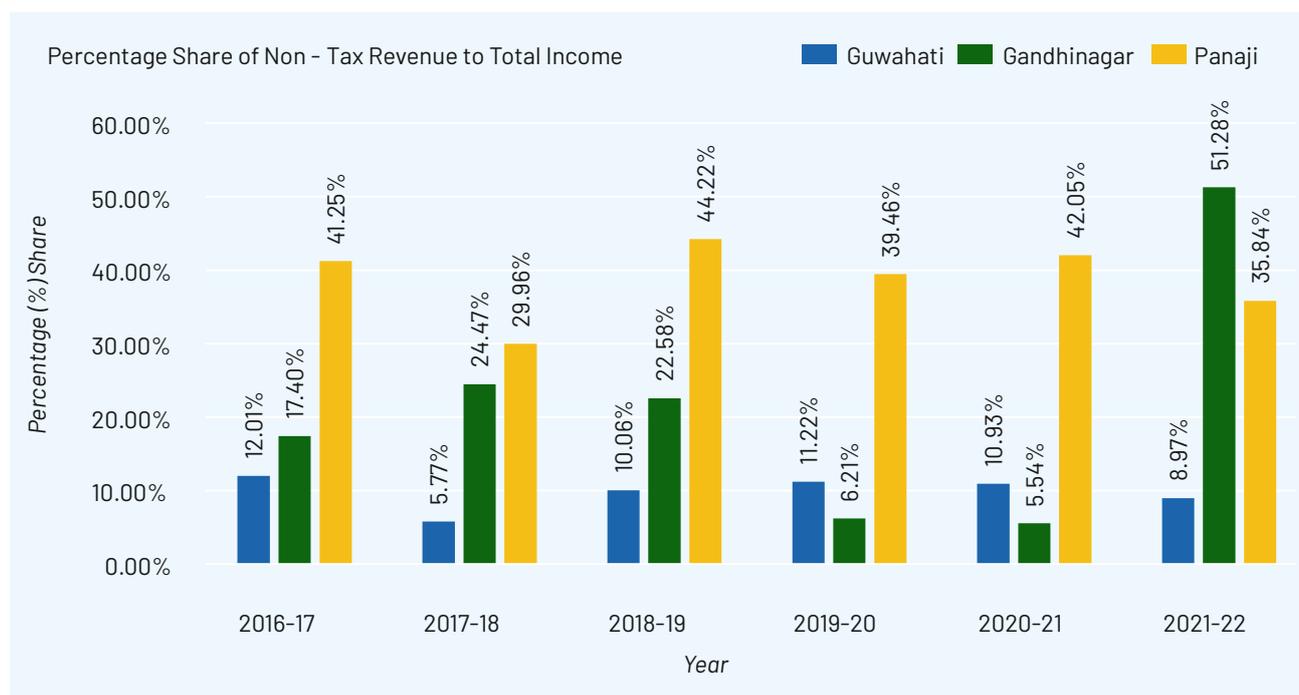
Annual Growth in Non-Tax Revenue (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Guwahati(GMC)</b>	<b>-40.66%</b>	<b>64.05%</b>	<b>10.53%</b>	<b>3.97%</b>	<b>44.82%</b>	<b>16.54%</b>
Gandhinagar(GaMC)	40.29%	-3.91%	-73.68%	-1.62%	696.23%	131.46%
Panaji(PMC)	21.71%	35.48%	-32.71%	30.87%	-6.53%	9.76%

The Average Percentage Share of Non-Tax Revenue to Total Income of Guwahati for FY 2017-18 to FY 2021-22 is 16.54%, which is lower than that of Gandhinagar (131.46%) and higher than that of Panaji (9.76%). GMC has lower growth rate of non-tax revenue as compared to that of Gandhinagar but it is higher than that of Panaji.

The CAGR of GMC's non-tax revenue is 3.67%, which is lower than the national average CAGR of 12.05% for ULBs, indicating that GMC's non-tax revenue growth has been slower compared to the overall trend observed across ULBs nationally.

The non-tax revenue collection for various services like rental income, fine and penalties for illegal construction, and building permission NOC fee had shown a decline from FY 2018-19 but it drastically increased in the year FY 2021-22. The fee for banners, hoardings, and arrears in FY 2017-18 was higher than the previous year.

**Figure 19: Percentage Share of Non-Tax Revenue to Total Income of Guwahati, Gandhinagar, and Panaji**



**Table 26: Percentage Share of Non-Tax Revenue to Total Income of Guwahati, Gandhinagar, and Panaji**

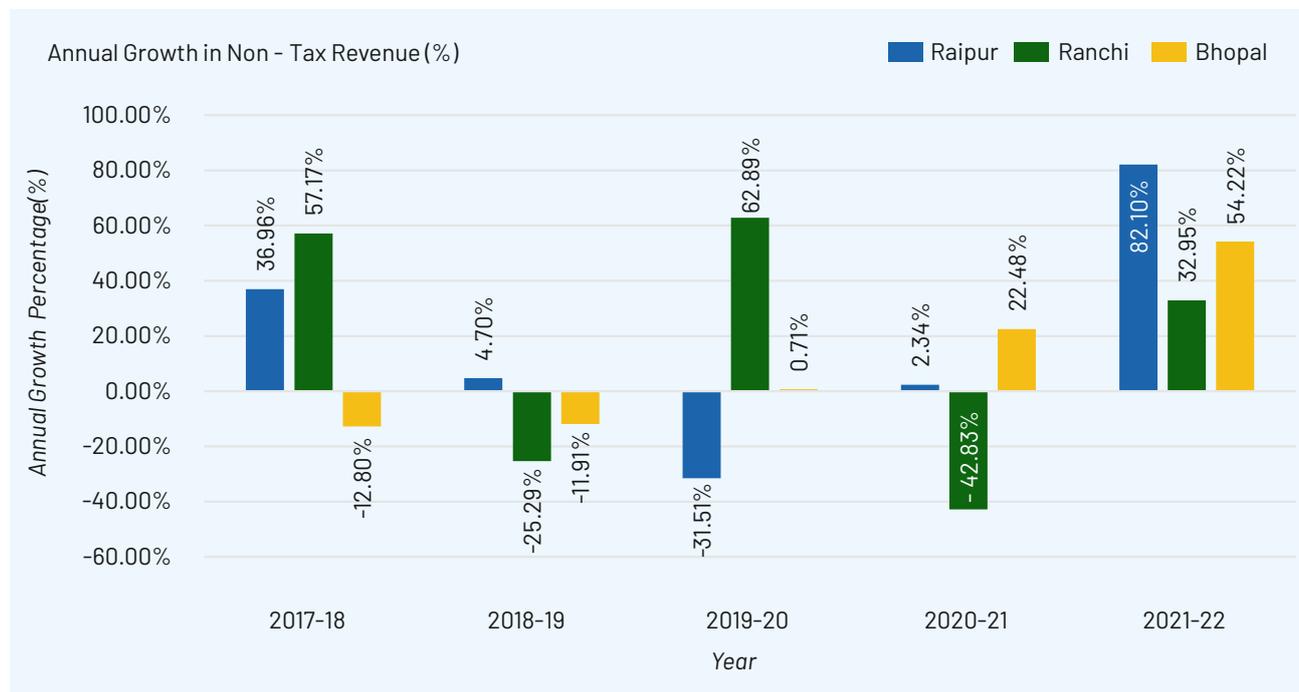
Percentage Share of Non-Tax Revenue to Total Income	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Guwahati(GMC)</b>	<b>12.01%</b>	<b>5.77%</b>	<b>10.06%</b>	<b>11.22%</b>	<b>10.93%</b>	<b>8.97%</b>	<b>9.83%</b>
Gandhinagar(GaMC)	17.40%	24.47%	22.58%	6.21%	5.54%	51.28%	21.25%
Panaji(PMC)	41.25%	29.96%	44.22%	39.46%	42.05%	35.84%	38.80%

The Average Percentage Share of Non-Tax Revenue to Total Income of Guwahati for FY 2016-17 to FY 2021-22 is 9.83%, which is lower than that of Gandhinagar (21.25%) and Panaji (38.80%). The percentage share of non-tax revenue of GMC is very low if compared to that of Gandhinagar and Panaji.

GMC's average percentage share of non-tax revenue of its total income is below the national average of 18% for ULBs during 2012-17, highlighting GMC's lower reliance on non-tax revenue compared to the national trend.

Guwahati must explore user charges and other fees to increase its non-tax revenue. The percentage share of non-tax revenue is declining since FY 2019-20. It decreased from 11.22% in FY 2019-20 to 8.97% in FY 2021-22, due to low revenue collection from various services provided.

**Figure 20: Annual Growth in Non-Tax Revenue (%) of Raipur, Ranchi, and Bhopal**



**Table 27: Annual Growth in Non-Tax Revenue (%) of Raipur, Ranchi, and Bhopal**

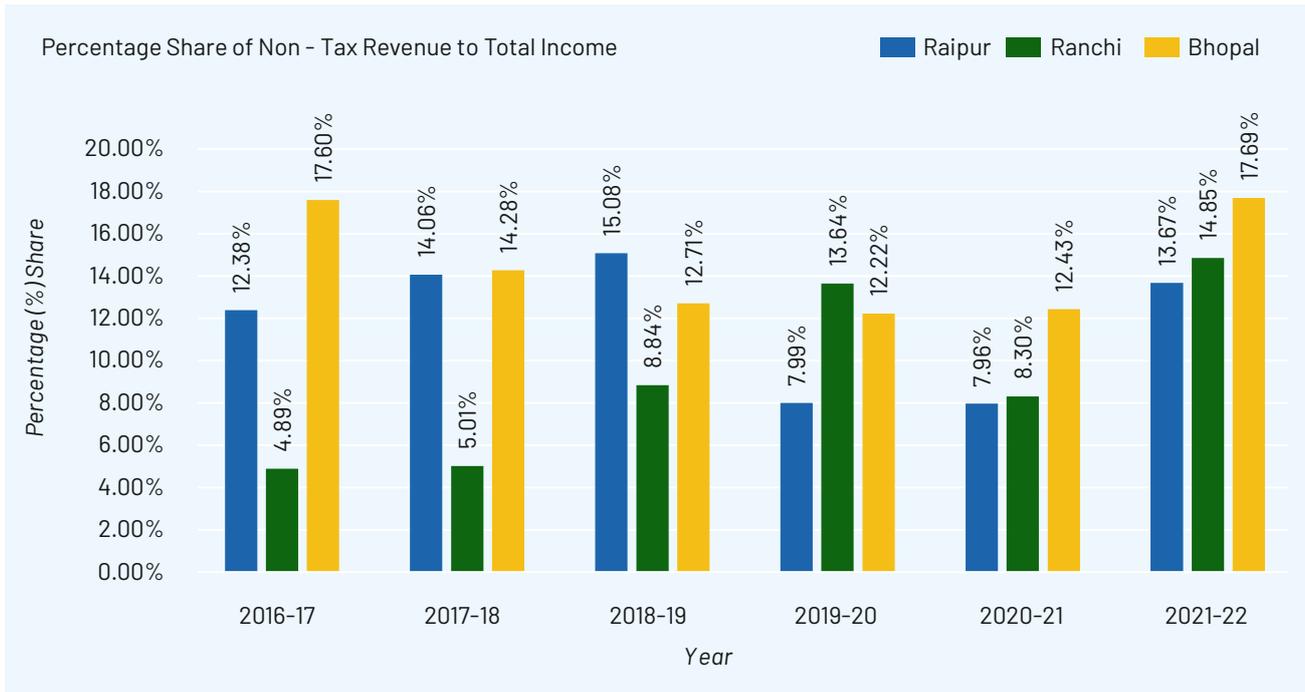
Annual Growth in Non-Tax Revenue (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Raipur(RMC)</b>	<b>36.96%</b>	<b>4.70%</b>	<b>-31.51%</b>	<b>2.34%</b>	<b>82.10%</b>	<b>18.92%</b>
Ranchi(RaMC)	57.17%	-25.29%	62.89%	-42.83%	32.95%	16.98%
Bhopal(BhMC)	-12.80%	-11.91%	0.71%	22.48%	54.22%	10.54%

The Annual Growth in Non-Tax Revenue of Raipur for FY 2017-18 to FY 2021-22 is 18.92%, which is higher than that of Ranchi (16.98%) and Bhopal (10.54%). From 2017-18 to 2021-22, RMC's non-tax revenue grew at a CAGR of 14.08%. In comparison with the national average growth rate of 12.05% for non-tax revenue across ULBs, RMC's growth exceeds the national average.

The Annual Growth in Non-Tax Revenue has been increased from 4.70% in FY 2018-19 to 82.10% in FY 2021-22 after being low for the previous three financial years [FY 2018-19(4.70%), FY 2019-20(-31.51%) and FY 2020-21(2.34%)].

The non-tax revenue collection for various services like rental income, user charges for sanitation, and wedding zone income shows a decline from 36.96% in FY 2017-18 to 2.34% in FY 2020-21; but it increased to 82.10% in FY 2021-22. For the year FY 2021-22, RMC received a hefty income specifically from wedding zone rentals, shelter fees, sanitation user charges, and settlement fees.

**Figure 21: Percentage Share of Non-Tax Revenue to Total Income of Raipur, Ranchi, and Bhopal**



**Table 28: Percentage Share of Non-Tax Revenue to Total Income of Raipur, Ranchi, and Bhopal**

Percentage Share of Non-Tax Revenue to Total Income	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Raipur (RMC)</b>	<b>12.38%</b>	<b>14.06%</b>	<b>15.08%</b>	<b>7.99%</b>	<b>7.96%</b>	<b>13.67%</b>	<b>11.86%</b>
Ranchi (RaMC)	4.89%	5.01%	8.84%	13.64%	8.30%	14.85%	9.26%
Bhopal (BhMC)	17.60%	14.28%	12.71%	12.22%	12.43%	17.69%	14.49%

The Average Percentage Share of Non-Tax Revenue to Total income of Raipur for FY 2016-17 to FY 2021-22 is 11.86%, which is higher than that of Ranchi (9.26%) and lower than that of Bhopal (14.49%). From FY 2016-17 to FY 2021-22, RMC's average percentage share of non-tax revenue in total income was 11.86%, below the national average of 18%, indicating a lower non-tax revenue share compared to the national ULB average.

**'Flat Tax' and 'Progressive Tax' for Informal Settlements**

*In informal settlements, deciding between flat and progressive taxes for services like water and sanitation is crucial for equitable distribution of services and efficiency. These communities often lack basic infrastructure and face many challenges.*

**Scenario 1: Taxation for Services is Unfair to Informal Settlements**

*Flat taxes impose a fixed charge regardless of income or wealth, which can disproportionately impact low-income residents. When applied to essential services like water, flat taxes fail to adhere to the Ability-to-Pay Principle, which states that individuals with more financial resources should contribute more.*

For instance, in an informal settlement where household income is limited, a flat tax for water service may represent a significant portion of the income, exacerbating existing inequalities. Furthermore, these taxes fail to account for the Benefit Principle – taxes should align with the quality and quantity of services provided. In many informal settlements, basic services such as water are unreliable or inadequate, compelling residents to purchase more expensive alternatives from private suppliers. This situation creates a scenario where residents end up paying both the flat taxes and additional costs for inefficient services, which deepens their financial burdens. The tax, in this case, is not compensating for the actual service they receive and fails to meet the principle of Cost Efficiency, leading to an inefficient allocation of resources where residents pay disproportionately for poorly provided services.

### **Scenario 2: Poor Services and Hidden Costs**

Even if flat taxes are set at a lower rate for informal settlement residents, the quality of services often remains deficient, which violates both the Benefit Principle and the Economic Efficiency principle. For example, unsafe or insufficient water supply forces families to rely on expensive private vendors, thus increasing their total expenditure. While more affluent areas benefit from reliable and high-quality services for the same taxes, informal settlement residents find themselves caught in a cycle of higher-than-expected payments just to meet their basic needs. This reinforces the inequities across different regions and does not reflect the Benefit Principle, wherein taxes should be matched by the level of services received. Providing subsidies is also not a sustainable option for long term as it will in turn increase the reliance of ULBs on central and state grants for service delivery due to inefficient revenue collection.

A middle-ground approach is necessary to address the complexities of taxing informal settlements, balancing fairness and efficiency. Cities need to take in consideration both the scenarios and establish taxation models which are socially, politically, and economically viable. To ensure equitable taxation, policies must consider the residents' needs and ability to pay while promoting efficient service delivery.

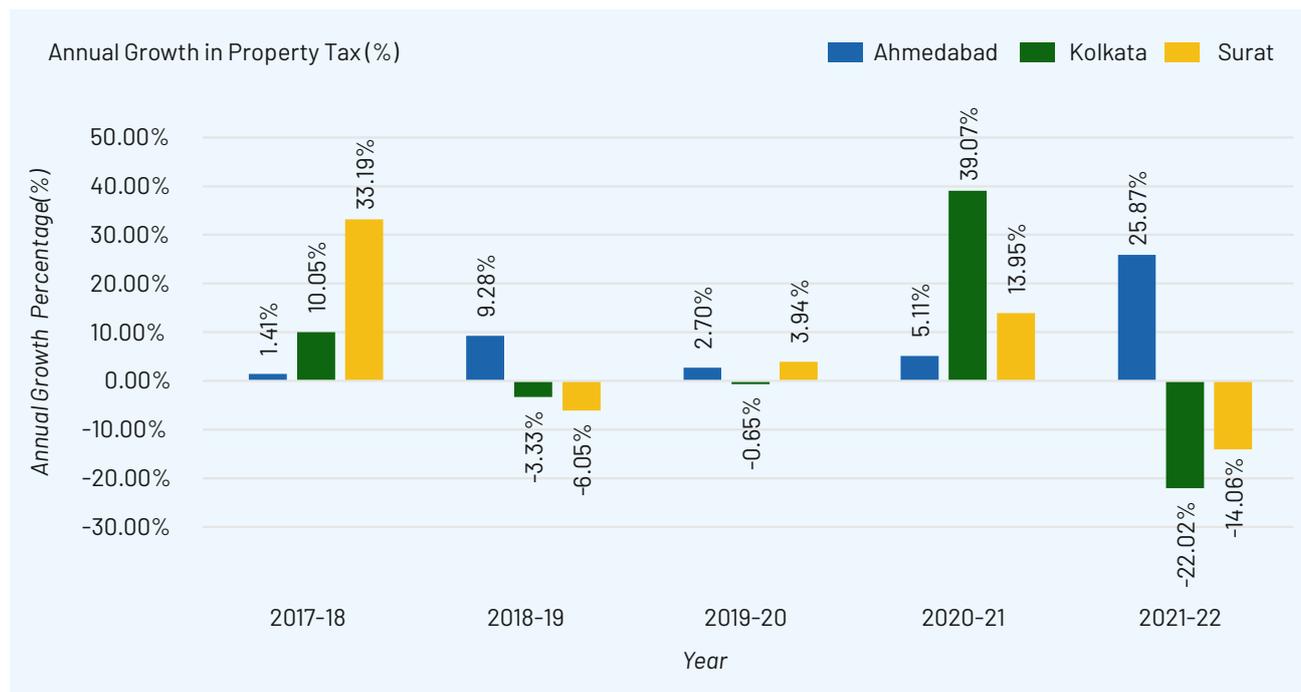
Source: [https://www.cgg.gov.in/wpcontent/uploads/2017/07/User\\_charge\\_levy\\_paper.pdf](https://www.cgg.gov.in/wpcontent/uploads/2017/07/User_charge_levy_paper.pdf)

## Property Tax ●●●

Property tax is one of the most significant sources of revenue for Indian municipalities, levied on the ownership of land and buildings within the municipal jurisdiction. The tax is typically calculated based on the Annual Rental Value (ARV) or capital value of the property, depending on the municipal area. Property tax revenues are used to finance essential urban services such as infrastructure development, waste management, and public amenities.

### AHMEDABAD

**Figure 22: Annual Growth in Property Tax (%) of Ahmedabad, Kolkata, and Surat**



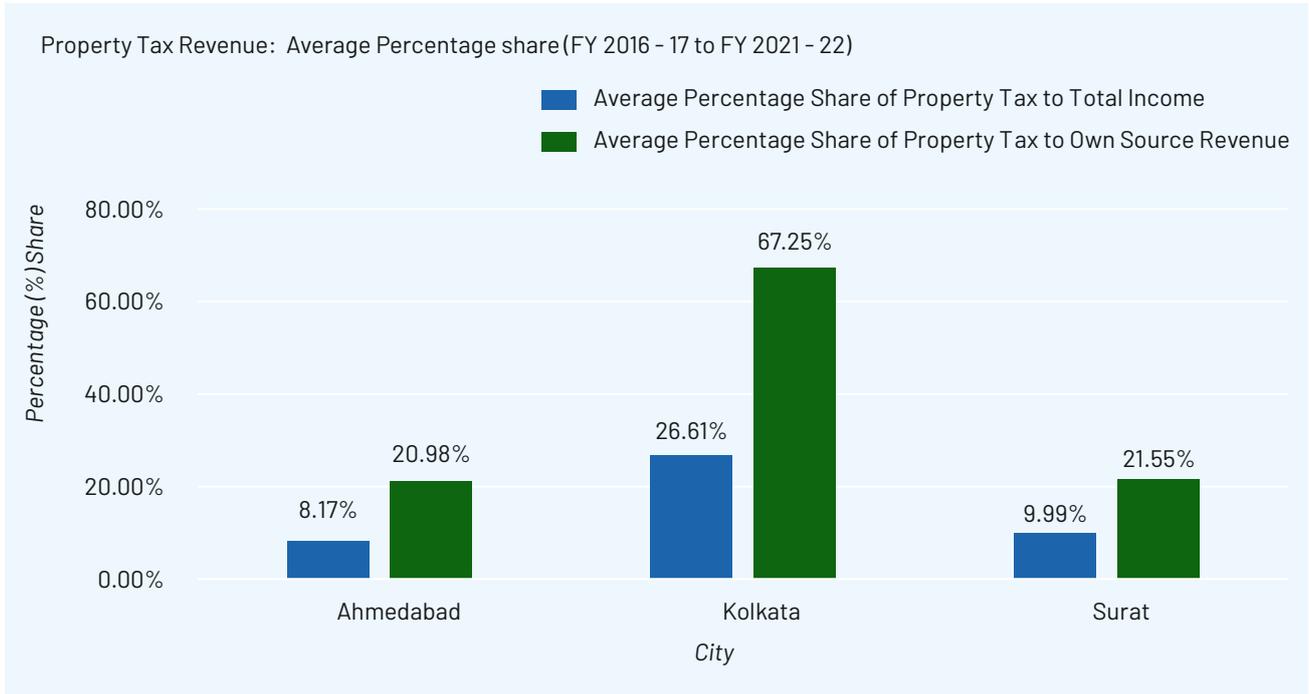
**Table 29: Annual Growth in Property Tax (%) of Ahmedabad, Kolkata, and Surat**

Annual Growth in Property Tax (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Ahmedabad (AMC)</b>	<b>1.41%</b>	<b>9.28%</b>	<b>2.70%</b>	<b>5.11%</b>	<b>25.87%</b>	<b>8.87%</b>
Kolkata(KMC)	10.05%	-3.33%	-0.65%	39.07%	-22.02%	4.63%
Surat(SMC)	33.19%	-6.05%	3.94%	13.95%	-14.06%	6.19%

The Annual Growth of Property Tax Revenue for AMC from FY 2017-18 to FY 2021-22 is 8.87% which is higher than that of Kolkata (4.63%) and Surat (6.19%). AMC has a high growth of property tax as compared to cities with similar population brackets and similar devolution of 18 functions in the ULBs. AMC's annual property tax revenue growth is lower than the national average CAGR of 13.06% (2012-2017), indicating slower revenue growth.

During the COVID-19 lockdown (FY 2019-20 and FY 2020-21), residential properties, hotels, and movie theatres were exempted from property tax, hence the property tax growth is low in these years. The annual growth of property tax peaked in FY 2021-22 due to residual tax collection from the previous years to 25.87%.

**Figure 23: Property Tax Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Ahmedabad, Kolkata, and Surat**

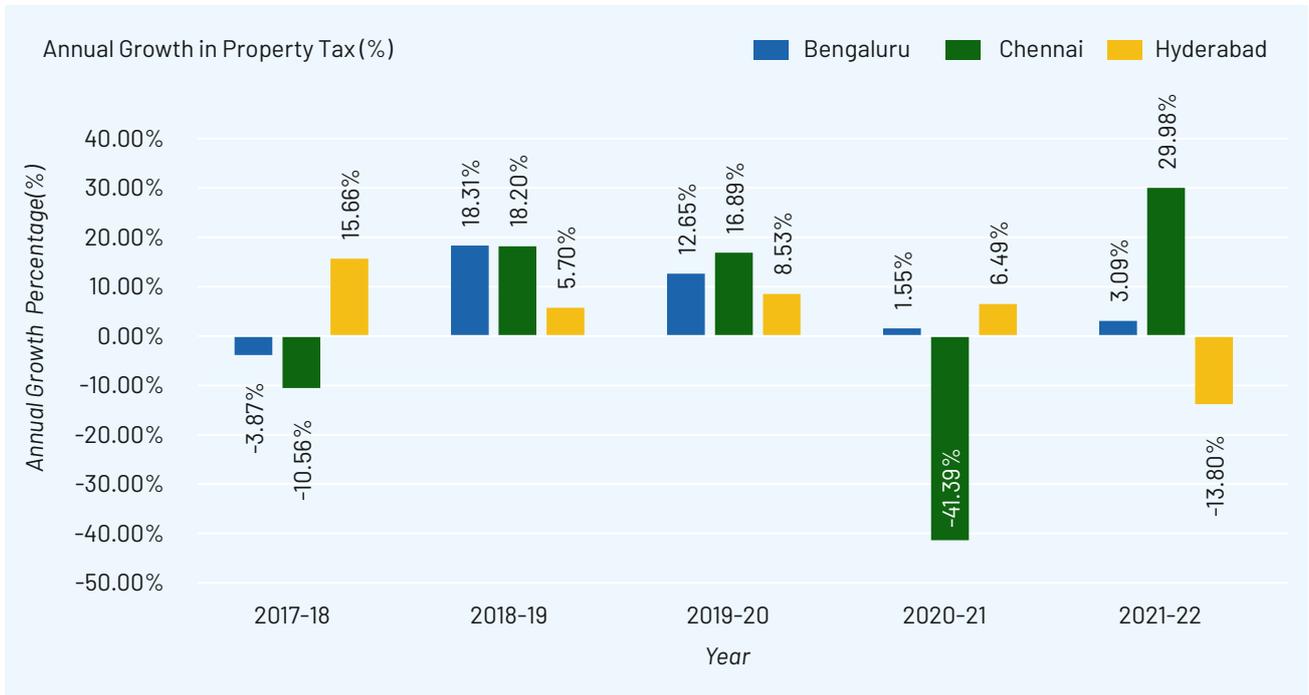


**Table 30: Property Tax Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Ahmedabad, Kolkata, and Surat**

Financial Ratios	Average Share of Property Tax to Total Income	Average Share of Property Tax to Own Source Revenue
<b>Ahmedabad (AMC)</b>	<b>8.17%</b>	<b>20.98%</b>
Kolkata (KMC)	26.61%	67.25%
Surat (SMC)	9.99%	21.55%

The Average Percentage Share of Property Tax to Total Income of Ahmedabad for FY 2016-17 to FY 2021-22 is 8.17%, which is lower than that of Kolkata (26.61%) and Surat (9.99%). AMC's share of non-tax revenue in the total income is more than that of the other cities, owing to its robust list of non-tax sources such as revenue from riverfront projects, heritage tourism, and advertisement charges. Whereas the Average Percentage Share of Property Tax to Own Source Revenue for Ahmedabad (20.98%) is lower than that of Kolkata (67.25%) and Surat (21.55%).

**Figure 24: Annual Growth in Property Tax (%) of Bengaluru, Chennai, and Hyderabad**



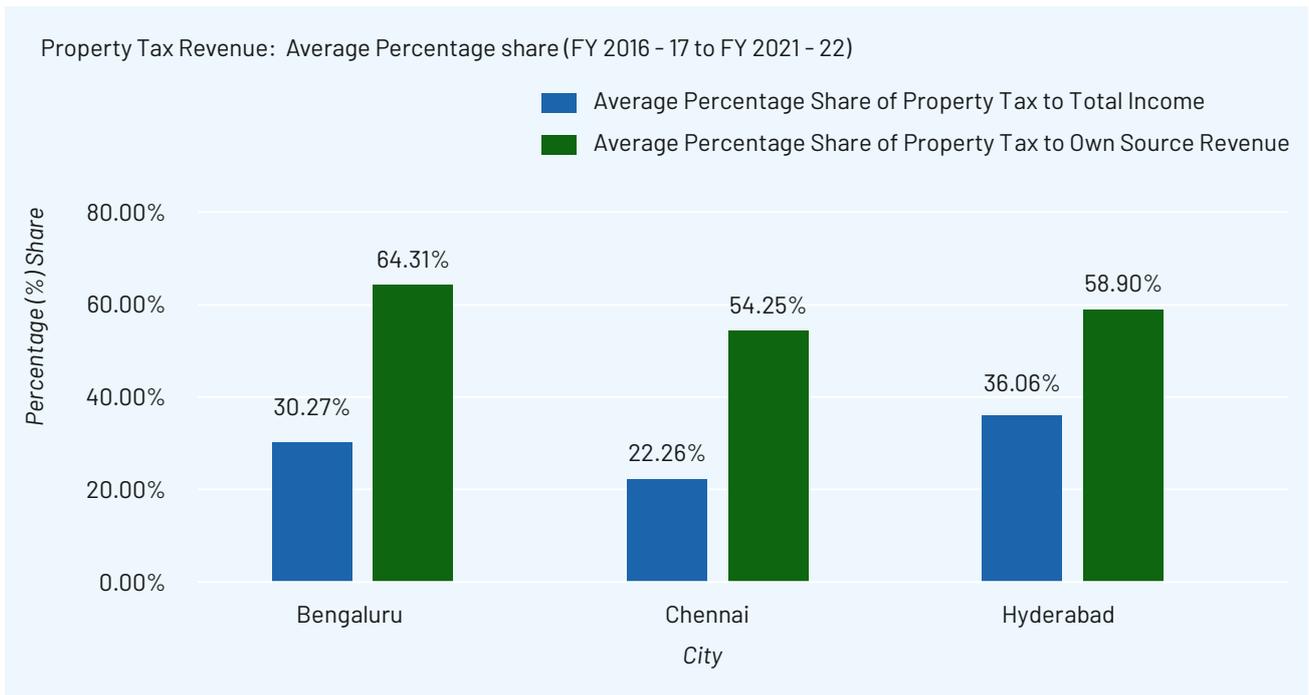
**Table 31: Annual Growth in Property Tax (%) of Bengaluru, Chennai, and Hyderabad**

Annual Growth in Property Tax (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Bengaluru (BBMP)</b>	<b>-3.87%</b>	<b>18.31%</b>	<b>12.65%</b>	<b>1.55%</b>	<b>3.09%</b>	<b>6.35%</b>
Chennai (GCC)	-10.56%	18.20%	16.89%	-41.39%	29.98%	2.62%
Hyderabad (GHMC)	15.66%	5.70%	8.53%	6.49%	-13.80%	4.52%

The Annual Growth of Property Tax Revenue of BBMP for FY 2017-18 to FY 2021-22 is 6.35%, which is higher than that of GCC (2.62%) and GHMC (4.52%). BBMP has high growth of property tax as the revenue collected from penalties and fines on property tax was greater by 51% in FY 2018-19 than the previous years. Hence, the annual growth of property tax peaked in FY 2018-19 at 18.31%, the same decreased in the next years resulting in a decline to 3.09% in FY 2021-22.

Bengaluru's average annual growth of property tax revenue is lower than the 13.06% CAGR for all ULBs during 2012-17, indicating that Bengaluru's property tax collection has been lower than the national average.

**Figure 25: Property Tax Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Bengaluru, Chennai, and Hyderabad**

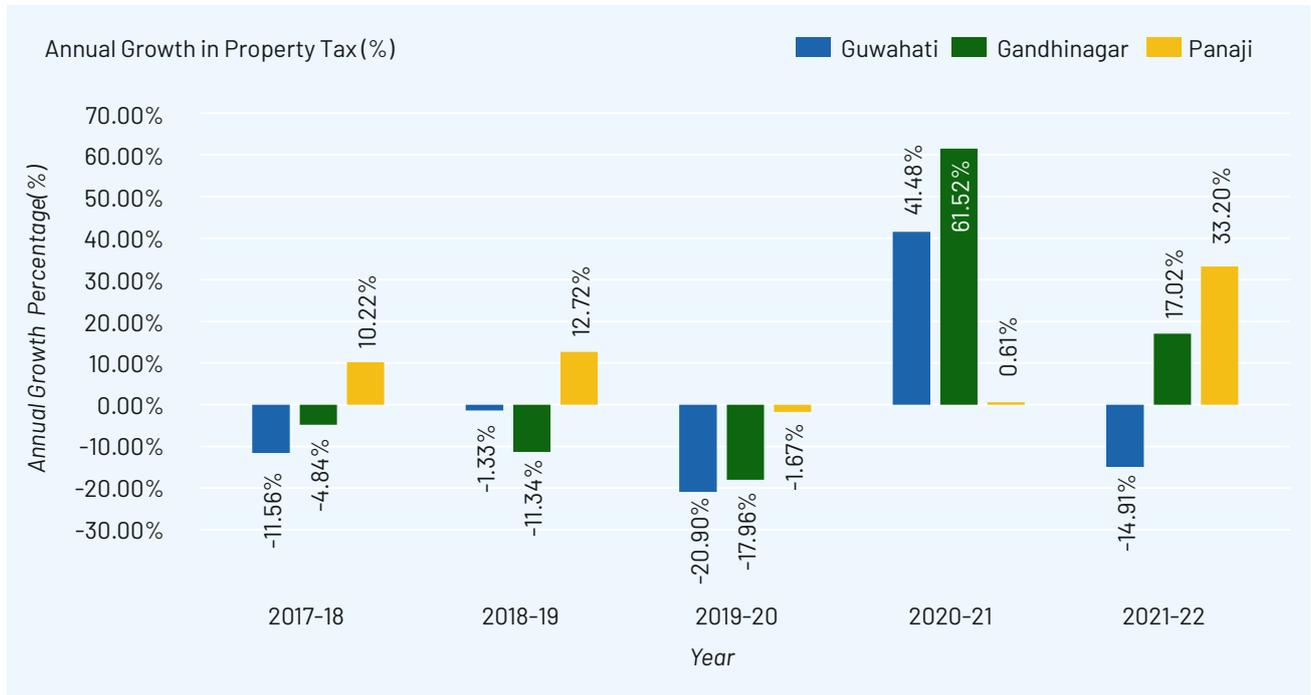


**Table 32: Property Tax Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Bengaluru, Chennai, and Hyderabad**

Financial Ratios	Average Share of Property Tax to Total Income	Average Share of Property Tax to Own Source Revenue
<b>Bengaluru (BBMP)</b>	<b>30.27%</b>	<b>64.31%</b>
Chennai (GCC)	22.26%	54.25%
Hyderabad (GHMC)	36.06%	58.90%

The Average Percentage Share of Property Tax to Total Income of Bengaluru for FY 2016-17 to FY 2021-22 is 30.27%, which is higher than that of Chennai (22.26%) and lower than that of Hyderabad (36.06%). Whereas the Average Percentage Share of Property Tax to Own Source Revenue for Bengaluru (64.31%) is higher than that of Chennai (54.25%) and Hyderabad (58.90%).

**Figure 26: Annual Growth in Property Tax (%) of Guwahati, Gandhinagar, and Panaji**



**Table 33: Annual Growth in Property Tax (%) of Guwahati, Gandhinagar, and Panaji**

Annual Growth in Property Tax (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Guwahati(GMC)</b>	<b>-11.56%</b>	<b>-1.33%</b>	<b>-20.90%</b>	<b>41.48%</b>	<b>-14.91%</b>	<b>-1.44%</b>
Gandhinagar(GaMC)	-4.84%	-11.34%	-17.96%	61.52%	17.02%	8.88%
Panaji(PMC)	10.22%	12.72%	-1.67%	0.61%	33.20%	11.01%

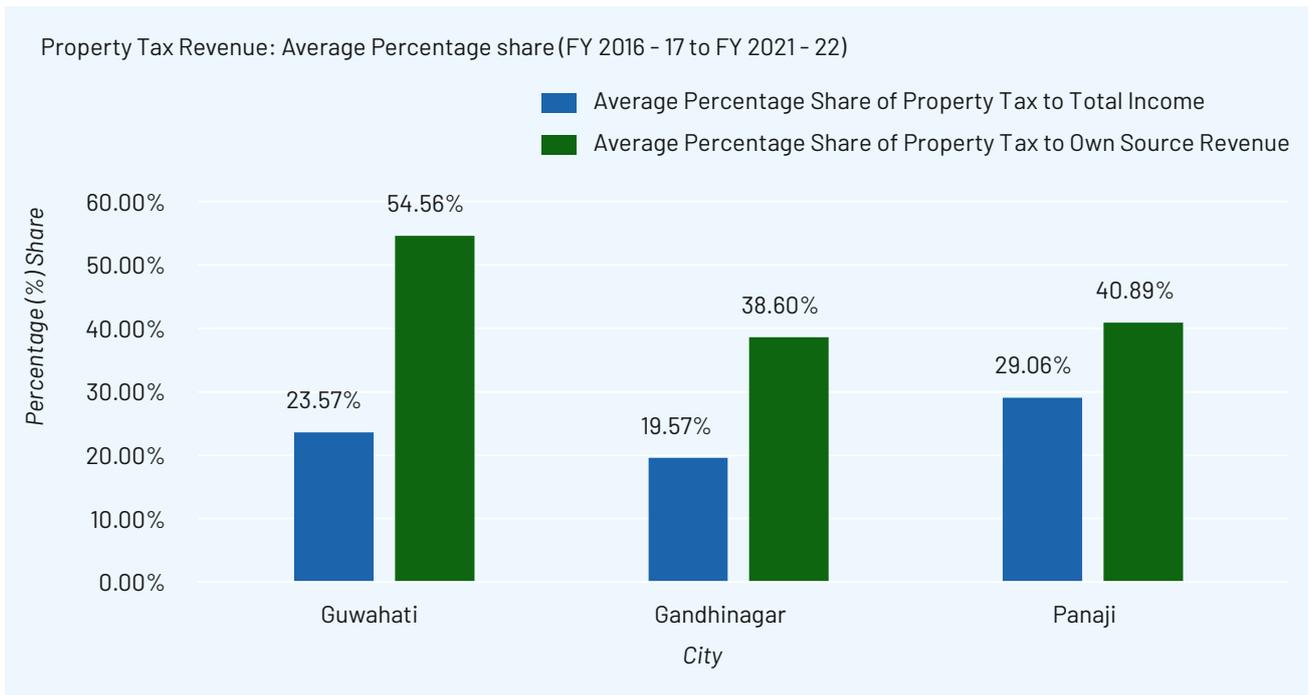
The Annual Growth of Property Tax Revenue of GMC for FY 2017-18 to FY 2021-22 is -1.44%, which is lower than that of GaMC (8.88%) and PMC (11.01%). Hence, GMC has low growth of property tax within similar population bracket and similar devolution of 18 functions in the ULBs(Praja, 2024).

GMC's property tax revenue CAGR is -7.44%, far below the national average of 13.06% for ULBs indicating significantly lower growth.

The Annual Growth of Property Tax was the highest (41.48%) in FY 2020-21 due to the efficient mapping of properties that year; otherwise, it has been in negative between -11.56% and -14.91% every year.

The Private Holding arrear period of property tax was lower in FY 2017-18. The property tax collected for FY 2020-21 was greater by 70.88% than the previous years; but it dropped in FY 2021-22 to -14.91% from the previous year.

**Figure 27: Property Tax Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Guwahati, Gandhinagar, and Panaji**

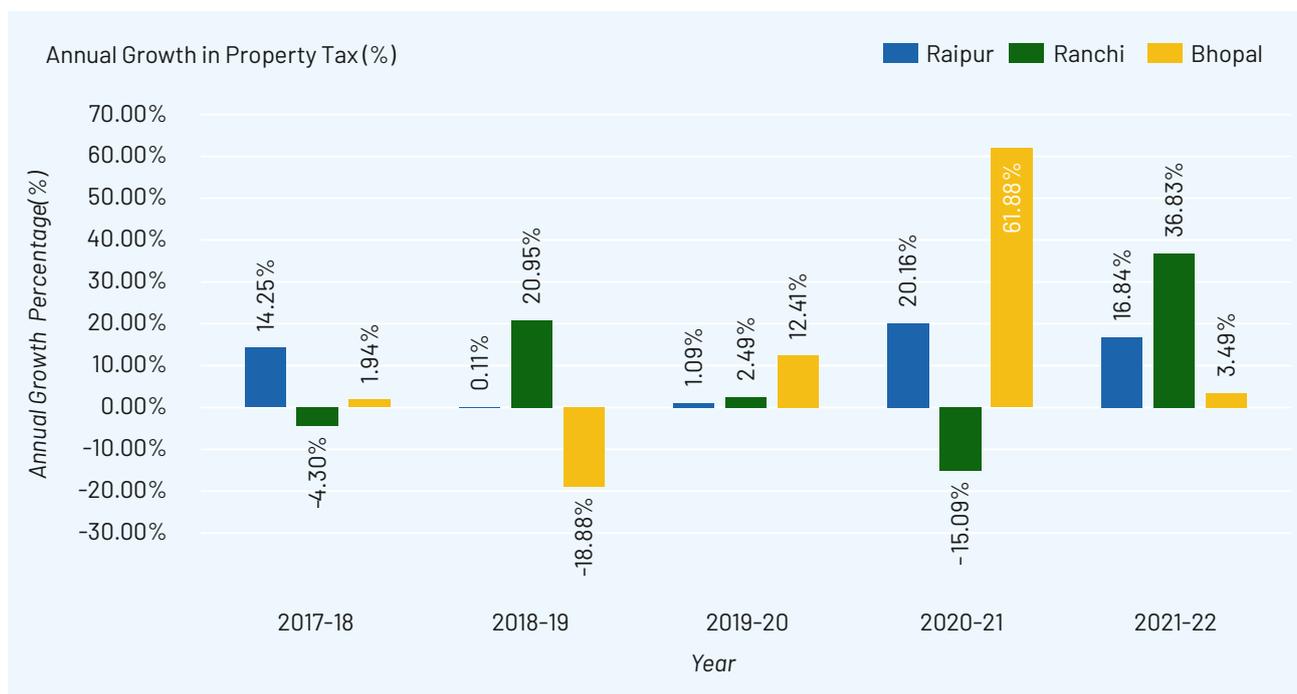


**Table 34: Property Tax Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Guwahati, Gandhinagar, and Panaji**

Financial Ratios	Average Share of Property Tax to Total Income	Average Share of Property Tax to Own Source Revenue
<b>Guwahati (GMC)</b>	<b>23.57%</b>	<b>54.56%</b>
Gandhinagar (GaMC)	19.57%	38.60%
Panaji (PMC)	29.06%	40.89%

The Average Share of Property Tax to Total Income of GMC for FY 2016-17 to FY 2021-22 is 23.57% which is higher than that of GaMC (19.57%) but lower than that of PMC (29.06%). Whereas the Average Share of Property Tax to OSR of GMC for FY 2016-17 to FY 2021-22 is 54.56%, which is higher than that of GaMC(38.60%)and PMC(40.89%). Property tax contributes more in OSR for Guwahati than the other sources.

**Figure 28: Annual Growth in Property Tax (%) of Raipur, Ranchi, and Bhopal**



**Table 35: Annual Growth in Property Tax (%) of Raipur, Ranchi, and Bhopal**

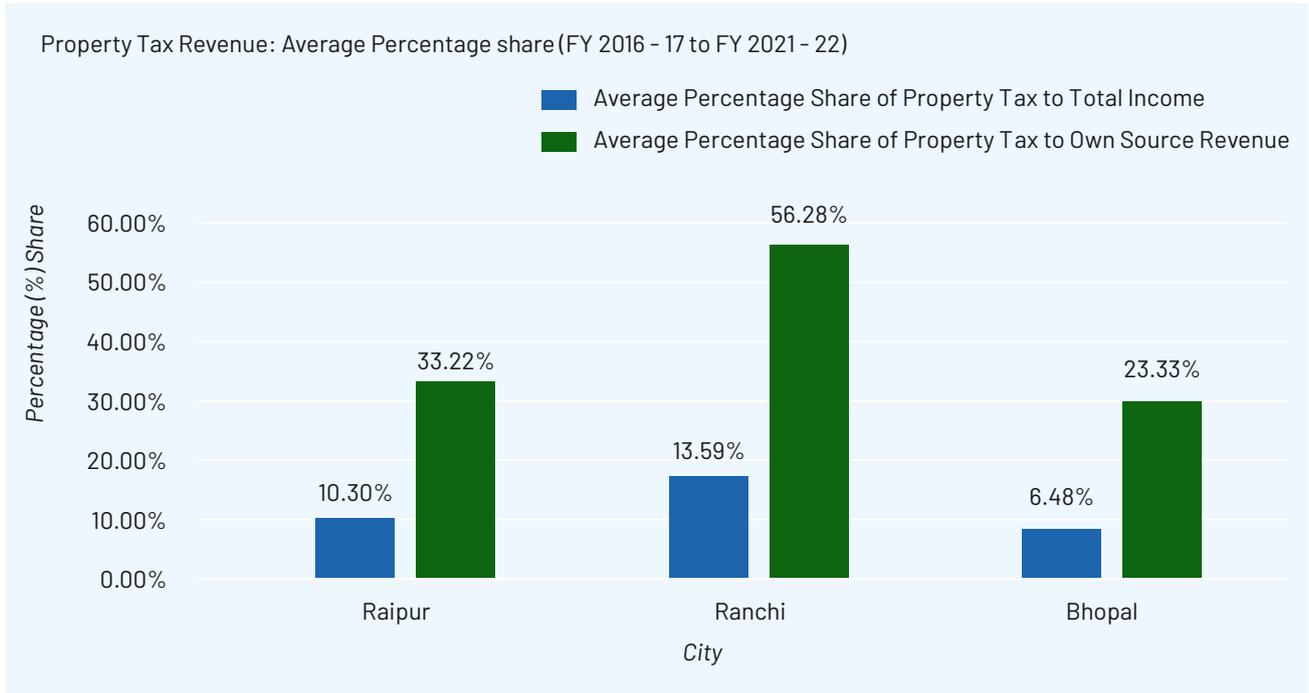
Annual Growth in Property Tax (%)	2017-18	2018-19	2019-20	2020-21	2021-22	Average
<b>Raipur(RMC)</b>	<b>14.25%</b>	<b>0.11%</b>	<b>1.09%</b>	<b>20.16%</b>	<b>16.84%</b>	<b>10.49%</b>
Ranchi(RaMC)	-4.30%	20.95%	2.49%	-15.09%	36.83%	8.17%
Bhopal(BhMC)	1.94%	-18.88%	12.41%	61.88%	3.49%	12.17%

The Annual Growth in Property Tax of Raipur for FY 2016-17 to FY 2021-22 is 10.49%, which is higher than that of Ranchi(8.17%)and lower than that of Bhopal(12.17%). Raipur has a higher growth of property tax than Ranchi.

The average annual growth of property tax revenue is below the national average of 13.06%, indicating a lower property tax revenue share compared to the national ULB average.

The Annual Growth of Property Tax Revenue increased in FY 2020-21(20.16%) and FY 2021-22 (16.84%) after being low in previous years [ FY 2018-19(0.11%), and FY 2019-20(1.09%)]. In Raipur, GIS mapping was conducted in FY 2017-18 with door-to-door property surveys by the revenue officials to map the properties in real-time basis using a unique mobile application The application facilitates the collection of property measurements and geotags the properties by linking their GPS coordinates with associated data and photographs. These interventions have resulted in a 54% increase in the number of assessed properties and a 68% rise in property tax demand within two years in Raipur.

**Figure 29: Property Tax Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Raipur, Ranchi, and Bhopal**



**Table 36: Property Tax Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22)of Raipur, Ranchi, and Bhopal**

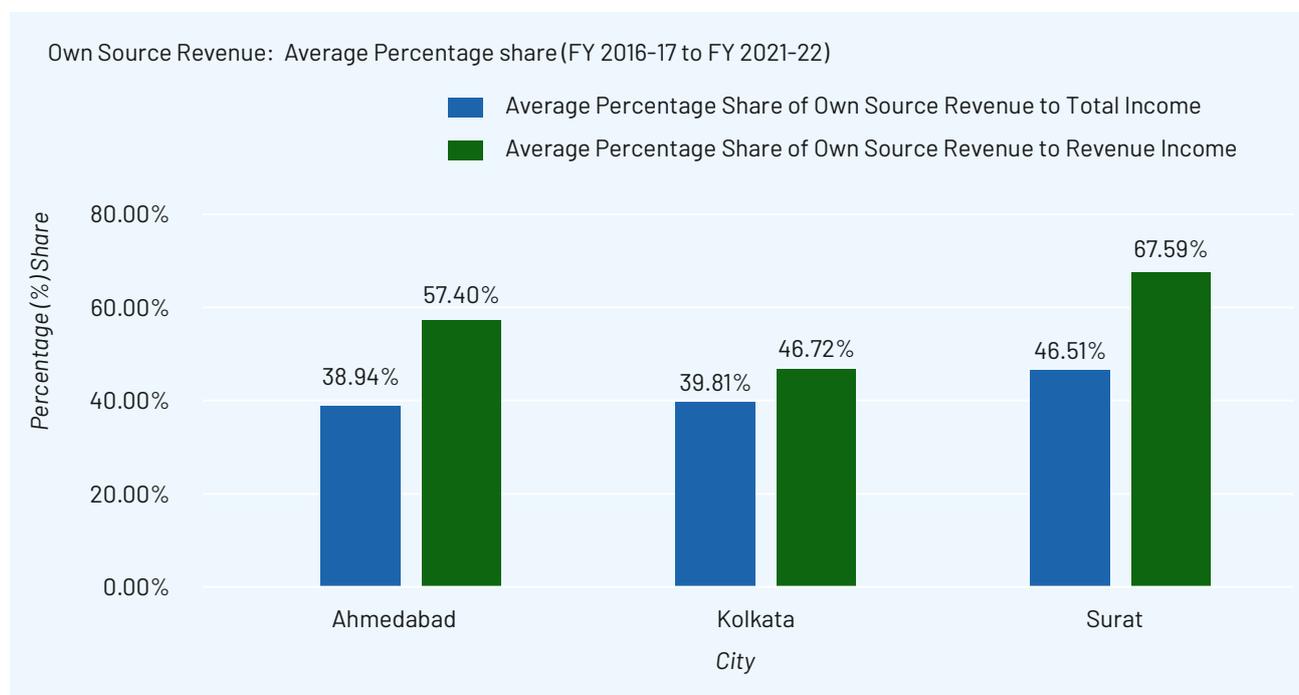
Financial Ratios	Average Share of Property Tax to Total Income	Average Share of Property Tax to Own Source Revenue
<b>Raipur (RMC)</b>	<b>10.30%</b>	<b>33.22%</b>
Ranchi (RaMC)	13.59%	56.28%
Bhopal (BhMC)	6.48%	23.33%

The Average Share of Property Tax to Total Income of Raipur for FY 2016-17 to FY 2021-22 is 10.30%, which is higher than that of Bhopal (6.48%). Whereas, the Average Share of Property Tax to Own Source Revenue of Raipur for FY 2016-17 to FY 2021-22 is 33.22%, which is lower than that of Ranchi (56.28%) and higher than that of Bhopal (23.33%). Raipur’s percentage share of Property Tax in Total Income and Own Source Revenue is gradually increasing as properties are being mapped with GIS technologies.

## Own Source Revenue (OSR) ●●●

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**Figure 30: Own Source Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Ahmedabad, Kolkata, and Surat**



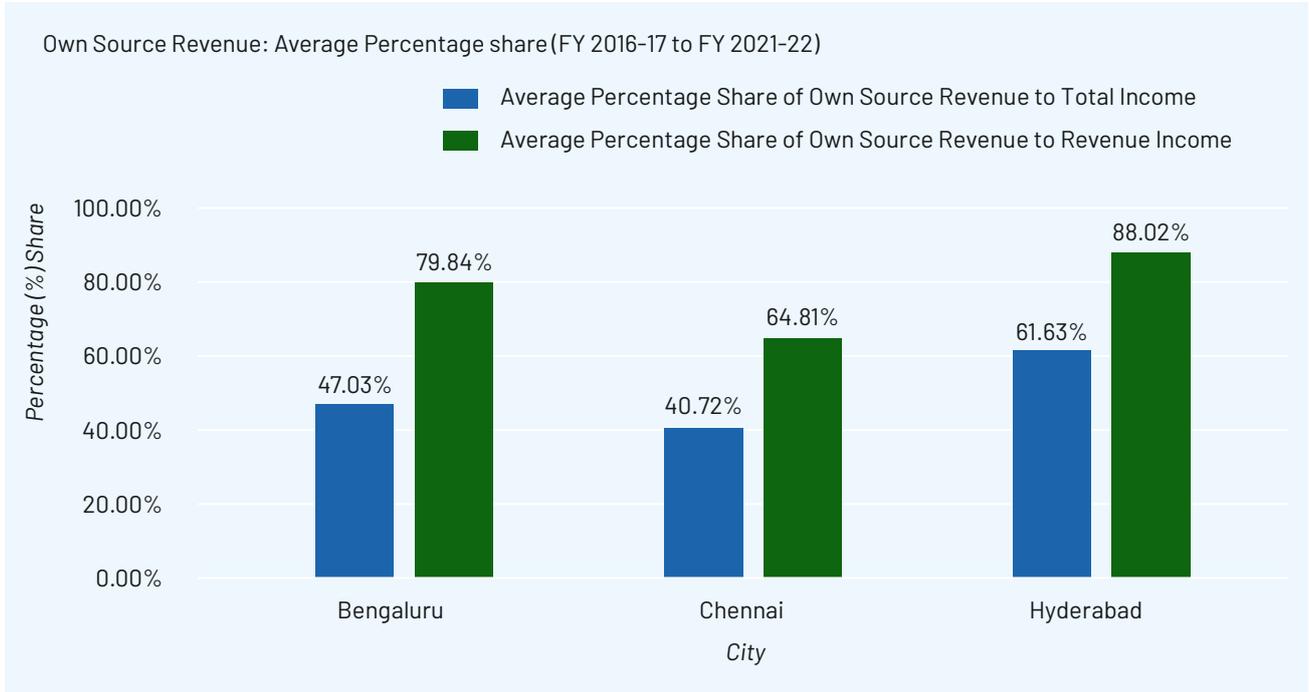
**Table 37: Own Source Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Ahmedabad, Kolkata, and Surat**

Financial Ratios	Average Share of Own Source Revenue to Total Income	Average Share of Own Source Revenue to Revenue Income
<b>Ahmedabad (AMC)</b>	<b>38.94%</b>	<b>57.40%</b>
Kolkata (KMC)	39.81%	46.72%
Surat (SMC)	46.51%	67.59%

The average share of Ahmedabad's OSR to its total income for FY 2016-17 to FY 2021-22 is 38.94%, which is lower than that of Kolkata's 39.81% and Surat's 46.51%. The average percentage share of OSR in AMC's total income is lower than the national average of 53%, indicating that AMC has less share of own-source revenue to its total income compared to the national trend.

AMC has diversified income sources, including grants, bonds, and other revenues. Whereas, the Average Share of OSR to Revenue Income of Ahmedabad for FY 2016-17 to FY 2021-22 is 57.40%, which is higher than that of Kolkata (46.72%) and lower than that of Surat (67.59%).

**Figure 31: Own Source Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Bengaluru, Chennai, and Hyderabad**



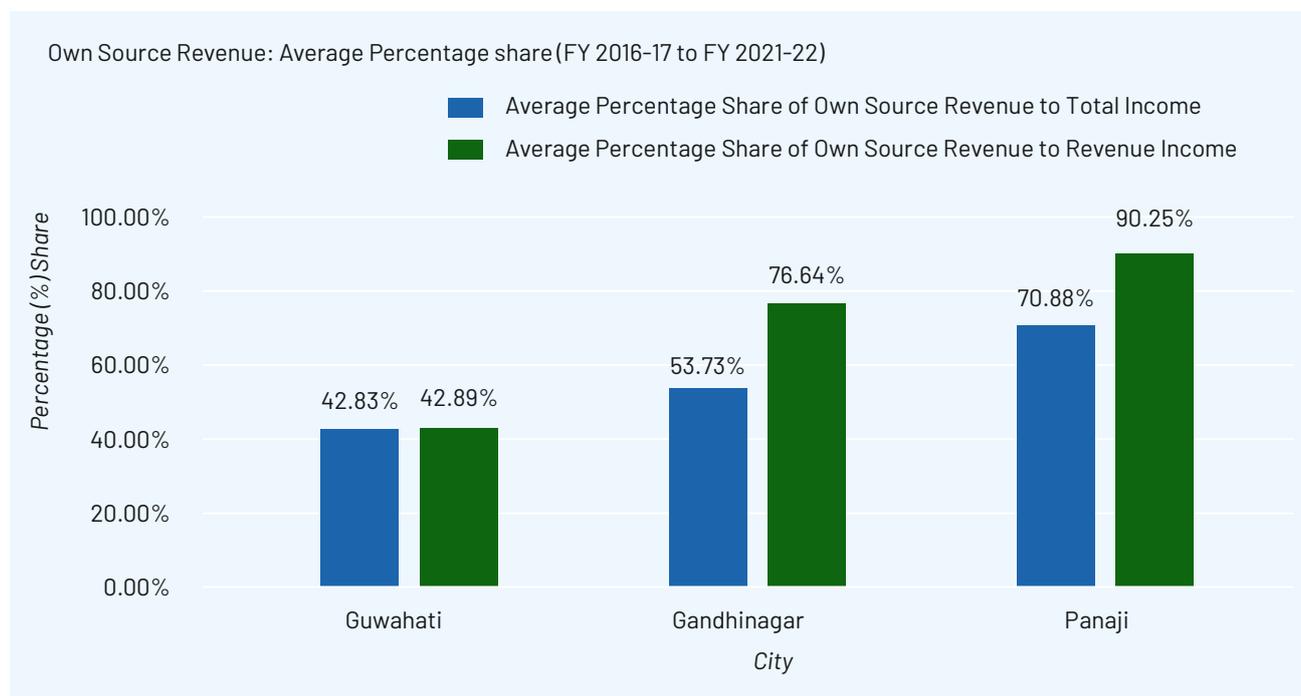
**Table 38: Own Source Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Bengaluru, Chennai, and Hyderabad**

Financial Ratios	Average Share of Own Source Revenue to Total Income	Average Share of Own Source Revenue to Revenue Income
<b>Bengaluru (BBMP)</b>	<b>47.03%</b>	<b>79.84%</b>
Chennai (GCC)	40.72%	64.81%
Hyderabad (GHMC)	61.63%	88.02%

The Average Share of OSR to Total Income of Bengaluru for FY 2016-17 to FY 2021-22 is 47.03%, which is higher than that of Chennai(40.72%)and lower than that of Hyderabad(61.63%).

Whereas, the Average Share of OSR to Revenue Income of Bengaluru for FY 2016-17 to FY 2021-22 is 79.84%, which is higher than that of Chennai (64.81%) and lower than that of Hyderabad (88.02%). The BBMP primarily relies on property tax as its revenue source, resulting in a higher share of OSR.

**Figure 32: Own Source Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Guwahati, Gandhinagar, and Panaji**



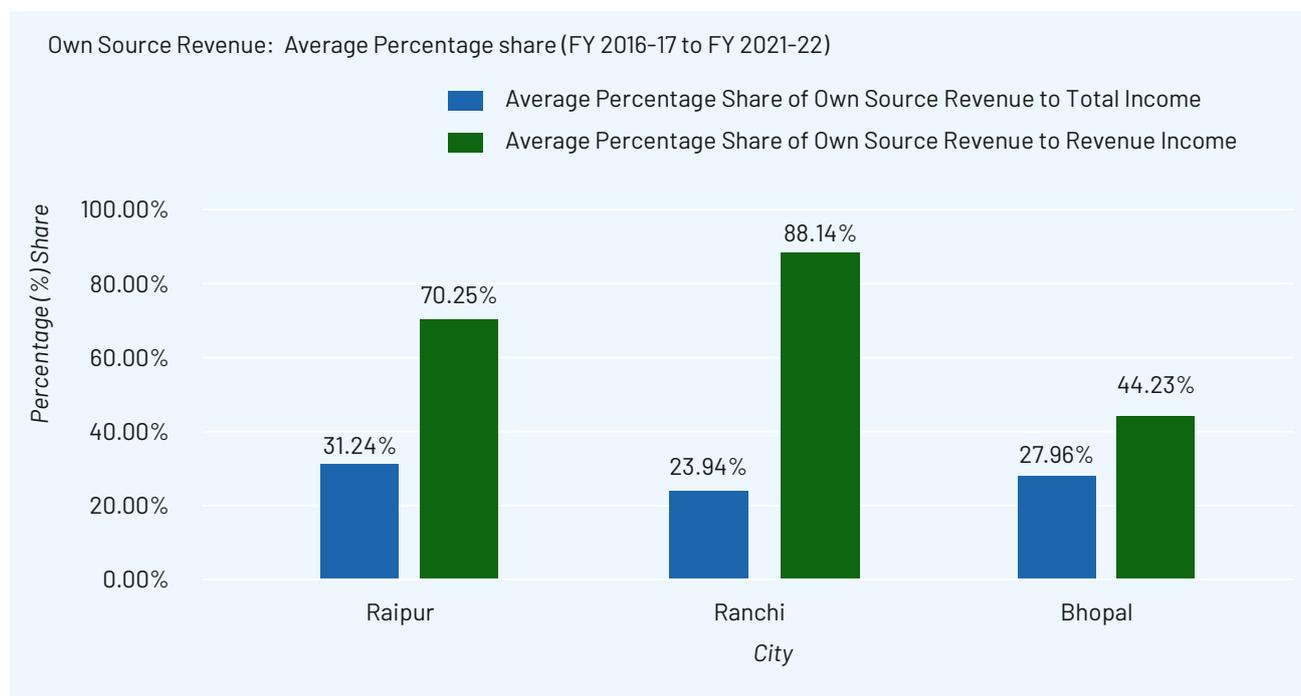
**Table 39: Own Source Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Guwahati, Gandhinagar, and Panaji**

Financial Ratios	Average Share of Own Source Revenue to Total Income	Average Share of Own Source Revenue to Revenue Income
<b>Guwahati (GMC)</b>	<b>42.83%</b>	<b>42.89%</b>
Gandhinagar (GaMC)	53.73%	76.64%
Panaji (PMC)	70.88%	90.25%

The Average Share of OSR to Total Income of Guwahati for FY 2016-17 to FY 2021-22 is 42.83%, which is lower than that of Gandhinagar (53.73%) and Panaji (70.88%). GMC's average own-source revenue share to total income is lower than the national average of 53% for ULBs during 2012-17, indicating that GMC relies less on its own revenue compared to other ULBs across the country.

The Average Share of OSR to Revenue Income of Guwahati for FY 2016-17 to FY 2021-22 is 42.89%, which is considerably lower than that of Gandhinagar (76.64%) and Panaji (90.25%). This is essentially due to non-revision of tax and non-adoption of non-tax revenue sources by GMC. This indicates GMC's higher reliance on grants and loans.

**Figure 33: Own Source Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Raipur, Ranchi, and Bhopal**



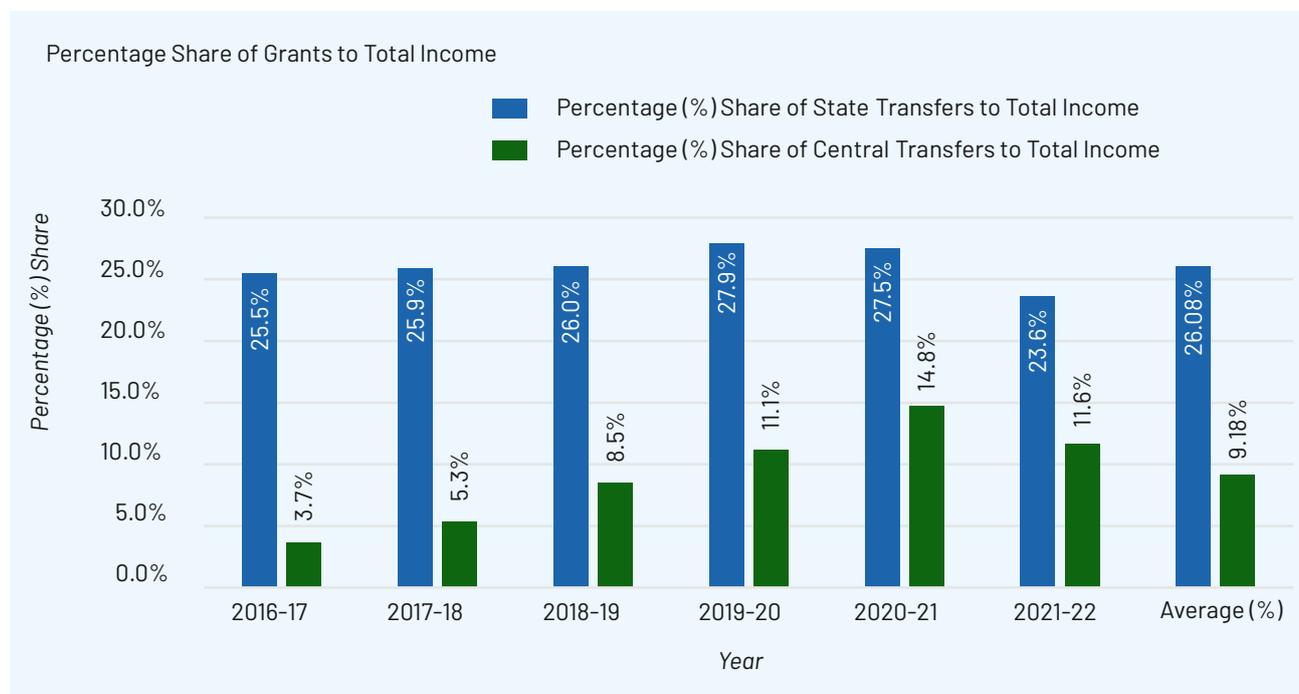
**Table 40: Own Source Revenue: Average Percentage Share (FY 2016-17 to FY 2021-22) of Raipur, Ranchi, and Bhopal**

Financial Ratios	Average Share of Own Source Revenue to Total Income	Average Share of Own Source Revenue to Revenue Income
<b>Raipur (RMC)</b>	<b>31.24%</b>	<b>70.25%</b>
Ranchi (RaMC)	23.94%	88.14%
Bhopal (BhMC)	27.96%	44.23%

The Average Share of Own Source Revenue to Total Income of Raipur for FY 2016-17 to FY 2021-22 is 31.24%, which is higher than that of Ranchi (23.94%) and Bhopal (27.96%). It is less than the national average of 37% (RBI, 2022) indicating a larger dependency on state and central grants. The Average Share of OSR to Revenue Income of Raipur for FY 2016-17 to FY 2021-22 is 70.25%, which is lower than that of Ranchi (88.14%) and is higher than Bhopal (44.23%).

### AHMEDABAD

**Figure 34: Percentage Share of Grants to Total Income (FY 2016-17 to FY 2021-22) of Ahmedabad, Kolkata, and Surat**

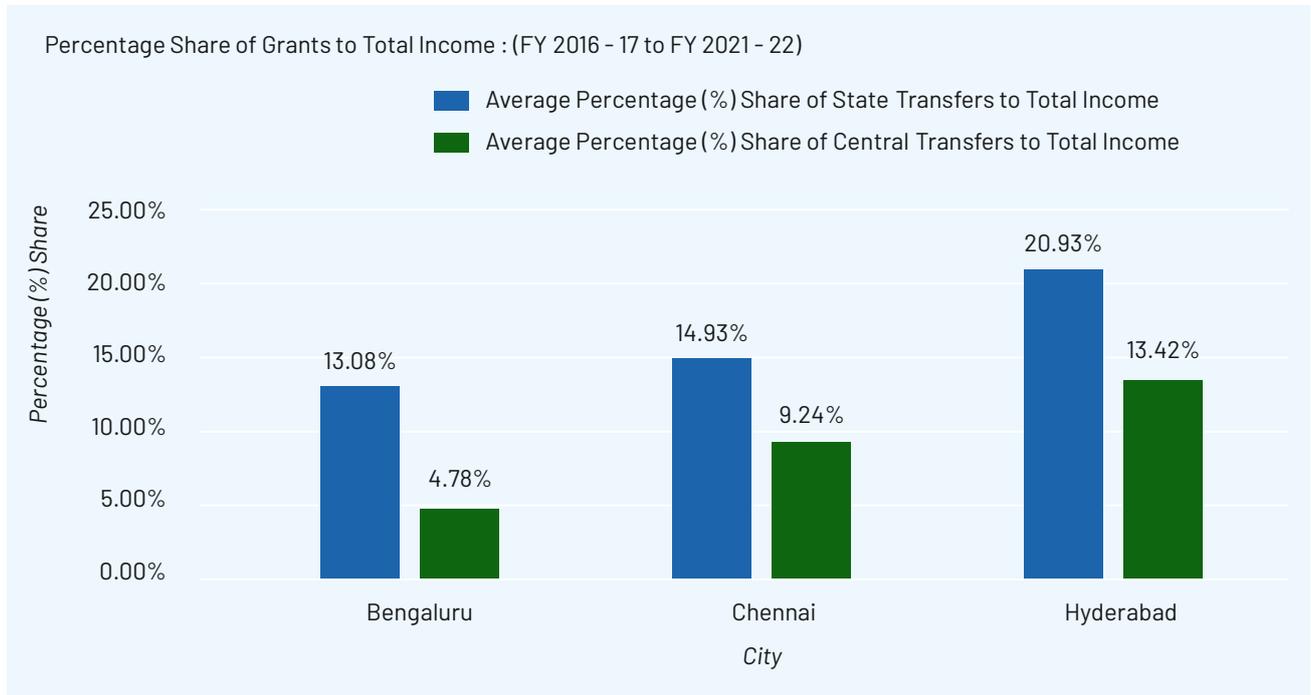


**Table 41: Percentage Share of Grants to Total Income (FY 2016-17 to FY 2021-22) of Ahmedabad, Kolkata, and Surat**

Financial Ratios	Average Share of State Transfers to Total Income	Average Share of Central Transfers to Total Income
<b>Ahmedabad (AMC)</b>	<b>26.08%</b>	<b>9.18%</b>
Kolkata (KMC)	46.38%	9.89%
Surat (SMC)	No Data Available	No Data Available

The Average Share of State Transfers to Total Income for AMC is 26.08%, which is lower than that of Kolkata (46.38%). The Average Percentage Share of Central Transfers to Total Income for Ahmedabad is 9.18%, which is lower than that of Kolkata (9.89%). This is due to its multiple sources of non-tax revenues such as Sabarmati Riverfront leases and events, heritage tourism fees from historic sites, advertising revenue from BRTS corridors, and earnings from solid waste-to-energy projects.

**Figure 35: Percentage Share of Grants to Total Income (FY 2016-17 to FY 2021-22) of Bengaluru, Chennai, and Hyderabad**

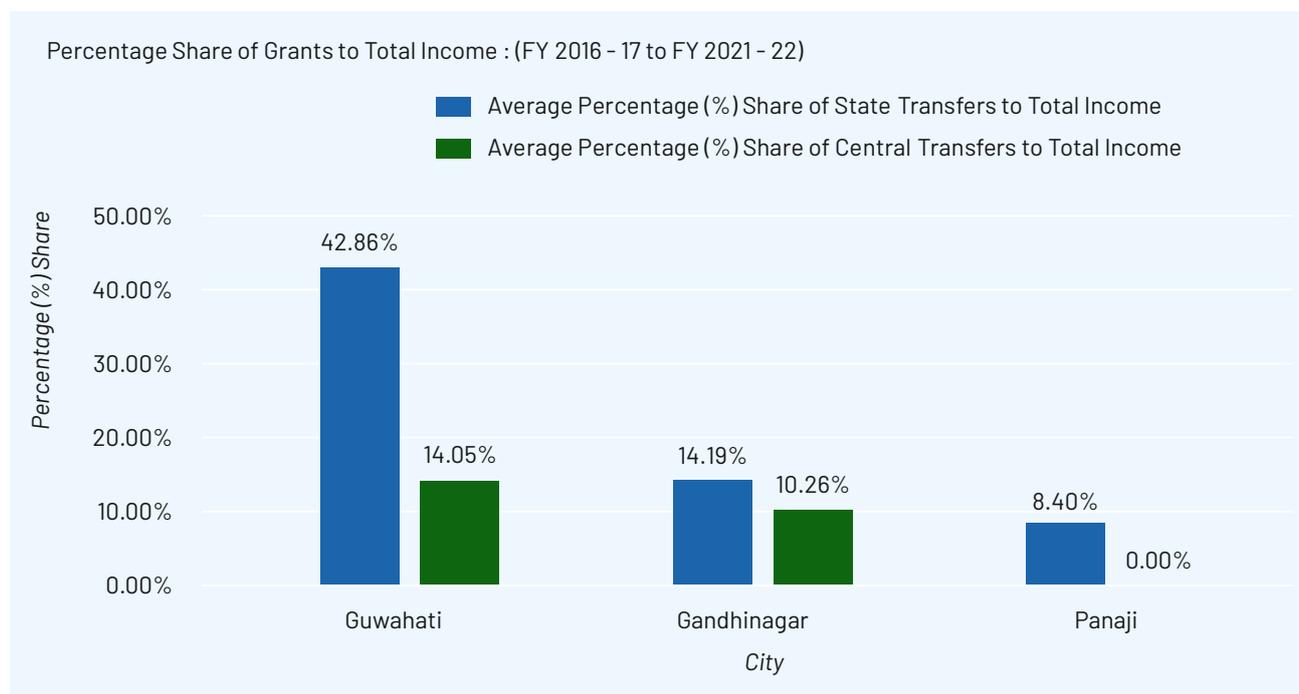


**Table 42: Percentage Share of Grants to Total Income (FY 2016-17 to FY 2021-22) of Bengaluru, Chennai, and Hyderabad**

Financial Ratios	Average Share of State Transfers to Total Income	Average Share of Central Transfers to Total Income
<b>Bengaluru (BBMP)</b>	<b>13.08%</b>	<b>4.78%</b>
Chennai (GCC)	14.93%	9.24%
Hyderabad (GHMC)	20.93%	13.42%

The Average Share of State Transfers to Total Income of Bengaluru for FY 2016-17 to FY 2021-22 is 13.08%, which is lower than that of Chennai (14.93%) and Hyderabad (20.93%). The Average Percentage Share of Central Transfers to Total Income of Bengaluru for FY 2016-17 to FY 2021-22 is 4.78%, which is lower than that of Chennai (9.24%) and Hyderabad (13.42%). BBMP performs better than these cities owing to its robust Own Source Revenue share.

**Figure 36: Percentage Share of Grants to Total Income (FY 2016-17 to FY 2021-22) of Guwahati, Gandhinagar, and Panaji**



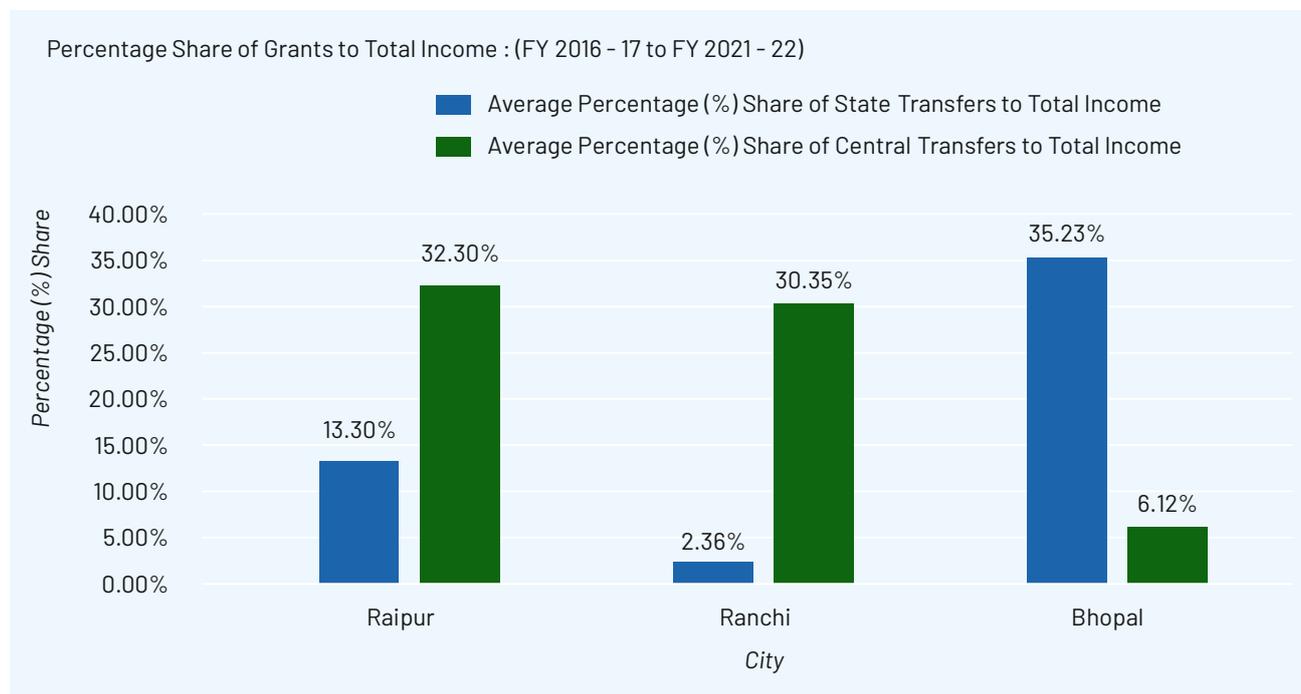
**Table 43: Percentage Share of Grants to Total Income (FY 2016-17 to FY 2021-22) of Guwahati, Gandhinagar, and Panaji**

Financial Ratios	Average Share of State Transfers to Total Income	Average Share of Central Transfers to Total Income
<b>Guwahati (GMC)</b>	<b>42.86%</b>	<b>14.05%</b>
Gandhinagar (GaMC)	14.19%	10.26%
Panaji (PMC)	8.40%	0.00%

The Average Share of State Transfers to Total Income of Guwahati for FY 2016-17 to FY 2021-22 is 42.86%, which is higher than that of Gandhinagar(14.19%)and Panaji(8.40%).

Also, the Average Share of Central Transfers to Total Income of Guwahati for FY 2016-17 to FY 2021-22 is 14.05%, which is higher than that of Gandhinagar (10.26%) and Panaji (0.00%). GMC relies heavily on state and central transfers due to challenges such as the non-revision of property tax rates and inefficiencies in property tax collection over the years. Assam’s Municipal Act needs to be revised in order to meet the local and global commitments towards climate-resilient and gender-inclusive urban development.

**Figure 37: Percentage Share of Grants to Total Income (FY 2016-17 to FY 2021-22) of Raipur, Ranchi, and Bhopal**



**Table 44: Percentage Share of Grants to Total Income (FY 2016-17 to FY 2021-22) of Raipur, Ranchi, and Bhopal**

Financial Ratios	Average Share of State Transfers to Total Income	Average Share of Central Transfers to Total Income
<b>Raipur (RMC)</b>	<b>13.30%</b>	<b>32.30%</b>
Ranchi (RaMC)	2.36%	30.35%
Bhopal (BhMC)	35.23%	6.12%

The Average Share of State Transfers to Total Income of Raipur for FY 2016-17 to FY 2021-22 is 13.30%, which is higher than that of Ranchi (2.36%) and lower than that of Bhopal (35.23%). The average percentage share of central transfers to the total income of Raipur for the same period is 32.30%, the highest among the other cities, indicating significant borrowings.

## 2.2: Summary of Municipal Revenue ●●●

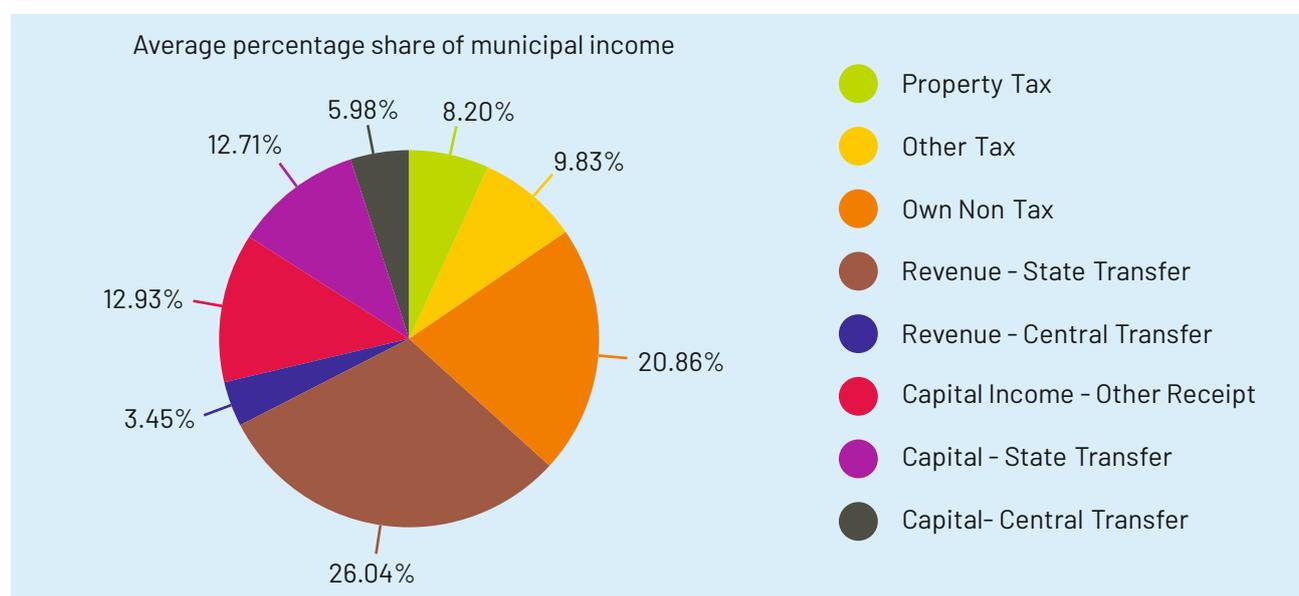
### AHMEDABAD

**Table 45: Summary of Municipal Revenue of AMC**

Financial Ratios	Own Source Revenue	Tax Revenue	Property Tax Revenue	Non-Tax Revenue
CAGR	4.93%	8.11%	8.53%	2.33%
Average Per Capita	Rs 3,623.80	Rs 1,677.73	Rs 762.66	Rs 1,946.06
Percentage Share to Total Income	38.94%	17.98%	8.17%	20.96%
Percentage Share to Own Source Revenue	Not Applicable	Not Applicable	20.98%	Not Applicable

The financial analysis of AMC highlights that the OSR contributes 38.94% to the total income, with an average per capita value of Rs 3,623.80 and a CAGR of 4.93%. Within this, the tax revenue shows significant growth (CAGR 8.11%) and accounts for 17.98% of the total income, with Property Tax contributing 8.17%. The property tax also forms 20.98% of the OSR with a strong CAGR of 8.53%. The non-tax revenue, despite its lower growth rate (2.33%), remains a key component, contributing 20.96% to the total income and Rs 1,946.06 per capita. These trends reflect an increasing reliance on tax-based revenue sources while highlighting the slower growth of non-tax revenues.

**Figure 38: Average percentage share of municipal income from FY 2016-17 to FY 2021-22**



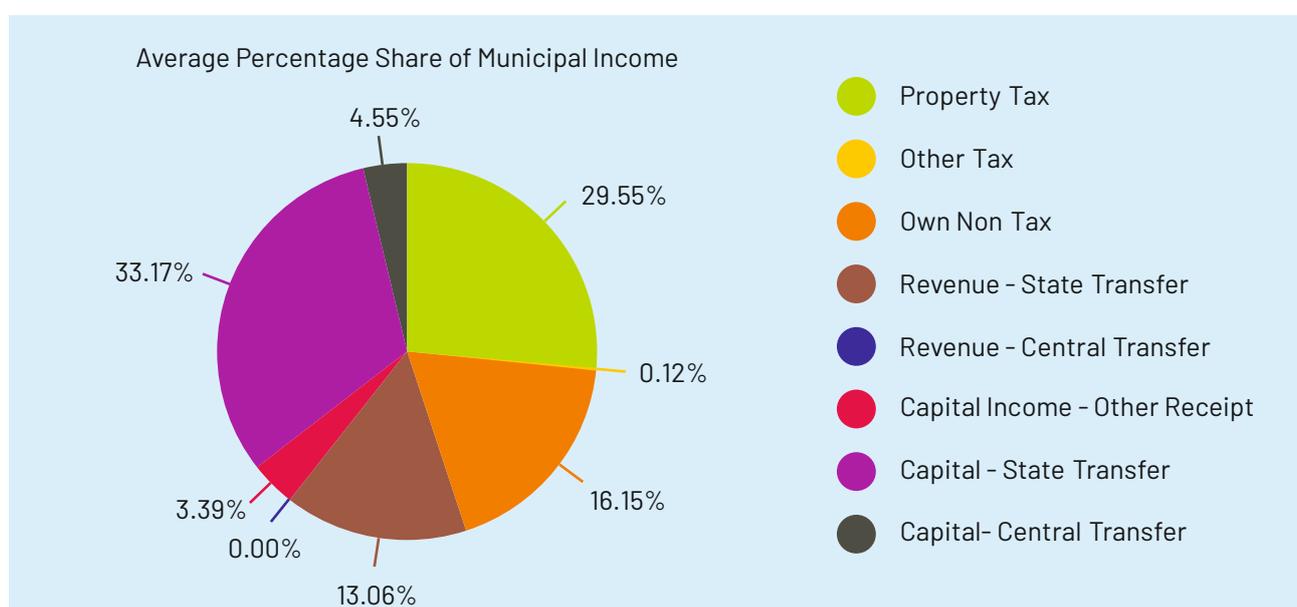
Municipal revenue of AMC indicates a steady growth, with tax revenue growing at an annual rate of 8.35% between 2017 and 2022. There was a spike of 21.46% in FY 2021-22 due to higher collections of property, vehicle, and water taxes. However, its contribution to total income remains 17.98%, which is less than that of Kolkata (27.09%) and Surat (30.39%). The non-tax revenue grew annually by 2.45%, with a significant 11.46% rise in 2021-22 from user charges for sanitation, advertising, and entry fees, contributing 20.96% to the total income, above the national average of 18% (ICRIER, 2019). The property tax grew 8.87% annually, with its share in total income averaging 8.17%, but lower than the national average of 15%. The OSR contributes 38.94% to the total income, much less than the national average of 59% (RBI, 2022) and below Kolkata (39.81%) and Surat (46.51%), while the state and central transfers account for 26.08% and 9.18%, respectively.

**Table 46: Summary of Municipal Revenue of BBMP**

Financial Ratios	Own Source Revenue	Tax Revenue	Property Tax Revenue	Non-Tax Revenue
CAGR	5.04%	6.16%	6.43%	3.15%
Average Per Capita	Rs 3,377.56	Rs 2,182.04	Rs 2,172.92	Rs 1,195.52
Percentage Share to Total Income	47.85%	30.97%	30.84%	16.88%
Percentage Share to Own Source Revenue	Not Applicable	Not Applicable	64.31%	Not Applicable

The financial data for BBMP indicates that the OSR forms 47.85% of the total income, with a per capita average of Rs 3,377.56 and a CAGR of 5.04%. The tax revenue contributes 30.97% of the total income, driven largely by property tax, which accounts for 30.84% of the total income and 64.31% of the OSR. The property tax has a strong growth rate (CAGR 6.43%) and a high per capita contribution of Rs 2,172.92. The non-tax revenue, despite a lower CAGR of 3.15%, contributes 16.88% to the total income, with a per capita value of Rs 1,195.52. The data highlights the heavy reliance on property tax and the steady growth of tax revenues in BBMP's income structure.

**Figure 39: Average percentage share of municipal income from FY 2016-17 to FY 2021-22**



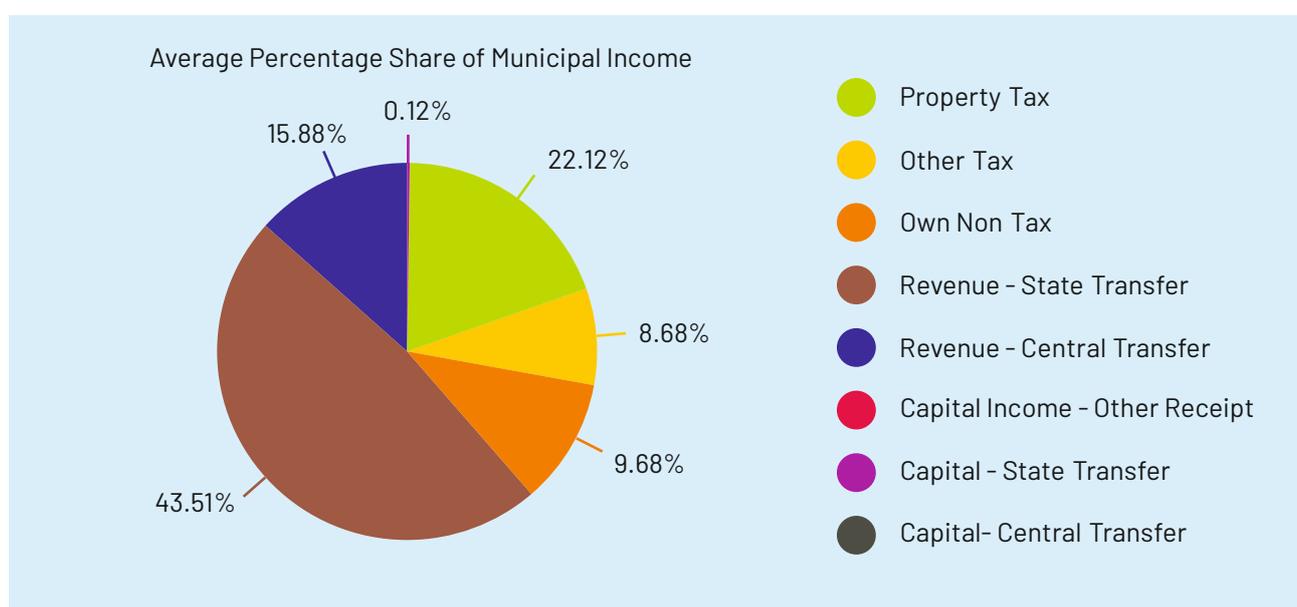
Bengaluru demonstrates a robust tax revenue growth of 6.01% annually, with a notable 17.16% increase in FY 2018-19 due to penalties and fees, contributing 30.40% to the total income, higher than the national average of 25% (ICRIER, 2019). The non-tax revenue growth remains modest at 1.51%, driven by declining collections of rent, fees, and fines, contributing 16.64% to the total income, below the national average of 18%. The property tax accounts for 30.84% of the total income and 64.31% of its OSR, reflecting its importance in the city's revenue structure. The OSR contributes 47.85% to the total income, with grants and transfers from state (13.08%) and central governments (4.78%), which is lower than peer cities like Chennai and Hyderabad.

**Table 47: Summary of Municipal Revenue of GMC**

Financial Ratios	Own Source Revenue	Tax Revenue	Property Tax Revenue	Non-Tax Revenue
CAGR	-0.51%	-4.45%	-3.64%	10.13%
Average Per Capita	Rs 2,133.22	Rs 1,621.98	Rs 1,165.14	Rs 511.24
Percentage Share to Total Income	42.83%	33.01%	23.57%	9.82%
Percentage Share to Own Source Revenue	Not Applicable	Not Applicable	54.56%	Not Applicable

The financial data for GMC reveals that the OSR constitutes 42.83% of the total income, with a per capita average of Rs 2,133.22 and a slight decline in growth (CAGR -0.51%). The tax revenue, contributing 33.01% of the total income, has witnessed a significant decrease (CAGR -4.45%), driven by a drop in property tax, which accounts for 23.57% of the total income and 54.56% of the OSR, with a CAGR of -3.64%. In contrast, the non-tax revenue, though smaller at 9.82% of the total income and Rs 511.24 per capita, shows a robust growth with a CAGR of 10.13%. The data highlights declining trends in tax revenues and a rising dependence on non-tax sources.

**Figure 40: Average percentage share of municipal income from FY 2016-17 to FY 2021-22**



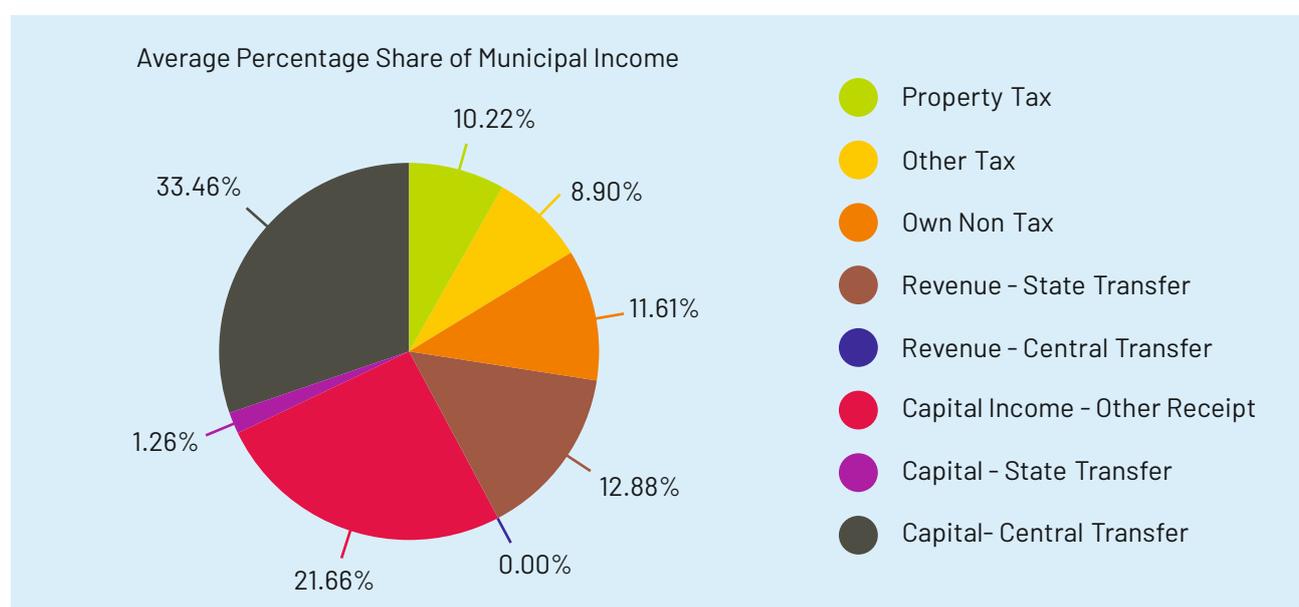
Guwahati's municipal revenue shows a declining trend in tax revenue, with annual growth at -2.84% (FY 2017-22) due to outdated property tax rates, last revised in 2008, except for a 28.11% increase in FY 2020-21 from unmapped property taxes. The contribution of tax revenue to the total income fell from 43.34% in 2016-17 to 15.92% in 2021-22. The non-tax revenue, however, grew by 16.54%, driven by fines, penalties, and rental income, contributing 9.83% to the total income, below the national average of 18% (ICRIER, 2019). The property tax comprises 23.57% of the total income and 54.56% of its OSR, outperforming comparable cities like Gandhinagar but lagging Panaji. The OSR contributes 42.83% to the total income, while state transfers (42.86%) and central transfers (14.05%) dominate, reflecting Guwahati's heavy reliance on Inter Government Transfers (IGT).

**Table 48: Summary of Municipal Revenue of RMC**

Financial Ratios	Own Source Revenue	Tax Revenue	Property Tax Revenue	Non-Tax Revenue
CAGR	8.95%	6.56%	10.17%	12.85%
Average Per Capita	Rs 1,573.41	Rs 978.67	Rs 522.52	Rs 594.73
Percentage Share to Total Income	31.24%	19.38%	10.30%	11.86%
Percentage Share to Own Source Revenue	Not Applicable	Not Applicable	33.22%	Not Applicable

The OSR of RMC makes up 31.24% of the total income, with a strong growth rate (CAGR 8.95%) and a per capita average of Rs 1,573.41. The tax revenue contributes 19.38% of the total income, growing at 6.56% CAGR, while the property tax, accounting for 10.30% of the total income and 33.22% of OSR, shows a robust growth with a CAGR of 10.17%. The non-tax revenue, contributing 11.86% of the total income and Rs 594.73 per capita, leads revenue growth with a CAGR of 12.85%. The data highlights steady growth across revenue sources, with significant contributions from non-tax and property tax revenues.

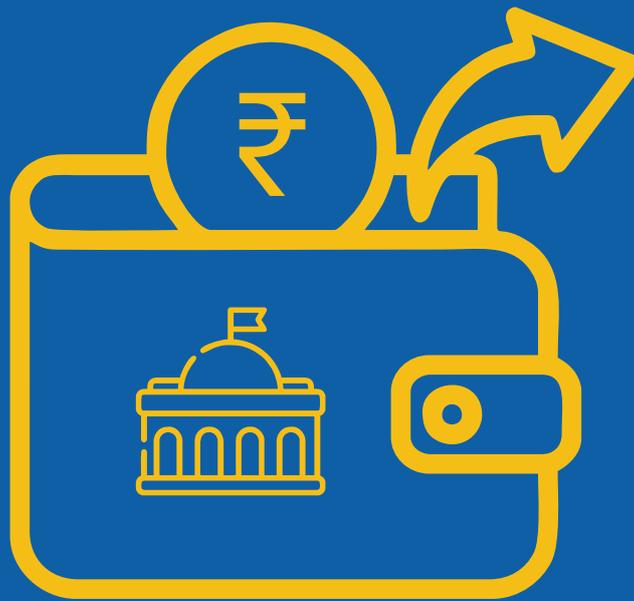
**Figure 41: Average percentage share of municipal income from FY 2016-17 to FY 2021-22**



Raipur’s tax revenue grew at 6.67% annually, with a 15.08% rise in 2020-21 due to enhanced collections from property, water tax, and surcharges, contributing 19.38% to the total income; however, it is below the national average of 25%. The non-tax revenue surged by 18.92%, peaking at 82.10% growth in 2021-22 from wedding zone income, shelter fees, and sanitation charges, but contributes just 11.86% to the total income, which is below the national average of 18% (ICRIER, 2019). The property tax grew 10.49% annually, with its share in total income averaging between 10.30% and 33.22% of OSR, supported by GIS-based property mapping. The OSR accounts for 31.24% of the total income, with state and central transfers contributing 13.30% and 32.30%, respectively, indicating significant reliance on central support.

## Chapter 3

# MUNICIPAL EXPENDITURE



## Components of Municipal Expenditure ●●●



### Revenue Expenditure

- 1. Establishment Expenditure:** Day-to-day expenses required to maintain municipal services, including salaries of employees, utility bills, and maintenance of facilities.
- 2. Administrative Expenses:** Costs associated with running municipal offices, including stationery, office supplies, and other administrative functions.
- 3. Operations and Maintenance:** Expenditure on services such as street cleaning, garbage collection, public health programmes, and maintenance of parks and open spaces.
- 4. Interest Payments on Loans:** These payments arise from loans taken to finance capital-intensive projects such as infrastructure development, urban renewal, or public utility enhancements.



### Capital Expenditure

- 1. Infrastructure Development:** Investments in constructing and upgrading roads, bridges, public buildings, water treatment plants, and sewer systems.
- 2. Urban Development Projects:** Funding for large-scale urban renewal projects, slum redevelopment, and affordable housing schemes.
- 3. Transport and Mobility:** Development of public transportation systems, including buses, metro rail, and the construction of transport infrastructure.
- 4. Environmental and Sanitation Projects:** Spending on waste management, recycling facilities, pollution control measures, and green spaces.

## 3.1. Average Per Capita Expenditure ●●●

### AHMEDABAD

**Table 49: Average Per Capita Expenditure of Ahmedabad from FY 2016-17 to FY 2021-22**

City	Revenue Expenditure Nominal (Rs)	Revenue Expenditure Real (Rs)	Capital Expenditure Nominal (Rs)	Capital Expenditure Real (Rs)	Total Expenditure Nominal (Rs)	Total Expenditure Real (Rs)
<b>Ahmedabad (AMC)</b>	<b>5,220.82</b>	<b>3,780.78</b>	<b>3,529.71</b>	<b>2,573.45</b>	<b>8,750.53</b>	<b>6,354.24</b>
Kolkata (KMC)	6,680.41	4,851.83	1,099.40	772.48	7,779.80	5,624.32
Surat (SMC)	5,135.89	3,724.97	3,157.64	2,316.18	8,293.53	6,041.15

Source: Compiled by study team

The average per capita expenditure of AMC is Rs 8,750.53 in nominal terms, with Rs 5,220.82 spent on revenue and Rs 3,529.71 on capital expenditure. After adjusting for inflation, the per capita expenditure is Rs 6,354.24, with Rs 3,780.78 for revenue and Rs 2,573.45 for capital. This shows a strong investment in both ongoing services and infrastructure development.

## BENGALURU

**Table 50: Average Per Capita Expenditure of Bengaluru**

City	Revenue Expenditure Nominal (Rs)	Revenue Expenditure Real (Rs)	Capital Expenditure Nominal (Rs)	Capital Expenditure Real (Rs)	Total Expenditure Nominal (Rs)	Total Expenditure Real (Rs)
<b>Bengaluru (BBMP)</b>	<b>3,047.60</b>	<b>2,206.37</b>	<b>4,083.88</b>	<b>2,988.90</b>	<b>7,131.48</b>	<b>5,195.28</b>
Chennai (GCC)	5,681.36	4,133.19	2,714.89	2,007.22	8,396.25	6,140.41
Hyderabad (GHMC)	5,219.87	3,804.89	5,097.92	3,628.55	10,317.80	7,433.44

Source: Compiled by study team

The average per capita expenditure of BBMP shows a significant focus on infrastructure development and city services. The nominal per capita revenue expenditure is Rs 3,047.60, highlighting the spending on operational services, while the capital expenditure is higher at Rs 4,083.88, indicating a strong investment in infrastructure. When adjusted for inflation, the per capita revenue expenditure drops to Rs 2,206.37, and capital expenditure to Rs 2,988.90.

## GUWAHATI

**Table 51: Average per Capita Expenditure of Guwahati**

City	Revenue Expenditure Nominal (Rs)	Revenue Expenditure Real (Rs)	Capital Expenditure Nominal (Rs)	Capital Expenditure Real (Rs)	Total Expenditure Nominal (Rs)	Total Expenditure Real (Rs)
<b>Guwahati (GMC)</b>	<b>1,740.98</b>	<b>1,258.86</b>	<b>258.62</b>	<b>182.39</b>	<b>1,999.60</b>	<b>1,441.25</b>
Gandhinagar (GaMC)	4,150.67	2,965.83	5,827.95	4,245.95	9,978.62	7,211.69
Panaji (PMC)	4,495.65	3,260.50	1,286.11	914.42	5,781.76	4,174.91

Source: Compiled by study team

Guwahati Municipal Corporation's average per capita expenditure reflects a stronger focus on operational services than infrastructure development. The nominal revenue expenditure is Rs 1,740.98 per person, indicating a significant portion of the budget is spent on establishment expenditures. In contrast, the capital expenditure is much lower at Rs 258.62, showing less investment in infrastructure. When adjusted for inflation, the real per capita expenditure drops to Rs 1,258.86 for revenue and Rs 182.39 for capital. This indicates that the city is not focusing on long-term, capital-intensive projects. It appears to be limited by its revenue-raising capacity, a shortage of skilled manpower, and vacant positions, leading to a focus primarily on operational expenditures related to routine municipal functions, such as solid waste management, sanitation services, and maintenance of existing infrastructure.

## RAIPUR

**Table 52: Average Per Capita Expenditure of Raipur**

City	Revenue Expenditure Nominal (Rs)	Revenue Expenditure Real (Rs)	Capital Expenditure Nominal (Rs)	Capital Expenditure Real (Rs)	Total Expenditure Nominal (Rs)	Total Expenditure Real (Rs)
<b>Raipur(RMC)</b>	<b>2,225.90</b>	<b>1,607.78</b>	<b>3,066.02</b>	<b>2,206.36</b>	<b>5,291.92</b>	<b>3,814.14</b>
Ranchi(RaMC)	843.78	612.36	3,373.31	2,490.02	4,217.09	3,102.38
Bhopal(BhMC)	3,807.32	2,762.73	2,587.14	1,881.17	6,394.45	4,643.90

Source: Compiled by study team

Raipur Municipal Corporation's average per capita expenditure shows more spending on infrastructure and services. The nominal revenue expenditure of Rs 2,225.90 per person reflects significant spending on day-to-day operations, while the capital expenditure is even higher at Rs 3,066.02, indicating a clear emphasis on infrastructure development. After adjusting for inflation, the real per capita expenditure drops to Rs 1,607.78 for revenue and Rs 2,206.36 for capital, reflecting the actual value of the spending.

### 3.2 Expenditure Ratios ● ● ●

## AHMEDABAD

**Table 53: Average Expenditure, Percentage Share of Expenditure to Total Expenditure and Revenue Expenditure for Ahmedabad (FY 2016-17 to FY 2021-22)**

Municipal Expenditure	Average (in Rs lakh)	Share to Total Expenditure	Share to Revenue Expenditure
Establishment Expenditure	1,41,165	25.42%	42.56%
Administrative Expenditure	10,700	1.93%	3.23%
Operation & Maintenance (O&M) Expenditure	92,512	16.66%	27.89%
Loan interest and other finance charges paid	4,846	0.87%	1.46%
Programme Expenditure	1,374	0.25%	0.41%
Other Expenditure - Revenue Grants, Provisions and Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	81,113	14.61%	24.45%
<b>Total Revenue Expenditure</b>	<b>3,31,709</b>	<b>59.73%</b>	-
<b>Total Capital Expenditure</b>	<b>2,23,620</b>	<b>40.27%</b>	-
<b>Total Municipal Expenditure</b>	<b>5,55,329</b>	<b>100.00%</b>	-

Source: Compiled by study team

The Establishment Expenditure has the highest share (25.42%) to Total Expenditure and Revenue Expenditure, followed by the percentage share (16.66%) of Operation & Maintenance (O&M) Expenditure.

## BENGALURU

**Table 54: Average Expenditure, Percentage Share of Expenditure to Total Expenditure and Revenue Expenditure for Bengaluru (FY 2016-17 to FY 2021-22)**

Municipal Expenditure	Average (in Rs lakh)	Share to Total Expenditure	Share to Revenue Expenditure
Establishment Expenditure	91,986	12.99%	32.26%
Administrative Expenditure	14,204	2.01%	4.98%
Operation & Maintenance (O&M) Expenditure	1,37,337	19.39%	48.17%
Loan interest and other finance charges paid	7,341	1.04%	2.57%
Programme Expenditure	21,069	2.97%	7.39%
Other Expenditure - Revenue Grants, Provisions and Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	13,190	1.86%	4.63%
<b>Total Revenue Expenditure</b>	<b>2,85,126</b>	<b>40.25%</b>	<b>-</b>
<b>Total Capital Expenditure</b>	<b>4,23,247</b>	<b>59.75%</b>	<b>-</b>
<b>Total Municipal Expenditure</b>	<b>7,08,373</b>	<b>100.00%</b>	<b>-</b>

Source: Compiled by study team

The Percentage Share of Operation & Maintenance Expenditure (48.17%) is higher than the Establishment Expenditure (32.26%) suggesting BBMP spend more on operations than on salaries and other expenses for its establishments.

## GUWAHATI

**Table 55: Average Expenditure, Percentage Share of Expenditure to Total Expenditure and Revenue Expenditure for Guwahati (FY 2016-17 to FY 2021-22)**

Municipal Expenditure	Average (in Rs lakh)	Share to Total Expenditure	Share to Revenue Expenditure
Establishment Expenditure	10,483	54.24%	54.37%
Administrative Expenditure	1,445	7.48%	7.50%
Operation & Maintenance (O&M) Expenditure	6,596	34.13%	34.21%
Loan interest and other finance charges paid	0	0	0
Programme Expenditure	120	0.62%	0.62%
Other Expenditure - Revenue Grants, Provisions and Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	637	3.30%	3.30%

Municipal Expenditure	Average (in Rs lakh)	Share to Total Expenditure	Share to Revenue Expenditure
<b>Total Revenue Expenditure</b>	<b>19,281</b>	<b>99.75%</b>	-
<b>Total Capital Expenditure</b>	<b>2,261</b>	<b>11.70%</b>	-
<b>Total Municipal Expenditure</b>	<b>19,328</b>	<b>100.00%</b>	-

Source: Compiled by study team

The Average Capital Expenditure Share to Total Expenditure of Guwahati is 11.70%, which indicates a stagnant capital investment in the city.

## RAIPUR

**Table 56: Average Expenditure, Percentage Share of Expenditure to Total Expenditure and Revenue Expenditure for Raipur (FY 2016-17 to FY 2021-22)**

Municipal Expenditure	Average (in Rs lakh)	Share to Total Expenditure	Share to Revenue Expenditure
Establishment Expenditure	17,179	24.81%	52.41%
Administrative Expenditure	1,029	1.49%	3.14%
Operation & Maintenance (O&M) Expenditure	11,280	16.29%	34.41%
Loan interest and other finance charges paid	102	0.15%	0.31%
Programme Expenditure	42	0.06%	0.13%
Other Expenditure - Revenue Grants, Provisions and Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	3,146	4.54%	9.60%
<b>Total Revenue Expenditure</b>	<b>32,777</b>	<b>47.34%</b>	-
<b>Total Capital Expenditure</b>	<b>36,463</b>	<b>52.66%</b>	-
<b>Total Municipal Expenditure</b>	<b>69,240</b>	<b>100.00%</b>	-

Source: Compiled by study team

The Average Capital Expenditure Percentage Share to Total Expenditure for Raipur is 52.66% due to large-scale capital-intensive projects such as water supply and sanitation upgradation undertaken by RMC.

### 3.3. Key Findings ● ● ●

#### AHMEDABAD

Establishment costs, including staff salaries, accounted for the largest share of AMC's expenditure from FY 2016-17 to FY 2021-22, averaging around 42.56% of the revenue expenditure; such large spending contradicts its human resource deficiency of around 41.07%. Operation and Maintenance (O&M) expenditure also formed a significant part, constituting nearly 28% of the revenue expenditure, indicating AMC's emphasis on sustaining essential urban services and infrastructure upkeep. Administrative expenses were relatively low, maintaining a modest share of around 3.23% of the revenue expenditure. Additionally, the capital expenditure took up 40.27% of the total budget, highlighting AMC's investments in long-term projects such as infrastructure development, new public facilities, and urban renewal initiatives such as riverfront development. Revenue expenditure remained at 59.73%, covering recurrent operational costs, interest payments, and essential services.

#### BENGALURU

From FY 2016-17 to FY 2021-22, BBMP focused significantly on infrastructure development, with capital expenditure comprising 59.75% of its total budget. This indicates a strategic push towards long-term projects like roadworks, drainage systems, and public amenities. In terms of operational spending, revenue expenditure accounted for 40.25% of the total, with a major portion dedicated to O&M, reflecting BBMP's priority on sustaining essential urban services. Establishment costs, which cover salaries and employee-related expenses, represented 32.26% of the revenue expenditure although BBMP reported 47% vacancy. Administrative and programme expenditures were relatively low; the city has prioritized building infrastructure and city services to support Bengaluru's rapid growth.

#### GUWAHATI

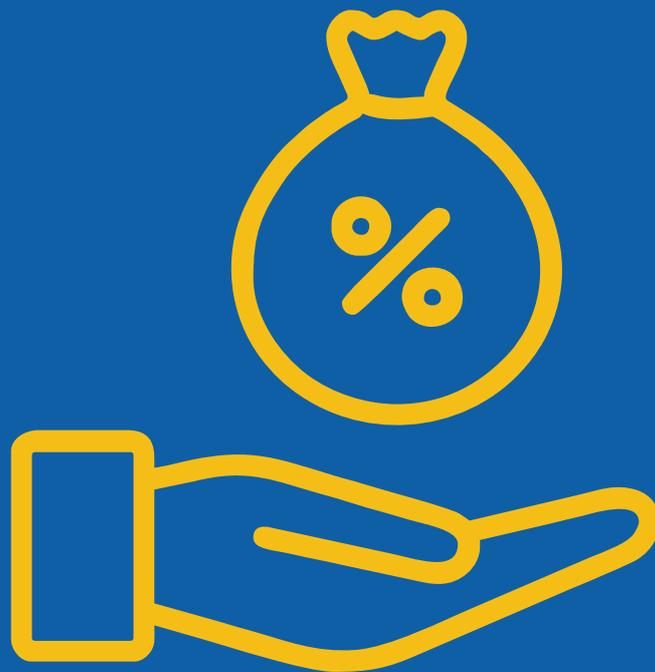
The expenditure data of Guwahati Municipal Corporation from FY 2016-17 to FY 2021-22 shows that a large portion of the budget is dedicated to establishment costs, which consistently make up more than 54% of the total expenditure. The O&M expenses are also significant, accounting for around 34%, reflecting a focus on maintaining the city's infrastructure and services. Administrative costs contribute 7%-8%, while programme expenditure remains low. Most of the spending is on revenue expenditure, with capital expenditure forming a smaller share, suggesting that the focus is more on ongoing operations and less on long-term investments.

#### RAIPUR

The expenditure data of Raipur Municipal Corporation from FY 2016-17 to FY 2021-22 shows a strong focus on infrastructure development, with a 52.66% share of capital expenditure. Establishment expenditure accounts for 24.81% of the total expenditure. The O&M expenditure also takes up 16.29%. RMC needs to increase its share of O&M considering the growth rate of the capital expenditure in the six years that were reviewed. Programme expenditure is minimal, suggesting a focus on day-to-day operations rather than new programmes. The relatively low share of administrative costs points to a more streamlined approach to governance. Overall, Raipur's expenditure reflects large borrowings, prioritizing infrastructure expansion.

## Chapter 4

# MUNICIPAL BORROWINGS



**Table 57: Need for Municipal Borrowings in Four Cities**

City Name	Average 2017-18 to 2022-23	Revenue Income (in Rs lakh)	Capital Income (in Rs lakh)	Total Income (in Rs lakh)
Ahmedabad	Budgeted Estimates (BE)	5,76,510	4,05,076	9,81,586
	Actuals	4,33,383	2,14,629	6,48,012
	% Change BE to Actuals	-24.83%	-47.02%	-33.98%
Bengaluru	BE	6,80,985	3,59,653	10,40,638
	Actuals	4,48,346	2,98,037	7,46,383
	% Change BE to Actuals	-34.16%	-17.13%	-28.28%
Guwahati	BE	36,204	1,026	37,230
	Actuals	26,356	27	26,382
	% Change BE to Actuals	-27.20%	-97.41%	-29.14%
Raipur	BE	39,391	1,54,242	1,93,633
	Actuals	28,640	35,706	64,346
	% Change BE to Actuals	-27.29%	-76.85%	-66.77%

Source: Compiled by study team

The data clearly indicates that all four cities faced significant shortfalls in their financial performance compared to their budgeted projections. Of particular concern is the steep decline in capital income, especially in cities like Ahmedabad, Guwahati, and Raipur, where the actuals were drastically lower than what was initially projected.

In the case of Ahmedabad and Bengaluru, while revenue income did not perform as expected, the shortfall in capital income is the most concerning. This suggests potential issues in funding or capital expenditure, possibly due to underestimation of financial capabilities or unanticipated delays in capital projects.

Guwahati's capital income drops of 97.41% is alarming, indicating either a failure to secure expected capital funding or a serious misjudgement in project planning and execution. Similarly, Raipur's capital income fell by nearly 77%, which could reflect poor financial management or a lack of successful investment in infrastructure and development.

The financial shortfalls in revenue and capital income observed in Ahmedabad, Bengaluru, Guwahati, and Raipur highlight serious concerns about their ability to secure future market borrowings. These four cities are heavily dependent on grants as well, Ahmedabad has 48.81% share of grants in municipal income, followed by Bengaluru with 50.78%, Guwahati with 59.52%, and Raipur with 47.61% (Figure 34 to 37) share of grants in their municipal income. The significant gaps between budgeted and actual figures, especially in capital income, and high dependency on grants, suggest issues in financial management, project execution, and revenue generation. Without addressing these challenges, these cities may face higher borrowing costs, reduced access to capital markets, and limitations in financing essential infrastructure projects. To maintain financial stability and secure future funding, it is crucial for city administrations to improve their fiscal planning, revenue collection, and capital management strategies.

## 4.1 Need for Municipal Borrowings ● ● ●

Over 450 million people live in urban India. By 2030, this will grow to about 600 million, further aggravating the pressure on the already reeling city infrastructure. To meet the rising demand, India needs an estimated ~Rs 55 lakh crore in urban capital expenditure between 2010 and 2030 (UNPD, 2018). Expectations related to municipal borrowing in India are high, whereas the actual level of borrowing activity is currently very low. Municipalities generally rely on property tax, municipal taxes, user fees (for water, sanitation, etc.), IGT, and sometimes borrowing from the market. However, these revenue streams are often insufficient, especially in fast-growing urban areas. Rapid urbanisation leads to higher demands for municipal services like water supply, sanitation, health, and primary education among others. At the same time, municipalities may not have the required fiscal capacity or the institutional framework to scale up these services. Many municipalities have limited access to capital markets and may not have sufficient financial management capacity to undertake large-scale capital-intensive investments. Some may also face restrictions on borrowing due to stringent fiscal rules or low credit ratings (World Bank, 2011).

**Table 58: Comparison of municipal laws across four case study cities/states on market borrowings**

City	Is borrowing permitted?	What kind of borrowing?	State government approval is required for borrowings?	Limits on borrowing prescribed?	Maximum loan repayment period prescribed?
Ahmedabad (AMC)	Yes	Loans and Debentures	Yes	Not Mentioned	Yes
Bengaluru (BBMP)	Yes	Loans and Debentures	Yes	Yes	Yes
Guwahati (GMC)	Yes	Debentures	Yes	Not Mentioned	Not Mentioned
Raipur (RMC)	Yes	Loans and Debentures	Yes	Yes	Yes

Source: RBI (2022), State Municipal Acts, Compiled by study team

ULBs in India face a significant gap between revenue generation and expenditure requirements, affecting their financial health and capacity to fund urban infrastructure. Total debt levels of Indian ULBs are low (Rs 8,600 crores), representing only 4% of total ULB revenues in 2018, since only about 32% of ULBs reported debt levels in 2020, the debt is likely underestimated.

ULB's borrowing as a percentage of GDP is very small and it has remained around 0.04% of GDP for the last 10 years (ICRIER, 2019). ULBs mostly rely on borrowings from banks and financial institutions and loans from centre/state governments to finance their resource gaps in the absence of a well-developed market for borrowings. They can borrow from government institutions, banking institutions, specialized infrastructure finance entities and from the capital market. State financial institutions (SFIs) such as Housing & Urban Development Corporation Ltd (HUDCO) and Life Insurance Corporation of India (LIC) lend to ULBs for urban infrastructure and social purposes. As far as banking institutions go, scheduled commercial banks (SCBs) with state or federal ownership are the most active lenders for ULBs. Finally, financial intermediary funds, such as specialised infrastructure finance entities and sector-specific municipal development funds have been financing municipal infrastructure projects. SCB loans to ULBs tend to have tenures of 3 to 7 years, with longer loans being offered by HUDCO (up to 15 years) or Life Insurance Corporation of India (from 5 to 15 years). State guarantees, though less common, are still required by HUDCO and by the dominant state-owned banks within a region. The level of gross municipal borrowings in India is minuscule and constitutes less than 0.05% of GDP cumulatively for all municipal corporations (RBI, 2022).

The fiscal challenges encountered by the Government of India in the early 1990s, along with subsequent measures like the Fiscal Responsibility and Budget Management Act (FRBMA) aimed at reducing the fiscal deficit, drove the need to explore alternative financing options for urban services and infrastructures.

## Types of Municipal Borrowings

Municipal borrowing can take various forms, depending on the legal framework, financial market access, and the municipality's fiscal conditions. The types of municipal borrowings include the ones listed below.

### a. Domestic Borrowings

- 1. Bank Loans:** Local governments use bank loans for short- to medium-term financing. In India, ULBs can access loans from public sector banks or institutions like HUDCO. In Brazil, municipalities borrow from the National Bank for Economic and Social Development (BNDES) for infrastructure projects.
- 2. Municipal Bonds:** Many cities issue bonds in domestic markets. Ahmedabad was the first in India to issue a municipal bond in 1998. SEBI reforms in 2015 helped cities like Pune and Indore issue bonds. In the US, cities like New York and Los Angeles use bonds for various projects.
- 3. Public-Private Partnerships (PPPs):** Municipalities partner with private firms for infrastructure projects. In India, the Hyderabad Metro is a prominent example, with the private sector providing upfront capital. The UK also uses PPPs for projects like schools and hospitals.
- 4. Developmental Loans and Grants:** Municipalities can access concessional loans from agencies like the World Bank and the Asian Development Bank (ADB). In India, they fund urban transport, sanitation, and infrastructure. South African municipalities borrow from the Development Bank of Southern Africa (DBSA) for infrastructure development.

### b. International Borrowings

- 5. Foreign Bonds:** Some cities issue bonds in international markets. Oslo issued a 'Kangaroo bond' in 2018 in Australia. While Indian municipalities haven't issued foreign currency bonds, foreign investors can now invest in Indian municipal bonds since 2019 after revision in Foreign Portfolio Investment rules by RBI.
- 6. Multilateral Financing:** Institutions like the World Bank and ADB provide long-term loans for major projects. The World Bank's Smart Cities programme in India and the Inter-American Development Bank (IDB)'s funding in Latin America support urban development.
- 7. Bilateral Loans:** Foreign governments provide loans through agencies like Japan's Japan International Cooperation Agency (JICA) for projects like the Delhi Metro. In Kenya, the French Development Agency (AFD) supports urban projects.

### c. Special Financing Mechanisms

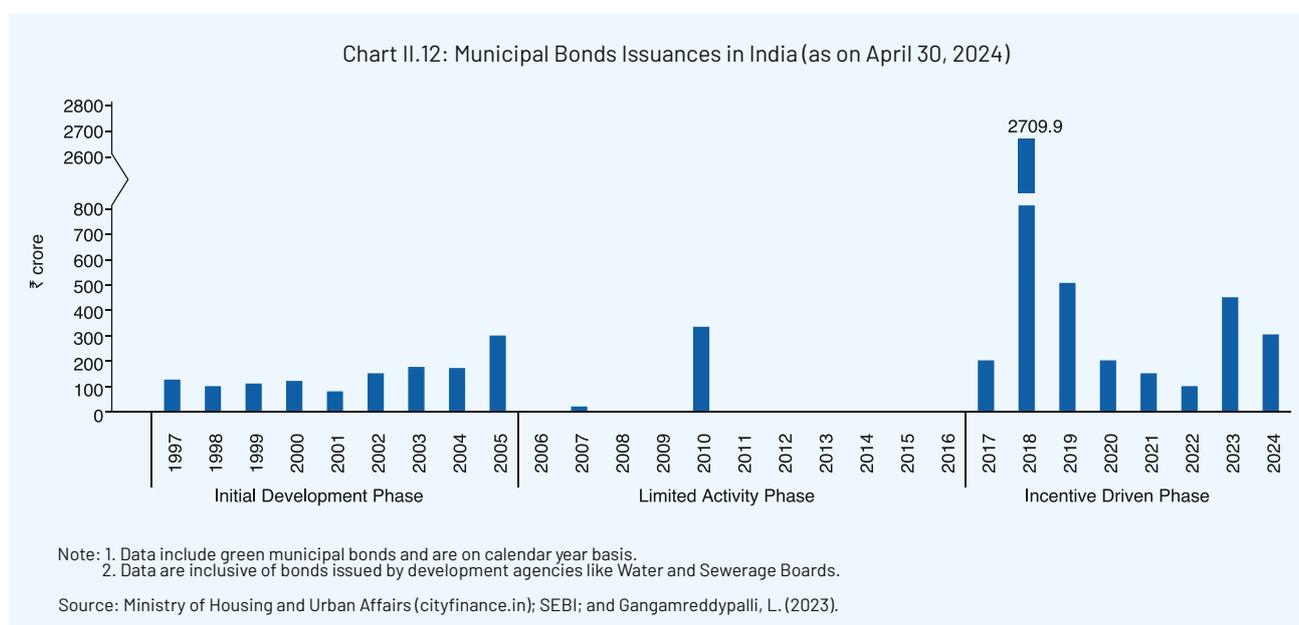
- 8. Tax Increment Financing (TIF):** TIF uses increased property taxes to fund development projects. Chicago pioneered TIF in the US. Similar models are being explored in India.
- 9. Municipal Development Funds (MDFs):** Funds like the US Clean Water State Revolving Fund help finance infrastructure. In India, Tamil Nadu has set up the Tamil Nadu Urban Development Fund (TNUDF) for urban projects.
- 10. Green Bonds:** Municipalities can issue green bonds for eco-friendly projects. Vadodara Municipal Corporation issued India's first certified green bond in 2023 for Rs 100 crore wastewater project. Cities like Paris and Gothenburg use green bonds for sustainable projects.

Source: Compiled by study team (World Bank, 2011; RBI, 2022)

## 4.2 Municipal Bonds ●●●

Until the 1980s in India, municipal securities backed by state government guarantees qualified as Statutory Liquidity Ratio (SLR) investments. However, following the fiscal crisis of 1991 and the resulting budgetary pressures on states, there was increasing hesitation among state governments to guarantee municipal borrowings. This led to a rise in the use of municipal bonds, allowing municipalities to access capital markets without state guarantees. The idea of municipal bonds for urban infrastructure projects, widely used in the US since the early 19th century, was introduced in India through a USAID-FIRE (D) seminar in 1995. In the US, municipal bonds have been crucial for financing large infrastructure projects due to the authority of state and local governments to levy taxes and user charges. This capacity has enabled American municipalities to issue both general obligation bonds, backed by all government revenues, and revenue bonds, secured by specific project earnings. This was subsequently elaborated on by an Expert Group on Commercialisation of Infrastructure Projects (1996) headed by Dr Rakesh Mohan (Srikumar, 2023). In 1996, Ahmedabad became India's first city to obtain a credit rating (A+) from CRISIL for a municipal bond issue of INR 100 crore. This was followed by India's first municipal bond issuance under a state guarantee by Bengaluru in 1997, and Ahmedabad's own bond for a water and sewerage project in 1998.

**Figure 42: Total municipal bonds issued in India from 1997 to 2024 (in Rs crore)**



Source: Report on Municipal Finances,

<https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MUNICIPALFINANCES131124AE4D91D4DD4A4629A88DA79BF0C52C73.PDF>

In 2001, the central government allowed municipal bodies to issue tax-free bonds provided the bonds met specified guidelines. These guidelines mandated that bonds can be issued only for capital expenditure on urban infrastructure and can be used for specific projects only. The Ministry of Housing and Urban Affairs (erstwhile Ministry of Urban Development), the designated body for approval of tax-free bonds, capped the interest rate on the municipal bonds at 8% under notified guidelines. Implementation of the Pooled Finance mechanism requires setting up of a 'State Pooled Finance Entity' in every state. The 8 states which have established their 'State Pooled Finance Entity' are Andhra Pradesh, Assam, Karnataka, Kerala, Nagaland, Orissa, Rajasthan, and Tamil Nadu (World Bank, 2011). While state-level municipal legislation provides the legal framework for powers (including borrowing powers) and the functioning of the ULBs, federal-level provisions regulate most lenders, instruments, financial markets, and tax regimes. Municipal bonds in India are governed by a few regulations.

**Federal-level regulations:** The Government of India (GoI) has the power to regulate lenders and lending instruments through the RBI, the financial markets through Securities and Exchange Board of India (SEBI), and the tax regime surrounding municipal debt obligations through the Ministry of Finance.

**Reserve Bank of India (RBI) regulations:** The RBI has allowed foreign investors to invest in municipal bonds under prescribed limits to increase the potential supply of credit to municipalities in India. Foreign investors have been allowed to invest in municipal bonds since April 2019. Overall, foreign investment in municipal bonds cannot surpass the 2% limit of state development loans (SDLs)

**Securities and Exchange Board of India (SEBI) regulations:** SEBI issued its Issue and Listing of Municipal Debt Securities Regulations in 2015 (amended in September 2023). The SEBI regulations prescribe the eligibility, terms and conditions for public issue including tenure, credit rating, minimum subscription, accounting, auditing, and reporting requirements and other disclosures (The World Bank, 2022).

In March 2015, SEBI rolled out a new regulatory framework for issuing debt securities by municipalities. ULBs are allowed to issue both general obligation and revenue bonds. However, public issuance is limited to revenue bonds only. In the case of a private placement, an issuer can issue general obligation or revenue bonds. The issuer has to contribute at least 20% to the project cost either from internal accrual or grants. The key regulatory requirements for the issuance of municipal bonds in India are described in table below.

**Table 59: Requirements for the public issue and listing of municipal debt securities, based on SEBI regulations (2015, amended 2023)**

Eligibility Criteria	Details
Net Worth Requirement	Municipalities must have a <b>positive net worth in each of the previous three fiscal years</b> . This ensures financial stability and signals credibility to potential investors.
Debt History	Municipal issuers should not have defaulted on any debt or repayment obligations in the past year. A 'No Default Certificate' must be provided to verify this.
Compliance with Financial Standards	Municipalities must adhere to financial disclosure standards as set by SEBI, relevant state regulations, and the NMAM requirements. This compliance is critical for building transparency and reliability.
Board	The Corporate Municipal Entity or its directors have not been restrained or prohibited or debarred by the Board from accessing the securities market or dealing in securities and such direction or order is in force.

Source: SEBI Regulations 2015 (amended in 2023)

In 2019, the Regulations were expanded to include special purpose vehicles (SPVs) notified by the central or state governments. As part of the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) programme, the MoHUA, Government of India, introduced an incentive scheme aimed at promoting municipal bonds. This scheme offered a grant of Rs 13 crore for every Rs 100 crore raised through municipal bonds. As a result, the grant reduced borrowing costs by 100–150 basis points over the 10-year life of the bonds, thereby providing a significant boost to the previously dormant municipal bond market (Srikumar, 2023).

**Table 60: Requirements for Public Issue**

Eligibility Criteria	Details
Credit Rating	Municipal bonds must have an investment-grade rating (BBB- or above) from a recognised credit rating agency, indicating the municipality's ability to meet its debt obligations.
Revenue Pledge	Bonds should be backed by a dedicated revenue stream, such as property taxes, user fees, or project-specific revenues. This revenue pledge serves as collateral for bondholders, ensuring that funds are available for debt servicing. The issuer shall create a separate escrow account for servicing of debt securities with earmarked revenue.
Use of Proceeds	Municipalities must establish a system for monitoring and reporting on the use of bond proceeds, providing regular updates to investors on how the funds are allocated and utilised.
Tenure	The debt securities shall have a minimum tenure of 3 years. Typically, tenures range between 3 and 10 years based on the specific project timelines.
Trustee Requirement	A financial trustee must be appointed to manage the bond issuance and repayment process, ensuring compliance with repayment schedules and protecting the interests of bondholders. The issuer shall appoint one or more merchant bankers registered with the Board at least one of whom shall be a lead merchant banker.
Transparency in Disclosure	The bond prospectus should contain comprehensive disclosures regarding the municipality's financial and operational health, following NMAM's transparency guidelines to maintain investor confidence. The issuer shall appoint a monitoring agency such as a public financial institution or nationalised bank to monitor the earmarked revenue in the escrow account.

Source: SEBI Regulations 2015 (amended in 2023)

Since the first municipal bond issuance in India in 1997, there have only been 37 bond issues., including taxable and tax-exempt bond issues by municipal corporations, regional development authorities (such as the National Capital Regional Planning Board) and pooled finance bonds issued by state-owned infrastructure funds. Municipal debt is underdeveloped and remains a tiny portion of outstanding public sector debt (ADB, 2023).

Ahmedabad and Bengaluru have been the pioneers in India's municipal bond market. The AMC successfully raised Rs 400 crore as of April 2024 through two bond issuances, following SEBI's introduction of municipal bond guidelines in 2015. In contrast, BBMP has yet to launch its own municipal bond offering, though it has shown interest. The entry of Bengaluru into the bond market would set a positive precedent for larger municipalities with diverse revenue bases and its history of bond issuance.

Guwahati and Raipur are facing technical and regulatory challenges that impede their ability to issue bonds, i.e., Establishing an escrow mechanism—a critical component for securing bondholder repayment have delayed their market entry. Additionally, inadequate disclosure of financial information has hindered these municipalities from securing favourable credit ratings. Credit rating agencies have also expressed concerns regarding lack of transparency at the city corporation level, which would be a crucial step towards expanding the municipal bond market to a tier II city like Guwahati and Raipur.

**Table 61: Status of municipal bonds in four cities after SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015**

City	Amount Raised in Bonds (In INR)	Tenure (In Years)	Credit Rating	Escrow Mechanism	Purpose
Ahmedabad	200	5	AA+ (CRISIL 2023)	Yes	Projects under AMRUT
	200				Water Supply and Sewerage
Bengaluru	0	-	B+ (ICRA 2023)	Yes	-
Guwahati	0	-	Not Rated	Not Adopted	-
Raipur	0	-	Not Rated	Not Adopted	-

Source: Compiled by study team <https://www.sebi.gov.in/statistics/municipalbonds.html>

SEBI and RBI guidelines for market borrowings present several gaps and challenges, particularly when comparing metro cities with parastatal agencies to smaller cities with their own constraints. While metro cities benefit from the backing of parastatal agencies and stronger financial structures, smaller cities often struggle with inadequate financial health, limited revenue sources, and poor credit ratings, which hinder their ability to tap into market borrowings. The guidelines, though helpful, often fail to address the specific needs of these smaller ULBs, such as access to lower-cost financing or easier credit access. A more tailored approach to financing, including lower eligibility thresholds, simplified processes, and enhanced credit support for smaller cities, is needed to ensure equitable access to market borrowings for all ULBs.

### 4.3 Challenges and Opportunities ● ● ●

Municipal bonds offer municipalities’ access to long-term capital, helping diversify funding sources due to their stable revenue-backed structure. As bond markets for longer maturities develop, municipalities will gain broader financial options. The recent increase in bond issuances has improved governance and financial management within ULBs to become ‘capital market ready,’ improvement in financial management, accounting process/procedures, and timely reporting. Continuous oversight by rating agencies, SEBI, and investors reinforces these improvements over time. To encourage more ULBs to become ‘Market Ready,’ the following factors need to be improved on.



#### a. Data Transparency

The 15th Finance Commission has pointed out data gaps, inconsistencies, and the lack of timely, audited accounts in municipalities. Challenges due to non-standardised accounting codes complicate financial data analysis. Addressing these issues could help improve municipal finance. For instance, South Africa, with a population of 60 million, has raised \$4.7 billion in long-term debt since 2009, a third through bonds, across 97 municipalities (RBI, 2022). The timely availability of audited accounts and budgetary data of municipalities facilitates the assessment of risk, leading to higher investor confidence.



### b. Municipal creditworthiness

467 ULBs under the AMRUT Mission of GoI were credit rated, of which 163 ULBs are investment grade and only 36 ULBs have 'A-' and above credit rating. The limited revenue base of ULBs in terms of low property tax base and inadequate user charges has translated into high level of dependence on fiscal transfers and poor credit quality across the majority of ULBs. Creditworthiness is also shaped by the quality of local accounting and financial management systems, the reliability of financial data, the expertise of human resources managing local governments, and the political stability and leadership within the local government structure (The World Bank, 2022).



### c. Municipal Act Reforms

Improving the creditworthiness of ULBs requires a comprehensive overhaul of the taxes assigned to them, which has yet to be fully realised at the state level. This includes reforms of state municipal acts through devolution of fiscal powers to ULBs and reducing their reliance on state approval for budget approvals.



### d. Institutional Capacity

A key constraint on municipal bond issuances is the lack of institutional capacity at the ULB level to prepare for accessing the bond market. ULBs struggle to develop bankable, commercially viable projects and lack project management skills, affecting timely execution of various ongoing projects and programmes. This limits their willingness to borrow from term loans or bond markets. Additionally, the compliance requirements for municipal bonds are often seen as burdensome by ULBs (Srikumar, 2023).

## Opportunities ● ● ●

Municipal creditworthiness reflects a city's ability to borrow and repay debt based on its own revenue base and financial health. To be seen as creditworthy, a city must have strong economic foundations, reliable revenues (e.g., property taxes and state transfers), effective expenditure control, audited financial statements, and strong project execution capabilities. Good governance and financial reliability are also key, as they not only attract lenders and investors but also potential PPP partners, demonstrating the city's ability to meet financial commitments



### a. Improving Bankability of Municipal Projects

ULBs should focus on levying user charges and developing additional revenue streams (e.g., commercial real estate sector, rental and advertisement tax, user fees/charges, etc.) to ensure project revenues cover operations, maintenance, and debt servicing. Debt financing or PPPs should be pursued only for projects with substantial revenue generation potential, minimising reliance on general revenues. Strengthen efforts using GIS-based tools to improve property tax collections and explore new methods to increase the buoyancy of municipal taxes. GMC should follow the lead of RMC and AMC to undertake GIS-based property tax collection to augment its revenue.



### b. Recovery of User Charges and Targeted Subsidies

Develop city-specific strategies to enhance the recovery of user charges for services like water, sewerage, and sanitation. Introduce income-linked targeting for subsidies to ensure sustainable financing for services.



### c. Sharing GST Revenues

With the abolishment of Octroi, the individual revenue capacities of the ULBs were significantly impacted. As per 15th SFC, a system should be established to directly share a portion of GST revenues with municipal governments to improve revenue and incentivise local economic growth.



### d. Strengthening Municipal Accounting Systems and Cadre

Address skill gaps accounting systems through NMAM and in urban planning, finance, and other functions to improve the overall managerial efficiency and governance at the ULB level. Regular training and capacity building of the ULB officials on various aspects related to financing, project bankability, project viability analysis, climate financing, gender budgeting among others for sustainable urban development through state-level training institutes like Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC), Assam Urban Infrastructure Development Finance Corporation Limited (AUIDFCL), and Tamil Nadu Urban Infrastructure Financial Services Corporation (TNUIDFC).



### e. AMRUT Incentives

Sustained incentives under AMRUT for municipal bond market development and increase funding limits to encourage larger ULBs to issue bonds and deepen the market.



### f. Establishing a Credit Finance Cells

Establish state-level entities to develop commercially viable projects at the ULB level, support project financing through bonds, and assist in project execution.

### Financial feasibility

The financial feasibility of ULB projects is evaluated using key financial ratios such as Net Present Value (NPV), Internal Rate of Return (IRR), Debt Service Coverage Ratio (DSCR), revenue-to-expenditure ratio, and Debt Redemption Ratio (DRR). A positive NPV and an IRR exceeding the cost of capital are essential for making a project financially viable, but many projects struggle due to low revenue generation, inefficient cost management, and frequent cost overruns. The DSCR, which measures the ability to meet debt obligations, often falls below the acceptable threshold, highlighting weak financial health. The revenue-to-expenditure ratio often reveals deficits caused by poor tax collection and excessive dependence on government grants. The DRR further underscores challenges in managing and repaying existing debt. These ratios expose structural issues such as inadequate revenue streams, limited fiscal autonomy, and governance weaknesses, which collectively hinder the financial viability of projects. Addressing these challenges through stronger revenue mechanisms, better cost control, and governance reforms is critical to improving the feasibility of ULB project.

Source: [https://unhabitat.org/sites/default/files/download-manager-files/DP\\_Financing%20PCE\\_Pack\\_V4.pdf](https://unhabitat.org/sites/default/files/download-manager-files/DP_Financing%20PCE_Pack_V4.pdf)

## 4.4. Summary ● ● ●

The 1992 Constitutional (74th Amendment) Act mandated that each state should revise municipal laws to promote greater autonomy, resource mobilisation, accounting reforms, and private sector partnerships at the municipal level. This approach differs from other Asian countries like Indonesia, the Philippines, and Vietnam, where municipal laws are implemented centrally. Although India's municipal laws provide a solid legal foundation for local governance, true decentralisation remains incomplete, with significant variation among ULBs in their capacity to generate revenue, manage services, budget effectively, and finance infrastructure improvements.

ULBs face challenges like poor operations and financial management, limited revenue bases, and inefficient collection systems, necessitating significant capacity building before they can access the bond market. Additionally, fragmented authority between state agencies and ULBs, along with inefficiencies in planning, land use, property tax collection, and investment recovery, continues to hinder effective governance.

India's subnational debt market is characterised by a well-developed state bond market, but the municipal bond market remains underdeveloped. By mid-2021, the public sector debt comprised 75% of all fixed-income securities, predominantly central government debt, with state bonds accounting for 31% and municipal bonds just 0.03%. Since SEBI released municipal bond guidelines in 2015, only 11 ULBs have issued bonds. Institutional investors in India typically require AA or higher ratings on the national scale, excluding most municipalities from market access. Furthermore, SEBI's disclosure requirements, which are structured around corporate issuers, are often burdensome for ULBs, which lack the robust disclosure practices common in the corporate sector.

Indian municipal bonds in the domestic market usually carry medium-term maturities of 1–10 years. Despite the demand for long-term bonds to fund infrastructure, only state-owned enterprises and the central government have issued longer-term bonds. Municipal bonds to date have 5–10-year terms and incorporate structured finance techniques uncommon in Asia, including dedicated revenue streams held by trustees in escrow accounts, sinking funds for principal repayment, debt service reserve funds (DSRFs), and other structured provisions. India's bond market has refined these structures for public sector corporations, project finance, and, more recently, municipal bonds. Cities like Ahmedabad and Bengaluru have led the way in India's municipal bond market, but many others with weaker fiscal structures and capacities such as Guwahati and Raipur, face technical and regulatory challenges in issuing bonds. Non-complaint procedures, escrow mechanisms, and lack of financial disclosure hinder their creditworthiness and market access.

Municipal bonds offer ULBs long-term capital, diversifying funding sources through stable, revenue-backed structures. As bond markets evolve, ULBs will gain more financial options, with recent issuances improving governance and financial management as they prepare for capital market access. Key improvements are needed in data transparency, addressing gaps and inconsistencies in financial reporting to boost investor confidence, and strengthening municipal creditworthiness by improving revenue collection, financial management, and governance. Municipal Act reforms to enhance fiscal powers and reduce reliance on state approval, as well as building institutional capacity for project development and bond market access, are also critical. Opportunities include improving the bankability of municipal projects by enhancing revenue streams, recovering user charges, sharing GST revenues directly with ULBs, strengthening accounting systems, and providing AMRUT incentives to encourage bond issuances. Additionally, state-level cells should be established to support ULB project financing and execution.

## Chapter 5

# GENDER RESPONSIVE BUDGETING AND CLIMATE FINANCING



## 5.1 Importance of Gender Responsiveness in Municipal Finance ● ● ●

Urban areas drive key political and economic changes and are at the forefront of absorbing social and environmental shifts. Specific sections of society, like women, children, and the elderly, are the most vulnerable to impacts of climate change and any disaster situation. Further, under the Agenda 2030, particularly SDG 5 envisages 'gender equality' and closing the gender gap by empowering all women and girls', and eliminating gender-based discrimination and violence. Countries across the globe ought to assess the role of public policy, specifically fiscal policy, in addressing gender-oriented concerns. Gender-responsive budgeting (GRB) and climate-resilient financing are critical tools to address such inequities, improve governance, and foster sustainable urban development.

Globally, gender-responsive budgeting has gained traction as a strategy to address gender disparities across various sectors, including health, education, infrastructure, and climate resilience. Organisations such as the Organisation for Economic Co-operation and Development (OECD) and UN Women have conducted significant studies on gender-responsive policies. OECD's 2023 report on gender budgeting highlights practices in member countries like Spain and Canada, where tools like gender budgeting reports (Pilichowski, 2023) and Gender-Based Analysis Plus (GBA+) align public expenditure with equality goals (Women and Gender Equality, 1995).

Additionally, the OECD's analysis of Official Development Assistance (ODA) reveals the integration of gender and climate action through its Gender and Rio markers (Gualberti & Xu, 2024). UN Women's Turning Promises into Action and the Feminist Action for Climate Justice initiatives emphasize the intersection of gender equality and climate resilience, advocating for women's leadership in climate finance and policymaking (UN Women, 2018) (Turquet, 2023). Further, the International Monetary Fund (IMF) has led several gender-based studies in Asia, focusing on the implementation and outcomes of gender budgeting to incorporate gender considerations into fiscal policies to achieve sustainable and inclusive development.

Alongside international organisations, city governments are increasingly adopting gender-sensitive approaches to budgeting. Cities like Barcelona have led the way in developing comprehensive gender-responsive municipal budgets. In Barcelona, gender-sensitive budgeting is employed to ensure that investments in infrastructure, social services, and urban planning address the specific needs of women, youth, and other vulnerable groups (Barcelona City Council, 2023).

In India, the analysis of public expenditure from a gender perspective dates to the 1974 'Towards Equality report by the Committee on the Status of Women'. This report highlighted how the country's development trajectory had harmed many women, creating new disparities (MoESW, 1974). It nudged policy changes in the Fifth Five-Year Plan, but it was not until the Seventh Plan (1985-90) that specific budgetary allocations for programmes benefitting women were prioritised (Das, Sikdar, & Thakur, 2006).

Indian cities have also initiated incorporating gender-inclusive urban planning and budgeting. Initiatives like gender budgeting in cities such as Pune and Chennai aim to allocate resources equitably, addressing women's needs in transportation, public safety, and housing. The Tamil Nadu government has also brought out a 'State policy for Women, 2024' (Department, 2024) apart from setting up of Gender and Policy Lab (GPL) by the Greater Chennai Corporation (GCC), which was operationalised in 2022. The Ahmedabad's Heat Action Plan has incorporated community-based adaptation strategies to reduce the impact of extreme heat, with a focus on vulnerable groups, including women. National frameworks such as the National Action Plan on Climate Change (NAPCC), the National Mission for Sustainable Habitat (NMSH, 2.0, 2021, MoHUA) and its state-level counterparts, including urban missions like the Smart Cities Mission, Housing for All (Urban) continue to emphasise climate resilience.

At present, there is an urgent need to implement gender-responsive and environment-resilient solutions in a holistic manner for sustainable, inclusive, and resilient urban development. Governments across the spectrum can achieve inclusive and sustainable policy formulation by adopting gender transformative approaches in decision-making processes as well as empowering women leadership in climate change mitigation and adaptation, and disaster risk reduction strategies.

## 5.2 Gender Responsiveness ● ● ●

Gender responsiveness in municipal finance is essential to bring gender transformative changes within the urban governance process from policy to practices that will ensure equal participation of all in the decision-making process. One crucial step towards achieving this is by considering the gender needs while drafting budgets, developing project plans and city master plans, including sectoral plans (transport, infrastructure plans like water, drainage, sanitation, livelihood among others). This includes allocation of budgets keeping in mind the gender needs.

Gender budgeting practices can be categorised in three types: (a) gender-informed resource allocation, which ensures that policy decisions and funding allocations consider their impact on gender equality; (b) gender-assessed budgets, wherein the budget is analysed through a gender lens; and (c) needs-based gender budgeting, wherein based on an assessment of gender-specific needs, the areas are identified where gender inequalities are most pronounced (Downes, Nicol, & Trapp, 2017).

While the SDG 5 calls for action on gender equality and the empowerment of women and girls and substantial efforts have been made to empower women in the labour and service sectors, political representation remains a significant challenge. It is observed that women's participation in elected system is still facing the challenges of meaningful participation, especially in the apex committees/finance committees. Besides, in the technical and administrative roles within the municipal governance system also, there is limited number of women officers. Lack of availability of segregated data leads to lack of informed decision-making process.

The details of women's participation in ULB across four cities are provided in Table 62, based on the Urban Outcomes Framework 2022, an initiative by MoHUA.

**Table 62: Details of women participation in the ULB among cities**

Sector	Data Point	Unit of Measurement	Ahmedabad (AMC)	Bengaluru (BBMP)	Guwahati (GMC)	Raipur (RMC)
	Total staff sanctioned in the ULB (permanent)	Number	45,708	18,000	2,706	1,823
Governance & ICT	Number of women working in the ULB (permanent)	Number	10,053	1,285	366	240
	Percentage of elected women officials in the ULB	%	50	33	NA	34

Source: <https://amplifi.niua.in/home>

Based on the data, when analysing the proportion of women staff relative to the total sanctioned staff in ULBs, Ahmedabad has 21.9% women staff, followed by Guwahati at 13.5%, Raipur at 13.1%, and Bengaluru with the lowest at 7.13%. All the ULBs have low representation of women in their workforce. This shows a lack of women representation in the workforce of urban local bodies. Such miniscule representation points to a clear gap in recruitment process and retention efforts for women.

## 5.3 Key Insights ● ● ●

### AHMEDABAD

AMC has implemented various gender-responsive programmes to support women's empowerment. These include initiatives like self-help groups (SHGs) and training programmes under the National Urban Livelihood Mission (Urban). While AMC does not have a separate gender budget, it provides several services for women, such as health check-ups, distribution of Mamta Kits, sanitary napkins, and free mammography tests.

AMC is also working on the development of She-Lounges, which will offer facilities for working women, including sanitary pad vending machines and incineration units. Additionally, the corporation plans to build a hostel for working and studying women in the East/West areas, funded by the state government. AMC is constructing one women's gym in each zone, with a total of seven gyms planned to promote women's health and well-being.

In terms of governance, the GPMC Act of 1949 does not mandate reservation for women in committees, but in practice, AMC has three women members in the Standing Committee. Of the 11 special committees, most have at least 50% women representation, and the Women Empowerment and Children Committee is entirely constituted with women members. This reflects AMC's ongoing efforts towards integrating gender equity into its governance and services.

### BENGALURU

BBMP is implementing several initiatives aimed at supporting women and marginalised communities. The corporation is setting up 'Pink Rooms' in malls, bus stations, and public toilets to provide sanitary napkins and restrooms for women during menstruation. Additionally, BBMP is rolling out the e-Sarathy scheme to support the welfare of women, scheduled castes, scheduled tribes, backward minorities, and the transgender community by offering financial assistance to purchase electric autos and goods e-autos.

To further support women and differently-abled individuals, BBMP is distributing electric two-wheelers free of charge to working women and Pourakarmikas across all zones, along with electric two-wheelers designed for specially-abled persons. The corporation has also set aside funds to assist the transgender community and economically disadvantaged groups by covering 50% of the project cost, up to a maximum of Rs 1.5 lakh, to help them establish small enterprises.

BBMP is planning to open 'Savitri Vasathi Hostels', in eight zones to provide accommodation for working women employees, in collaboration with registered voluntary organisations. Additionally, a night shelter is being planned for the benefit of transgender individuals. To support dislocated street vendors, BBMP plans to provide subsidies of up to Rs 1.5 lakh for women and transgender vendors to purchase e-vending rickshaws, with a maximum subsidy of Rs 1 lakh for others.

Although BBMP does not publish a separate gender budget, it provides various services for women and marginalised communities under the general welfare budget. For the fiscal year 2023-24, BBMP allocated Rs 1,100 lakh, and for FY 2024-25, the allocation is Rs 1,700 lakh, which accounts for 0.14% of the total budget.

## GUWAHATI

GMC currently does not have specific programmes or projects focusing on gender responsiveness. According to the municipal act, there is no reservation for women in GMC committees, although, there is one woman in the Mayor-in-Council(MIC)and two women members on the Finance Committee.

GMC does implement projects for SHGs and offer training programmes under the National Urban Livelihood Mission (Urban). Although there is a lack of broader gender-focused initiatives, GMC has hired members of SHGs to assist with door-to-door tax collection within the corporation limits, providing opportunities for women's economic participation.

### **Gender Responsive Initiatives in Guwahati:**

*Poura Sakhi 2.0 is a women-led initiative launched by the Guwahati Municipal Corporation (GMC) on August 22, 2024. Inaugurated by Mayor of GMC, the program aimed to enhance the accessibility of GMC services for citizens by deploying 78 trained Poura Sakhis. The event included training sessions conducted by NULM representatives.*

*These women are responsible for assisting in various municipal services, strengthening the connection between the corporation and the community. These women representative assist citizen with utilising digital services, lodging complaints and various citizen-focused facilities from their homes. They also enable doorstep property tax collection, enhancing convenience and encouraging financial independence among women-led Self-Help Groups. This initiative underscores GMC's commitment to empowering women and improving public service delivery in Guwahati.*

*Cities can adopt the 'Poura Sakhi' initiative by recruiting and training women, from self-help groups, to support municipal services. These women can assist citizens with digital services, complaints, and doorstep facilities like property tax collection, etc. This initiative can empower women and become financially independent, build stronger connections with the community, and make public services more efficient.*

*Source: <https://www.sentinelassam.com/cities/guwahati-city/assam-guwahati-municipal-corporation-launched-poura-sakhi-20-in-city?utm>*

## RAIPUR

RMC has several programmes focused on gender responsiveness. The Chhattisgarh Municipal Corporation Act includes provisions for the formation of subject committees, and in practice, a Women and Child Welfare Committee has been established. The Act also allows for reservation in the Mayor-in-Council (MIC), and currently, there are two women in the MIC. Additionally, all 14 subject committees have at least one-woman member. RMC implements initiatives such as SHGs and training programmes under the NULM.

While RMC does not publish a separate gender budget, it allocates funds for services aimed at women, such as Mahila parks and feeding centres, under the general women and children's budget. For FY 2023-24, RMC allocated Rs 46.76 lakh, and for FY 2024-25, Rs 47.51 lakh (0.07% of the total budget).

RMC also supports women's empowerment through various activities, including providing funds to support small-scale enterprises like utensil stores, canteens, water testing services, spice production, carry bag making, and sanitizer production. The corporation also encourages the budgeting of projects like working women's hostels, pink toilets, and feeding stations. RMC has created spaces like Mahila Chaupatti and ensures that these initiatives are accessible to both men and women, offering equal opportunities for participation.

None of the four corporations have a separate gender budget, but they include a section on gender-related activities within their municipal budget. However, there are **no specific funds set aside** for gender-focused programmes. To enhance gender responsiveness in city governance, cities can take a data-driven approach by building gender-specific databases, such as tracking female property ownership, to better understand women's needs in areas like housing, inheritance, and land rights. This would enable targeted interventions and concessions to promote gender equality. Additionally, improving the human resource structure within the municipal administration is key, with a focus on **revising recruitment policies**. Offering gender-focused training programmes for municipal staff would further empower officials to address gender disparities effectively. In addition, efforts ought to be made to increase and effectively implement women's reservations in decision-making roles to enable the creation of women-centric policies and infrastructure.

## Gender Responsive Initiatives in Indian Cities

The Brihanmumbai Municipal Corporation (BMC) publishes a separate gender budget. BMC's gender budget aims to address the specific needs of women and promote gender equality in the city's development plans. The budget allocates funds for programmes focused on women's safety, healthcare, education, and employment. Initiatives include the construction of more public toilets for women, enhancing street lighting in high-risk areas, and supporting women's entrepreneurship through skill development programmes. Additionally, the budget focuses on reducing gender disparities in public services and ensuring better access to social welfare schemes for women, particularly from marginalised communities. While these measures are a step forward, the challenge lies in ensuring effective implementation and tracking the impact on women's overall well-being.

Several cities in India have implemented gender-responsive initiatives to address women's safety and inclusion in urban spaces. In cities like Delhi, Bengaluru, and Pune, programmes such as women-only transport services, dedicated women's safety squads, and gender-sensitive public spaces have been introduced. Chennai, as part of its Third Master Plan, has also taken significant steps to promote gender equity. The plan emphasizes the development of safe, inclusive public spaces, better access to sanitation facilities for women, and the creation of gender-sensitive urban infrastructure. It also focuses on enhancing women's participation in urban planning and decision-making processes. While these initiatives reflect progress, challenges like inadequate enforcement, societal attitudes, and resource constraints remain, requiring continuous efforts for meaningful impact.

ULBs shall publish a separate gender budget Performa to allocate resources for women's safety, healthcare, education, and employment. This budget should be accompanied by robust monitoring to ensure accountability. Additionally, the Women and Child Welfare Committee shall be strengthened with the authority and resources to oversee gender-responsive initiatives, assess needs, and actively contribute to urban planning and decision-making. This approach will ensure that gender equality is effectively integrated into local governance.

Source: [https://portal.mcgm.gov.in/irj/portal/anonymous/qlGenderbudgetanonymous?guest\\_user=english](https://portal.mcgm.gov.in/irj/portal/anonymous/qlGenderbudgetanonymous?guest_user=english) and <https://www.cmavision.in/>

## 5.4. Climate Financing in Cities ● ● ●

The cities contribute to nearly 70% of global carbon emissions, despite occupying only 2% of the Earth's surface. The rapid urbanisation is driving energy consumption, waste generation, and increased emissions, thus necessitating substantial investments in green infrastructure (UN-Habitat, 2021).

Climate financing refers to the allocation of funds to support activities that reduce greenhouse gas emissions (mitigation) and enhance resilience to climate change impacts (adaptation). The climate finance is essential for achieving the global 1.5 °C target and minimising economic losses from climate-related disasters (IPCC, 2022). Substantial financial resources are needed for cities to transform their infrastructure and energy systems to be sustainable (Climate Action Pathway: Resilient Cities, 2022). The role of climate finance in empowering urban areas to adopt low-carbon, resilient solutions, especially in vulnerable regions (GEO for Cities, 2021).

### Need for Climate Financing in Cities ● ● ●



**Urgency:** The need for climate finance in cities is urgent, driven by the increasing impacts of climate change, urban population growth, and infrastructure demands.



**Investment Gaps:** There is a significant investment gap in climate-related urban infrastructure, with challenges in accessing finance due to limited municipal capacity and creditworthiness.



**Innovative Financing:** Solutions like green bonds, climate funds, public-private partnerships, and blended finance are crucial to mobilise the required investments.



**Adaptation and Resilience:** Cities need tailored financing to build resilience against climate shocks, especially in vulnerable regions with limited financial resources.

The need for climate financing in cities is increasingly critical as urban areas are at the forefront of both climate change impacts and solutions. Leveraging existing budgets and exploring opportunities within national, state, and local frameworks can significantly enhance cities' ability to fund climate change projects. Below is an analysis of current opportunities and strategies to integrate climate considerations into urban financing (World Bank, 2021).

Cities can utilise their existing municipal budgets to support climate-resilient infrastructure projects. This includes prioritising investments in sustainable urban infrastructure such as green public transport systems, energy-efficient buildings, waste management facilities, and urban greening initiatives. By integrating climate goals into budgetary allocations, cities can align their financial resources with sustainable development objectives. The reallocation of existing resources towards climate action can significantly contribute to local climate resilience (UNDP, 2014).

## Climate Finance at National Level ●●●

The National Action Plan on Climate Change (NAPCC) and its sectoral missions provide a comprehensive framework for advancing urban climate initiatives. Specific missions, such as the National Solar Mission and the National Mission on Sustainable Habitat, focus on aligning urban development with climate objectives by promoting renewable energy adoption, improving energy efficiency, and advancing waste management practices. The **Fifteenth Finance Commission (FFC)** introduces conditional grants tied to performance in areas such as air quality, waste management, and water recycling, offering cities a financial incentive to integrate climate actions into their development agendas. At the national level, various funding mechanisms are available to support cities in their climate action efforts. Government initiatives, international climate finance, and public-private partnerships are critical sources of funding. Programmes like the Green Climate Fund (GCF) and the Global Environment Facility (GEF) offer substantial support for large-scale urban climate projects.

National-level frameworks such as the Smart Cities Mission and the Climate Smart Cities Assessment Framework (CSCAF) in India provide a platform for cities to prioritise climate-friendly projects. These programmes encourage cities to improve their climate performance through a combination of national rankings, assessments, and incentives, thus fostering innovation and competition (Climate Finance for Cities, 2021).

## The Annual Environment Status Report

The 74th CAA suggests all Class A cities to prepare and publish Annual Environment Status Report. In Maharashtra, all ULBs publish Annual Environment Status Report, which provides valuable insights into the environmental performance of cities, focusing on aspects like waste management, air and water quality, and green cover. These reports serve as an important tool for assessing the progress of environmental initiatives and identifying areas of improvement. It is recommended that all other cities in India be mandated to prepare and publish an annual environmental status report, ensuring transparency, accountability, and informed decision-making for sustainable urban development. This would enable cities to track their environmental goals effectively and take timely corrective actions.

Source: Maharashtra Municipal Corporation (MMC) Act 1949, section 67(A).

## Climate Finance at State Level ● ● ●

State governments play a crucial role in supporting urban climate initiatives through dedicated climate action plans. These plans often include provisions for grants, subsidies, and technical assistance aimed at fostering renewable energy projects, sustainable transportation systems, and climate adaptation strategies in cities. State climate action frameworks, such as Government of India's State Action Plan on Climate Change (SAPCC), encourage alignment between state policies and municipal climate initiatives. By linking state funds to performance-based targets related to emissions reductions and energy conservation, states can incentivise cities to advance their climate goals. This alignment helps in mobilising resources for urban sustainability projects.

## Public-Private Partnerships (PPPs) and Innovative Financing ● ● ●

Public-private partnerships (PPPs) present a significant opportunity for cities to finance large-scale climate initiatives. These partnerships can attract private capital, expertise, and innovation, particularly in sectors like renewable energy, sustainable transport, and waste management. Additionally, cities can utilise financing instruments like green bonds, municipal bonds, and climate resilience bonds to fund urban sustainability projects. The C40 Cities Finance Facility is a notable example of a programme that supports cities in developing countries by providing technical assistance and connecting them with sources of finance for climate projects.

## International Climate Funds and Multilateral Support ● ● ●

Cities can access international climate finance through organisations such as the United Nations Framework Convention on Climate Change (UNFCCC), the World Bank, and the International Finance Corporation (IFC). These institutions provide funding for urban adaptation and mitigation projects, often channelled through national governments. To effectively access these funds, cities should align their proposals with national climate commitments, such as the Nationally Determined Contributions (NDCs) under the Paris Agreement. This strategic alignment can improve the likelihood of securing international funding for urban climate initiatives.

## Key Strategies for Enhancing Climate Financing in Cities ● ● ●



**Aligning Budgets with Climate Goals:** Municipalities must incorporate climate resilience into their existing budgets by adopting climate-responsive budgeting and prioritising sustainable and resilient infrastructure investments.



**Leveraging State and National Programmes:** State climate action plans and national missions offer cities targeted funding and technical support for implementing climate projects.



**Promoting Innovative Financing:** Cities should explore the use of green bonds, PPPs, and international climate funds to bridge financing gaps for urban climate initiatives.



**Incentivising Performance:** National assessment frameworks and rankings can drive cities to prioritise climate-friendly initiatives by linking funding and incentives to their climate performance.

## Step-by-Step Structure for Climate Budgeting ●●●

### Step-by-Step Structure for Climate Budgeting

This structured approach provides a comprehensive framework for cities to implement climate budgeting effectively, ensuring that climate considerations are systematically integrated into financial decision-making processes (C40 Cities, 2024)



#### Step 0: Prerequisites for Climate Budgeting

- 1. Assess Current Situation:** Conduct an evaluation of existing budget processes and climate action plans to understand the current landscape.
- 2. Engage Stakeholders:** Identify and involve key stakeholders, including city officials, relevant departments, and civil society organisations, to ensure broad support and input.



#### Step 1: Set the Foundation

- 1. Establish a Cross-Capacity Team:** Form a dedicated team comprising representatives from finance, environmental, and other pertinent departments to oversee the climate budgeting process.
- 2. Define Roles and Responsibilities:** Clearly delineate the roles and responsibilities of each team member to facilitate effective collaboration.
- 3. Develop a Communication Strategy:** Create a comprehensive plan for communicating the objectives and processes of climate budgeting to all stakeholders involved.



#### Step 2: Mainstream Climate in the Budget Process

- 1. Redesign Budget Instructions:** Update existing budget documents to incorporate climate considerations and specific targets related to climate action.
- 2. Integrate Climate Assessments:** Mandate that all departments assess the climate impacts of their budget proposals to ensure alignment with climate goals.
- 3. Create Guidance and Templates:** Develop standardised templates and guidance documents for departments to utilise when submitting budget proposals that include climate-related information.



### Step 3: Undertake Climate Budgeting

#### 1. Year 1(n-2):

- Initiate initial assessments and gather relevant data on current climate impacts to inform the budgeting process.
- Begin the integration of climate considerations into the budget framework.

#### 2. Year 2(n-1):

- Continue to refine the budget process based on stakeholder feedback and lessons learned from the previous year.
- Implement climate-related projects and establish mechanisms for monitoring their impacts.

#### 3. Year 3(n):

- Finalise the climate budget and present it to stakeholders for approval and feedback.
- Ensure that all departments are accountable for reporting on their climate actions and the associated impacts.



### Step 4: Expand, Improve, and Update

1. **Review and Reflect:** Conduct a thorough analysis of the outcomes of the climate budgeting process to identify strengths and areas for improvement.

2. **Engage in Continuous Learning:** Participate in relevant networks and forums to share experiences and gain insights from other cities' climate budgeting efforts.

3. **Update Processes and Documents:** Revise budget instructions and templates based on the latest climate data and stakeholder feedback to enhance the effectiveness of the climate budgeting process.

## 5.5. Overview of Four Cities ● ● ●

### AHMEDABAD

#### Climate Resilient City Action Plan 2023

AMC and CapaCITIES II developed the Ahmedabad Climate Resilient City Action Plan 2023 jointly, supported by the Swiss Agency for Development and Cooperation (SDC). The Ahmedabad Heat Action Plan was the first comprehensive early warning system and preparedness plan for extreme heat events in India launched in 2013 and updated in 2016. AMC formulated an Air Information and Response plan in 2017.

**Table 63: Salient Features of the Ahmedabad Climate Resilient City Action Plan 2023**

SECTOR/THEMATIC AREA	ESTIMATED COST OF MITIGATION ACTIONS (2070) (MILLION INR)	ESTIMATED COST OF ADAPTATION ACTIONS (MILLION INR)	TOTAL (MILLION INR)
Built Environment and Energy	2,963,087	Not estimated	2,963,087
Transport	649,500	Not estimated	649,500
Water	9,925	485,538	495,462
Wastewater	2,946	46,387	49,333
Storm Water	Not estimated	30,221	30,221
Solid Waste	24,904	113,301	138,205
Urban Greening and Biodiversity	Not estimated	80,800	80,800
Air Quality	Not estimated, as sectoral actions may improve air quality as well.		
<b>Total</b>	<b>3,650,362</b>	<b>756,247</b>	<b>4,406,608</b>

Source: Ahmedabad Climate Resilient City Action Plan 2023: AMC-CRCAP-EXEC SUMMARY\_06JULY2023\_compressed.pdf (iclei.org)

### BENGALURU

#### Climate Action Plan

Bengaluru launched its first ever Climate Action and Resilience Plan (BCAP) in 2023. Bengaluru has become the 3rd city to have a climate action plan in India. Climate Action Cell (CAC) has been created for the implementation of climate measures under the BCAP Scheme. The Climate Action Cell and other stakeholder agencies are to build resilience against climate change hazards such as flooding, urban heat, water scarcity, and air pollution. The main objectives of BCAP are to mitigate greenhouse gas emissions from the city and build adaptation and resilience against climate change hazards in a collaborative manner, leading to inclusive outcomes for Bengaluru's citizens. To achieve these objectives, BCAP has formulated short, medium and long-term strategies and actions in seven key sectors in consultation with all relevant stakeholder agencies.

### GUWAHATI

Guwahati follows the Assam State Action Plan on Climate Change 2015-20. Version 2.0 of the document is yet to be made public by the State Government. Guwahati receives performance grant from the National Clean Air Programme and Municipal Waste Management Programme.

### RAIPUR

Raipur follows the climate action plan made by the Chhattisgarh State Government regarding climate improvement in 2018. Additionally, Raipur receives performance-based grants for air quality improvement, solid waste management (SWM), and water compound.

## 5.6. Key Insights ●●●

**Table 64: Status of Climate Finance in Ahmedabad, Bengaluru, Guwahati, and Raipur**

City	Legislative provision for climate budget	Climate Budget	City-level Climate Action Plan
Ahmedabad(AMC)	No	No	Yes
Bengaluru(BBMP)	No	No	Yes
Guwahati (GMC)	No	No	No
Raipur(RMC)	No	No	No

Source: Compiled by study team

Only Ahmedabad and Bengaluru have city-level climate action plans whereas Guwahati and Raipur follow climate action plans prepared by their respective states. None of the cities have legislative provision for climate budget; they neither prepare nor publish any separate climate budget. This lack of dedicated financial planning for climate action limits their ability to attract climate-specific funding from sources like the Green Climate Fund (GCF) or PPPs. Establishing climate budgets could help cities quantify funding needs and align urban development projects with broader climate finance opportunities.

## City-level Opportunities ●●●



### Municipal Budgeting and Own Source Revenue

- Cities can earmark portions of their budgets, including property tax revenue and user charges, for climate initiatives by creating climate-specific budget lines. This ensures a steady flow of funds for projects like waste management and non-motorised transport.
- Municipalities can utilise their revenue streams to escrow funds for securing loans or issuing bonds for climate-resilient infrastructure.



### Integrating Climate Considerations into Municipal Budgeting

- Municipalities can strengthen their climate action by adopting climate-responsive budgeting practices. This involves evaluating budget allocations through a climate lens, ensuring that expenditures contribute to mitigation or adaptation objectives.
- Cities can implement 'green budgeting' techniques, where all spending is assessed for its impact on local climate goals. By using tools like climate-responsive budgeting frameworks and climate tagging of expenditures, municipalities can enhance transparency and accountability in their climate investments. For example, cities like Paris and Copenhagen have adopted climate budgets, ensuring that every aspect of municipal spending aligns with their sustainability targets.



### Capacity Building and Project Design

- a. Training modules to focus on building the technical capacity of municipal officials to design 'bankable' projects and access diverse funding sources.
- b. Cities like Indore have successfully leveraged carbon credit mechanisms to monetise emission reductions from waste management projects.



### Climate Action Plans

Urban climate finance initiatives, such as those under the Smart Cities Mission, enable cities to integrate climate considerations into infrastructure projects, particularly in the transport and energy sectors.



### Blended Finance Models

- a. Combining public funds, grants, and private sector investments is critical. Cities can use Development Finance Institutions (DFIs) such as the World Bank and Asian Development Bank (ADB) to structure blended finance mechanisms.
- b. Climate funds like the Green Climate Fund and Global Environment Facility provide grants and concessional loans, reducing the financial burden on ULBs.



### Innovative Financing Instruments

- a. The rise of plastic credits and impact funds presents additional avenues for cities to finance waste management and low-carbon infrastructure. These instruments align financial incentives with measurable climate outcomes.
- b. Voluntary carbon markets offer cities the opportunity to generate revenue by registering projects with verifiable mitigation outcomes, as demonstrated by Indore's carbon credit initiative.



### Focus on Adaptation and Mitigation

- a. Investments in climate-resilient infrastructure, including urban transport, renewable energy, and water management, address both mitigation and adaptation needs.
- b. Leveraging international partnerships, such as the EU-IUCN initiative, supports localised climate action planning and capacity building.

The focus on creating bankable projects and accessing diverse funding sources ensures a pathway to sustainable urban growth while addressing the urgent challenges posed by climate change.

#### **Jodhpur's Heat Action Plan**

*The preparation of Jodhpur's Heat Action Plan, which involved active community participation, highlights the importance of local governments in addressing climate challenges. The plan focused on reducing heat-related risks, with contributions from citizens ensuring that the strategies were practical and locally relevant. However, the involvement of city governments in state-level climate action plans remains limited, often leading to a disconnect between state policies and local needs. It is recommended that other cities take a proactive role in the preparation of state-level climate action plans, ensuring that local conditions, resources, and community inputs are incorporated for more effective and targeted interventions. This would enable cities to better address climate challenges in a holistic and inclusive manner.*

*Source: Jodhpur Heat Action Plan, 2023, <https://www.nrdc.org/sites/default/files/2023-05/jodhpur-heat-action-plan-2023.pdf>*

## Chapter 6

# KEY FINDINGS, SUGGESTIONS, AND RECOMMENDATIONS



## 6.1. Key Findings ● ● ●

The SWOT analysis for all four cities are given below.

### AHMEDABAD

Strengths	Weaknesses
AMC have independent authority to levy new taxes or revise the existing tax/charge rates from the assigned list mentioned in the GPMC Act 1949. AMC has revised the property tax rate in 2014 and in 2022. AMC has approved the mandate to revise the property tax rates by 2% every year.	AMC does not prepare or publish outcome or performance budget.
AMC can independently approve the municipal budget.	AMC does not publish its credit rating on the official website.
Ahmedabad includes a section for climate, gender, poverty, and ward-wise budget in its Municipal Budget.	The Gujarat State Finance Commission has not published the SFC and ATR Report on the official website.
AMC has an official website where the taxpayer can opt for a self-assessment option to calculate tax for each assessment year.	AMC does not publish separate gender budget.
If the property tax is paid in advance, a rebate of 10% is allowed by the municipal corporation. The penalty for late payment or non-payment of tax is 2% per month.	The GPMC Act 1949 does not mandate publishing of budget. AMC does not publish its credit rating on the official website.
AMC sends alerts to the taxpayers via email. AMC also sends an SMS to each registered number.	The annual growth of non-tax revenue is low for AMC.
AMC has introduced a service charge of Rs 1/day for residents of Ahmedabad on door-to-door waste collection and 2% environment improvement charge in 2019-20. Both the charges are included in the property tax bill along with water tax and education cess.	The property tax assessment is carried out based on the data mapped with GIS in 2014-15.
AMC recently issued 6th municipal green bonds worth Rs 200 crore in February 2024. The bonds were issued for green projects identified under the AMRUT 2.0 scheme to facilitate the efficient execution of several green initiatives, including sewage water purification for industrial use, green energy production, and implementation of zero-liquid discharge systems.	The percentage share of own source revenue to municipal receipts is less than the share to revenue receipts.

Strengths	Weaknesses
AMC is working on She-Lounge. It can be used by working women outside the home. In these She-Lounges, sanitary pad vending machine and incineration unit will be installed. AMC plans to build 1 hostel for working and studying women in the East/West area, with a grant from state government. AMC is also building women's gym per zone, total 7 gyms.	-
AMC has launched the Ahmedabad Climate Resilient City Action Plan 2023.	-
Opportunities	Threats
AMC can introduce new user charges or fees to increase the non-tax revenue.	The non-availability of SFC and ATR for Gujarat State.
AMC should prepare and publish performance, outcome, and gender budgets.	Low annual growth of non-tax revenue.
An updated GIS data portal to ensure maximum property tax collection.	High percentage share of state transfers to municipal receipts.
The successful implementation of the Climate Action Plan can be set as an example for other cities.	-

The AMC secures 61% of its funds from external sources, including a significant share of government grants, and has successfully raised capital through municipal bonds. It recently secured an Rs 3000 crore loan from the World Bank for infrastructure projects. AMC is focused on sustainable urban development, with several green projects and riverfront development initiatives under way. The corporation manages the city's public transport system, enhancing urban mobility. However, it faces challenges due to delays in State Finance Commission devolutions, which impact its financial stability. Despite this, AMC has multiple projects in the pipeline aimed at boosting the city's growth and sustainability.

## BENGALURU

Strengths	Weaknesses
BBMP has poverty and gender budgets under the social welfare head of the municipal budget. BBMP has a climate budget under the Urban Forestry and Horticulture budget head.	BBMP does not prepare or publish performance, outcome, and ward budget.
BBMP have independent authority to levy new taxes or revise the existing tax/charge rates as per the list mentioned in the BBMP Act 2020.	BBMP cannot independently approve the municipal budget, needs an approval from the State Government.
BBMP has GIS mapping for properties. The citizens can pay the property tax through online portal or at the banks.	Audit reports are not available on the BBMP website.

Strengths	Weaknesses
Bengaluru launched its first ever Climate Action and Resilience Plan (BCAP) in 2023. Bengaluru has become the 3rd city to have a climate action plan in India.	BBMP does not publish gender budget, allocates fund under Welfare Department.
Karnataka State Government has published the 5th SFC and ATR on their website.	Low annual growth rate of non-tax revenue.
-	Low annual growth rate of property tax revenue
-	BBMP is understaffed (47.20%).
Opportunities	Threats
BBMP can prepare and publish performance, outcome, and ward budget.	BBMP do not publish its credit rating on the official website.
BBMP can issue municipal bonds as it has B+ (Stable) rating by ICPA.	BBMP does not provide water supply to the citizens.
BBMP can prepare and publish gender budget.	Currently there is no elected body for BBMP.
A strict enforcement of rules regarding building plans, permissions for maximum property tax coverage.	The properties are not mapped properly based on their usage.
Use of advance technology for property tax coverage.	The percentage share of property tax to municipal receipts and to revenue receipts is stagnant over the years.
A transportation plan for sustainable transportation.	There is water and electricity shortage.
-	Traffic and road congestion.

The BBMP relies heavily on government funding, with 52% of its budget sourced from state transfers, reflecting a high dependency. Despite a 'B+' credit rating, BBMP aims to diversify its finances by issuing municipal bonds. It has undertaken accounting reforms, incorporating both accrual and cash-based systems, and has modernised its property tax system by linking assessments to capital values based on circle rates, resulting in improved tax collection even during the COVID-19 lockdown. A 24% interest is levied on tax defaulters, and a robust property database is being developed. BBMP is exploring solutions to traffic congestion, including the construction of underground corridors, while practising participatory budgeting to engage citizens in financial planning.

## GUWAHATI

Strengths	Weaknesses
GMC can independently approve the municipal budget.	Budget documents (except for 2017-18), audit reports, and annual accounts are not available on GMC's website.
The Annual Rateable Value (ARV) method for property tax was adopted by Guwahati Municipal Corporation in 2008, which has directly affected the construction cost of any property and amount of vacant land.	GMC does not prepare or publish performance, outcome, climate, gender, poverty, and ward budgets.
GMC has completely shifted to online property tax collecting through online portal. GMC follows the self-assessment method.	GMC does not have its credit rating on the website.
Assam has constituted 6th State Finance Commission (SFC) for the years 2021-22 to 2024-25.	GMC does not have independent authority to levy new taxes or revise the existing tax/charges rates from the assigned list in GMC Act 1956. It needs State Government approval.
The terms of reference and notification for constituting 7th SFC is available on the website. It would be applicable from 1 April 2025 for 5 years.	The ARV method was introduced in 2008 after that it is not revised till date.
Guwahati receives performance grant from the National Clean Air Programme and Municipal Waste Management Programme.	Assam State Government has published the 5th ATR and 6th SFC Report on the official website. 6th ATR is not published yet.
The Assam Municipal Amendment (AMA) Bill 2024 empowers city governments with a municipal cadre, enhancing urban governance and efficiency through localised recruitment.	GMC has an Escrow account but is not active yet.
-	GMC does not have its own programmes or projects focusing on gender responsiveness.
-	Guwahati follows the Assam State Action Plan on Climate Change 2015-20. Version 2.0 of the document is yet to be made public by the State Government. The city does not have a City Climate Action Plan.

Opportunities	Threats
To make tax collection more effective, GMC has launched a door-to-door tax collection programme and plans to outsource collections to third parties, engaging women SHGs as tax collectors providing them income generating opportunities recognised as 'Poura-Sakhis' under the National Urban Livelihood Mission (NULM-Urban).	High percentage share of state transfers to municipal receipts.
Issue Municipal Bond as per Section 124 of Guwahati Municipal Corporation Act, 1971.	No market borrowings.
GMC should prepare a separate Climate Action Plan and should allocate dedicated funds for the same.	As per the Act, there is no reservation for women in the committees of the GMC. In practice, there is one woman in MIC and two women members in the Finance Committee.
Use of technology for maximum property mapping and to ensure availability of basic services in all areas.	Hilly areas lack in basic services and environmental degradation, threat of landslide and other health hazards due to prolonged rainy season in the state.

The Assam Municipal Amendment Bill 2024 marks a transformative step towards empowering city governments in Assam by introducing a municipal cadre, shifting municipal hiring responsibilities from the state to the cities themselves. This amendment to the AMA of 1956 establishes a structured system for recruiting skilled personnel, strengthening urban governance. With key roles in the cadre, including Executive, Engineer, and Finance, cities are now equipped to independently manage critical functions like urban development, infrastructure, and financial operations. Assam's initiative sets a progressive example by prioritising localised recruitment to enhance municipal efficiency.

The GMC generated a total revenue of Rs 375.20 crore in 2021-22, with only Rs 65 crore from its own sources, indicating a significant reliance on government funding, which constitutes about 60% of its budget. While the 6th State Finance Commission recommendations are in place, a recent increase in circle rates has led to a decline in property tax collection. To boost tax efficiency, GMC has outsourced tax collection to the 'Poura Sakhis' women SHGs, resulting in better public engagement, increased digital payment, expanded coverage, and women's empowerment. The corporation is also exploring pre-paid cards, mobile tax collection vans, and other digital payment solutions.

Despite ongoing efforts towards making Guwahati as plastic-free city, the impact is not visible on the ground due to lack of awareness and citizen engagement. GMC's gender budgeting initiatives include feeding rooms, parks, pink toilets, and tax incentives for women, while plans to raise funds through municipal bonds are under way.

## RAIPUR

Strengths	Weaknesses
RMC includes a section for gender budget and urban poverty alleviation in its municipal budget.	RMC does not publish performance, outcome or climate budget.
RMC also includes a section forward budget in its municipal budget.	RMC does not have independent authority to approve the municipal budget.
RMC publishes its credit rating on the official website.	The percentage share of central transfers to municipal receipts is high.
RMC has independent authority to levy new taxes or revise the existing tax/charges rates from the assigned list of taxes from the Act.	RMC does not publish a gender budget but provides services related to women such as mahila parks and feeding centres, under the department's budget for women and children. RMC allocated a budget of Rs 46.76 lakh in the budget estimation for 2023-24 and Rs 47.51 lakh (0.07% of the total budget) for 2024-25, respectively.
RMC introduced a GIS system featuring drone survey data to enable online property tax collection, with the goal of tackling stagnant property tax collection.	Raipur follows the climate action plan made by the State Government regarding climate improvement in 2018.
For payment, citizens can select options such as cards, UPI, net banking, and wallet. Additionally, every zone has a payment machine for cash and cheque payments. Citizens can also pay through choice centres. 350 such centres have been established. Choice centres charge Rs 30 extra for the payment.	Raipur receives performance-based grants for air quality improvement, solid waste management (SWM), and water compound from the State Government.
The Chhattisgarh State Government has published the 3rd State Finance Commission (SFC) Report (2017-18 to 2021-22) and Action Taken Report (ATR) on the official website.	-
As per the Chhattisgarh Municipal Corporation Act, there is provision for reservation of seats for women in the MIC. Currently two women members are part of the MIC. All the 14 subject committees have one or more women members.	-
Opportunities	Threats
RMC can access market borrowings as per Section 102 of Chhattisgarh Municipal Corporation Act, 1956.	The percentage share of own source revenue to municipal receipts and to revenue receipts is stagnant over the years.

Opportunities	Threats
RMC can prepare and publish gender budget.	Escrow mechanism has not been adopted by RMC due to technical reasons.
RMC can prepare and publish a climate action plan and allocate funds for the same.	The percentage share of property tax revenue to municipal receipts and to revenue receipts is stagnant over the years.

The RMC has an expenditure of Rs 793 crore, with nearly 50% funded by the government, indicating a high dependency on external support. Despite this, the municipality faces a budget deficit of Rs 53.67 crore, though it has not resorted to borrowing. To improve financial sustainability, Raipur is considering issuing green bonds and launching revenue-generating projects. The municipality maintains cash-based accounting but prepares financial statements on both cash and accrual bases, with full conversion still pending. A participatory budget process is in place, inviting suggestions from stakeholders such as elected representatives, citizens, and resident welfare associations. However, there are concerns about the limited coverage of property tax, which remains a critical internal revenue source. Councillors have also suggested training to enhance their effectiveness in governance.

## 6.2. Suggestions and Recommendations (Standard Operating Procedures) ● ● ●

Through research, city consultation, city official interviews and subject expert interviews, suggestions and recommendations have been compiled. These suggestions and recommendations can be the guiding factors for enhanced fiscal performance of the cities.

The study was divided into six sections for analysis i.e. Own source revenue, Municipal budget and accounts, Municipal borrowing/loans, Fiscal transfer, Capacity building, and Participation. The recommendations and suggestions are mentioned in Table 65.

**Table 65: Recommendations for cities**

 <b>OWN SOURCE REVENUE</b>
<p><b>Taxes and Non-taxes</b></p> <ol style="list-style-type: none"> <li>1. Strengthen enforcement with penalties for non-payment and delayed payments to boost tax compliance and collection efficiency.</li> <li>2. Expand coverage by ensuring all eligible properties and services are taxed to increase municipal revenue.</li> <li>3. Modernise tax administration with digital tools like GIS/GPS mapping tools; create robust property databases and update them on a regular interval; make online payment systems easy for citizens; and incentivise citizens for prior payment.</li> <li>4. Rationalise cost recovery through appropriate user charges for various municipal services, such as water, waste management, public spaces, and parks with advertisement facility.</li> </ol>

5. Leverage municipal assets by renting properties, community centres, and advertising spaces to raise non-tax revenue.
6. Promote fiscal autonomy by allowing ULBs to independently approve budgets and set tax rates.
7. Establish performance-linked incentives for ULBs to enhance own-source revenue generation.
8. Review tax assessments and rates periodically to align with property and land value changes.
9. Explore new revenue options like tax increment financing and periodic re-evaluation of municipal assets.
10. Enhance tax vigilance through continuous property surveys to prevent evasion and under-assessment.
11. Review and revision of the archaic Municipal Acts.

## **Property Tax**

### **Coverage**

1. Use digital tools (GIS/GPS and drone surveys) to improve property tax databases and enhance tax coverage.
2. Coordinate across departments to ensure consistent data and comprehensive property identification.
3. Implement staggered rebates to incentivise early property tax payments and encourage digital payment methods to reduce collection costs.
4. Avoid frequent tax rate revisions; instead, dynamically adjust base values with indicators like circle rates and consumer price index.
5. Gradually increase tax rates in newly added areas rather than offering long-term tax rebate.

### **Assessment and Valuation**

1. Adopt a capital value method for property tax valuation to maintain tax flexibility and alignment with real estate values.
2. Consider a progressive tax rate over a flat rate for fair distribution of tax burdens.
3. Link annual property tax assessments with circle rates or market indicators for automatic updates.

### **Property Tax Collection**

1. Establish a Local Government Revenue Board to monitor and optimise property tax assessment and collection strategies.
2. Explore outsourcing tax collection with performance-based contracts to address manpower shortages in ULBs, i.e., engaging women self-help groups (WSHGs) or 'Paura Sakhis'.
3. Reward honest taxpayers while applying penalties to discourage late or non-payments.
4. Improve user experience and simplify the tax payment process to encourage timely compliance.



## MUNICIPAL BUDGET AND ACCOUNTS

### Municipal Budgeting

1. Amend municipal acts to include gender equality (SDG 5) and climate action (SDG 13) principles and introduce frameworks.
2. The central government should update the NMAM to align with emerging financing mechanisms, and SDG-aligned, gender-responsive frameworks for improved transparency and consistency.
3. Transition to an accrual-based accounting system and develop state-specific manuals aligned with National Municipal Accounts Manual (NMAM).
4. Mandate ULBs to adopt performance and outcome-based budgeting and incentivise with Fiscal Responsibility and Budget Management (FRBM) Act linkages.
5. ULBs should estimate short-, medium-, and long-term financial needs, linking infrastructure, social development, and urban maintenance.
6. Improve transparency by publishing audit reports on ULB websites and outline corrective measures for unresolved financial issues.
7. Municipal Acts should include specific dates and penalties for delayed or non-compliant financial reporting.
8. Promoting bottom-up monitoring of budgets through civil society involvement and social audits to ensure greater accountability and transparency.
9. Establish national and state-level budget manuals with clear guidelines for realistic, long-term municipal budgeting and performance assessments.

### Expenditure

1. Ensure climate action and gender-responsiveness in capital investments by making a dedicated cell to scrutinise projects for climate and gender, with clear legal frameworks for compliance.
2. Improve public-private partnerships (PPPs) through developing standard contract documents and encourage private sector involvement by addressing the complexities of municipal projects.
3. Implement a budgeting approach tied to actual service costs and linking expenses directly to user charges.
4. Prioritising effective management of municipal expenditure by providing essential services and infrastructure, based on community needs.
5. Ensure gender budgeting is implemented with real audits, clear regulations, and transparent scrutiny of expenses, addressing all the shortcomings.
6. Revise municipal budgeting and accounting systems to introduce budgeting and cost accounting along with accrual-based accounting reforms to capture and manage service delivery costs accurately.

### Municipal Borrowing / Loans

1. Shifting municipal borrowing to fund long-term development by borrowing to finance long-term infrastructure and placing the repayment on future taxpayers who benefit from these investments.

2. Ensure that loans are strategically planned, with detailed project reports to prevent unutilised funds and minimise fiscal risk.
3. Focus on improving creditworthiness through project-based ratings, strong financial reporting, and accountability mechanisms, for borrowings.
4. Link regular revenue sources to dedicated escrow accounts to ensure timely loan repayments and minimise financial burdens.
5. Update accounting systems to align with the NMAM, moving from cash-based to accrual accounting for better financial management.
6. Provide training to enhance municipal capacity for private investments, market understanding, debt restructuring, and borrowing options.
7. Address both demand- and supply-side barriers, including legislative reforms to improve investor confidence and allow secure bond issuance.
8. Leverage state and central support for municipal borrowing: Advocate for state-backed guarantees and regulatory frameworks that facilitate risk-managed borrowing for cities.
9. Promote financial monitoring and municipal performance metrics by introducing a system of financial rankings and assessments to drive responsible borrowing and project execution.
10. Develop long-term revenue sources for repayment, reducing dependency on government grants and fostering fiscal self-sufficiency.
11. Push for legislative changes that recognise municipal bonds as secure investments and attract financial institutions.
12. Provide municipalities with the resources and expertise to assess borrowing options, understand credit ratings, and manage debt efficiently.
13. Implement accountability mechanisms for municipal borrowing to ensure transparency and mitigate risks of excessive debt.

### **Fiscal Transfer**

1. Link grants to measurable outcomes in service delivery and revenue generation to incentivise ULBs to improve operational efficiency.
2. Enhance transparency in fiscal transfers through clear guidelines and accountability of grants from state and central governments to ULBs.
3. Mandate ULBs to report all fund receipts, including programme-specific grants like the Smart City Mission, in municipal accounts for better fiscal tracking.
4. Include econometric analysis and parameters like own revenue capacity, infrastructure needs, service efficiency, and socioeconomic indicators alongside population to ensure fair grant allocation.
5. Empower ULBs to set tax rates, impose user charges, and exercise greater control over budgetary decisions to strengthen fiscal autonomy of ULBs.
6. Ensure consistent adherence to CFC and SFC recommendations by state and local authorities, along with regular monitoring mechanisms.
7. Shift to accrual-based accounting and introduce comprehensive accounting reforms to improve financial management and reporting.

8. Invest in training programmes and functional accounting software to enhance ULBs' capabilities in fiscal governance and reporting.
9. Provide ULBs with flexible fiscal powers that match their development needs, with regular reviews by SFC to adapt cities' growth and service demands.
10. Develop performance monitoring systems to track performance and ensure accountability in how grants are utilised.

### **Capacity Building**

1. Introduce human resource management system for municipal cadre, which will provide a systematic career growth for the officials linked with some mandatory training and capacity building measures.
2. Conduct regular assessments of staff requirements, especially for revenue and administrative roles, to ensure positions are filled and aligned with workload demands.
3. Mandate structured training for all new and existing staff in revenue, finance, engineering, and administrative departments.
4. Focus training on financial management, accounting, and technical skills like project planning, GIS, engineering project management, etc.
5. Deliver regular, in-house training sessions to improve engagement, reducing dropout rates associated with off-site sessions.
6. Ensure councillors receive training in municipal finance, budgeting, project planning, and public administration to strengthen their governance capabilities.
7. Build sector-specific training sessions in primary municipal functions, especially in health, for improved public service delivery.
8. Establish a structured and efficient training infrastructure suited to municipal roles and field responsibilities.
9. Regularly update training content to reflect emerging tools, techniques, and practices relevant to urban governance and revenue enhancement.
10. Introduce financial literacy programmes across departments for municipal staff to foster better understanding of budgeting, fund allocation, and fiscal accountability.
11. Build a framework that supports annual training targets, ensuring at least 1% of ULB employees receive relevant training each year.
12. Track training attendance, performance improvement, and skill application post-training to measure capacity-building outcomes effectively.



## PARTICIPATION

### Citizen Participation

1. Establish ward sabhas, participatory budgeting, and ward committees as formal platforms to involve citizens in governance, supported by legislative amendments.
2. Develop robust grievance redressal mechanisms and leverage online platforms for citizen feedback.
3. Partner with RWAs, SHGs, and local organisations in service delivery, monitoring, and initiatives like park maintenance, revenue collection, and public awareness campaigns.
4. Train municipal staff and elected representatives in governance approaches, financial management, and project planning to improve interaction with citizens.
5. Encourage public-private partnerships and sponsorship models to involve citizens and organisations in community development and service improvement projects.

### Climate (SDG 13)

1. Each city should develop and implement a city-specific climate action plan that aligns with state and national frameworks, with clear targets for resilience and sustainability.
2. Cities should allocate municipal budget and a separate Performa in city budget for climate action and adaptation projects, ensuring long-term benefits.
3. Utilise diverse sources like green bonds, carbon credits, PPP models, and CSR funding to finance climate-related projects.
4. Integrate climate risk assessments into all municipal financial planning, to balance climate action along with other urban development priorities.
5. Establish dedicated climate cells within ULBs to evaluate environmental impact of projects and policies before execution, promoting sustainable urban growth.
6. The ULBs should be mandated to publish an Annual Environment Status Report.

### Gender Inclusivity (SDG 5)

1. All the gender budgets are prepared at the national or state level; dedicated city-level gender budget should be made.
2. Implement laws to ensure participation of all genders in municipal decision-making processes.
3. Identify key areas to improve gender equality and apply gender-responsive budgeting (GRB) to address the gender impact on municipal spending.
4. Develop disaggregated databases with indicators like female property ownership and access to municipal services to enable targeted delivery of benefits and concessions to women.
5. Establish dedicated units within ULBs to address gender-specific challenges, implement welfare schemes, and ensure sustained focus on gender inclusivity.

6. Appoint women and representatives of other genders in leadership and governance roles to bring diverse perspectives and address unique community needs effectively.
7. ULBs should publish a separate gender budget to allocate resources for women's safety, healthcare, education, and employment.
8. The Women and Child Welfare Committee should be strengthened with the authority and resources to oversee gender-responsive initiatives, assess needs, and actively contribute to urban planning and decision-making.



## HUMAN RESOURCE

1. Update HR benchmarks based on city population, physical area, and unique geographical and social conditions to meet evolving service demands.
2. Ensure gender representation through establishing minimum gender ratios across different municipal departments, and matching staff profiles with service needs for balanced workforce diversity.
3. Empower experienced commissioners to serve as city managers, enhancing accountability and aligning HR with community needs.

The recommendations presented are intended as standard operating procedures that cities can adopt based on their unique needs and contexts. Given the varying capacities and conditions across different cities, a rigid bifurcation of responsibilities between the state, central, and local governments pose challenges. Instead, these recommendations offer a flexible framework for cities to move forward with, allowing them to tailor strategies to their specific circumstances. The successful implementation of these procedures will require active consultation and intervention from both state and central governments, ensuring a collaborative approach that aligns with each city's priorities.

## 6.3 City-specific Roadmap for Enhancing Revenue ●●●

Through research, city consultation, city official interviews and subject expert interviews, suggestions and recommendations, a road map for enhancing revenue have been compiled that can be guiding factor for enhanced fiscal performance.

### AHMEDABAD MUNICIPAL CORPORATION (AMC)



## STRENGTHENING REVENUE GENERATION

### Enhance Own-Source Revenue:

- Non-tax revenue has shown steady growth, increasing annually by 2.45% and achieving a remarkable 11.46% rise in 2021-22, driven by user charges for sanitation, advertising, and entry fees, which contributed 20.86% to the total income.

- Continuing this progress, the corporation should focus on implementing user charges for essential municipal services like water supply, waste management, and parking to make them financially self-sustaining.
- There is significant potential to boost non-tax revenue by strategically leveraging municipal assets, such as renting out community spaces, offering advertising opportunities on public infrastructure.

### Enhance Property Tax Revenue

- Property tax contributes 8.17% to the total income, which is below the national average of 15–20% for Indian municipalities. AMC should target an increase in property tax revenue to 15–20% of total income within the next 3 years. This would require upgrading GIS mapping and incorporating GPS and drone surveys to identify under-assessed properties.
- Target: Increase property tax revenue by 12–15% annually, achieving an additional Rs 100–150 crore in revenue over the next 2 years.
- Establish better coordination among municipal departments for consistent and comprehensive property identification to reduce discrepancies in the tax database and updating property assessments with market indicators.

### Strengthen Enforcement:

- Implement strict penalties for non-payment and delayed payment of property taxes. Nationally, municipal tax compliance is around 80–85%; AMC should target improving this to 90% within the next 2 years.
- Use digital payment platforms to increase efficiency and reduce collection costs, while providing incentives for early payment will help achieve target of shifting 50% of tax payments to digital platforms by the next fiscal year.
- Establish a Local Government Revenue Board for monitoring property tax collection efficiency.



## ENHANCING FISCAL AUTONOMY

### Budgeting Independence:

- Advocate for greater autonomy in setting tax rates and approving the municipal budget to allow more flexible and targeted fiscal policies.
- Enhance transparency by publishing budget reports, audits, and performance reviews on the municipal website.



## DIVERSIFYING FINANCING SOURCES

### Municipal Bonds and Green Bonds:

- Increase reliance on municipal bonds, particularly green bonds, for financing sustainable urban development projects.

### Reduce Capacity Gaps:

- Among the sanctioned post of 39,210 AMC has a Vacancy % of 41.07%. This gap needs to be addressed and regular assessments of staff requirements must be conducted, especially for revenue and administrative roles, to ensure positions are filled and aligned with workload demands.
- Mandate structured training for all new and existing staff in revenue, finance, engineering, and administrative departments is required with training on financial management, accounting, and technical skills like project planning, GIS, engineering project management, etc.

### Gender Inclusivity:

- The proportion of women staff relative to the total sanctioned staff, AMC has very low representation of women in their workforce i.e. 21.9%. To address this, minimum gender ratios across different municipal departments, and matching staff profiles with service needs should be established for balanced workforce diversity.

### Climate Resilience:

- Ahmedabad has dedicated City Level Climate Action Plan. However, it does not have legislative provision for climate budget neither it prepares or publish any separate climate budget. AMC should publish separate climate budget as it will quantify funding needs and align urban development projects with broader climate finance opportunities.

## BRUHAT BENGALURU MAHANAGARA PALIKE (BBMP)



## STRENGTHENING REVENUE GENERATION

### Enhance Own-Source Revenue:

- BBMP's non-tax revenue growth of 1.51% is below the national average growth rate for non-tax revenue, which stands at around 5%-6%. To improve this, BBMP should target a 7%-8% annual increase in non-tax revenue, reaching INR 400-500 crore in additional non-tax revenue by implementing user charges for essential services.

- BBMP should leverage assets such as public spaces and parks for advertising opportunities, contributing to an additional INR 50–70 crore in non-tax revenue within the next 3 years.
- BBMP should increase the user charges as for services (e.g., water supply, waste management, and public transport) which can generate steady non-tax revenue.

### **Enhance Property Tax:**

- Property tax accounts for 30.27% of total income for the studied period, above the national average of 15%–20%, but BBMP can increase this further by aligning property tax assessments more closely with market values. The national average growth for property tax revenue is 7%–8%, while BBMP should aim for an 11%–12% annual increase in property tax revenue.
- To expand property tax coverage, BBMP should review property tax assessments to introduce progressive tax rates. Regular updates should be done based on real estate prices and circle rates.
- BBMP should expand coverage by implementing GPS-based surveys and automated property assessments to make sure no property is missed and under-assessed.
- To address manpower shortages, tax collection should be outsourced through performance-based contracts.
- Incentivise timely payments by rewarding taxpayers with 1%–5% rebates or discounts, especially through digital platforms and introduce fines for not paying taxes and making sure all properties that should be taxed are included.



## **ENHANCING EFFICIENCY IN EXPENDITURE**

### **Performance-Based Budgeting:**

- Transition to performance-based budgeting where expenditures are linked to clear and measurable goals following examples from cities such as Mumbai and Coimbatore.
- Prioritise climate-resilient and gender-responsive infrastructure investments by setting up dedicated cells to screen projects.

### **Public-Private Partnerships (PPPs):**

- Develop standard contract documents and encourage the involvement of the private sector to help with municipal services as this can bring in outside funding and ease the financial burden on the municipal budget.



## STRENGTHENING BORROWING CAPACITY

### Improve Creditworthiness:

- Focus on improving BBMP's credit rating by maintaining accurate financial records and ensuring disciplined management of funds.
- Re issuing of municipal bonds by targeting an A- rating within the next 3 years, should be a priority for BBMP which would allow them to access larger funding opportunities for BBMP's rising water challenges.



## ENHANCING FISCAL AUTONOMY

### Decentralised Budgeting:

- Advocate for the devolution of fiscal powers to the local government as per the BBMP Municipal Act 2020, to set tax rates and approve budgets as per the local needs and conditions.

### Reduce Capacity Gaps:

- Among the sanctioned post of 12,923, BBMP has a vacancy % of 47.24%. This gap needs to be addressed, and regular assessments of staff requirements must be conducted, especially for revenue and administrative roles, to ensure positions are filled and aligned with workload demands.

### Gender Inclusivity:

- The proportion of women staff relative to the total sanctioned staff, BBMP has low representation of women in their workforce, i.e., 7.13% way less than the mandated 1/3rd representation. To address this, minimum gender ratios across different municipal departments, and matching staff profiles with service needs should be established for balanced workforce diversity.

### Climate Resilience:

- BBMP has a City-Level Climate Action Plan but lacks a legislative provision or dedicated climate budget. This hinders access to climate-specific funding, such as the Green Climate Fund or public-private partnerships. BBMP should publish climate budgets could help quantify funding needs and align projects with broader climate finance opportunities.
- BBMP should incorporate climate risk assessments into municipal financial planning to effectively balance climate action with other urban development priorities.



## STRENGTHENING REVENUE GENERATION

### Enhance Own-Source Revenue:

- Non-tax revenue in GMC is relatively low at 9.83%, compared to the national average of 15%–20% for Indian cities. GMC should target increasing non-tax revenue to 15% of total income within the next 3 years.
- To increase this, GMC should ensure full cost recovery for municipal services like water supply and waste management, adjusting fees as necessary based on service costs and market trends.

### Enhance Property Tax Revenue:

- GMC should revise the outdated tax assessment method (ARV-based). GMC's annual property tax growth of -2.84% highlights the need for immediate reforms. Nationally, property tax growth is around 7%–8% annually. GMC should aim for 5%–6% annual growth by revising outdated property tax assessments and shifting to a capital value-based model, as adopted in cities like Pune and Bhopal.
- Target: Increase property tax coverage by 10%–15% using GPS-based surveys and automated systems for property assessments.
- It should also introduce new tax bases for emerging areas and improve property tax coverage using GPS and drone technology.



## REDUCING RELIANCE ON TRANSFERS

### Diversify Revenue:

- GMC heavily relies on external funding, with state transfers at 42.86% and central transfers at 14.05%. National averages show that municipalities typically rely on 50%–60% of their revenue from own-source income. GMC should aim to reduce reliance on external transfers by 10%–15% in the next 5 years through increasing property tax, user charges and exploring new municipal revenue models like Tax Increment Financing (TIF).



## ENHANCING FISCAL MANAGEMENT

### Digital Transformation:

- Implement an accrual-based accounting system aligned with the NMAM, improving fiscal reporting and long-term planning.
- Introduce performance-based budgeting to better track the effectiveness of expenditure.



## MARKET BORROWING CAPACITY

### **Increase Borrowing Capacity:**

- Strengthen the credit rating of GMC by improving financial transparency, reducing arrears, and ensuring that all revenue is accounted for accurately. GMC should maintain a positive net worth in each of next three fiscal years to obtain a credit rating.
- GMC must leverage government guarantees and introduce escrow account to ensure timely debt repayment.

### **Reduce Capacity Gaps:**

- Among the sanctioned post of 2,644, GMC has a vacancy % of 13.84% with contract staff and 62.29% without contract staff. To address the existing staffing gaps, the AMA Bill 2024 has been introduced, empowering cities with a municipal cadre. However, despite this progress, continuous efforts are needed to ensure that vacancies, particularly in revenue and administrative roles, are consistently filled and aligned with workload demands.

### **Gender Inclusivity:**

- The proportion of women staff relative to the total sanctioned staff, GMC has very low representation of women in their workforce, i.e., 13.5%. To address this, minimum gender ratios across different municipal departments, and matching staff profiles with service needs should be established for balanced workforce diversity.
- GMC should establish dedicated units to address gender-specific challenges, implement welfare schemes, and ensure sustained focus on gender inclusivity.
- GMC does not publish separate gender budget. It should publish a separate gender budget to allocate resources for women's safety, healthcare, education, and employment.

### **Climate Resilience:**

- GMC does have a city specific climate action plan. GMC should develop and implement a city-specific climate action plans that aligns with state and national frameworks, with clear budgeted targets for resilience and sustainability.



## STRENGTHENING REVENUE GENERATION

### Enhance Own-Source Revenue:

- Non-tax revenue surged by 18.92%, but it still contributes just 11.75% to total income. Nationally, the average contribution of non-tax revenue to municipal income is 15–20%. RMC should aim for an increase to 15%–18% of total income within the next 3 years.
- To increase this, RMC should leverage municipal assets like public spaces and commercial properties to generate non-tax revenue.
- Increase user charges for services such as waste collection and parking, and ensure these charges reflect the true cost of service delivery.

### Enhance Property Tax Revenue:

- Property tax grew by 10.49% annually, with 33.22% of own-source revenue. RMC should target a 12%–15% increase in property tax revenue, reaching Rs 40–50 crore by improving tax coverage, linking assessments to market rates,
- To further enhance this, RMC should improve property tax coverage and update assessments by linking taxes to market rates and circle rates. Also, increase tax rates gradually for newly added areas instead of offering long-term tax rebates.



## IMPROVING EXPENDITURE EFFICIENCY

### Better Budgeting Practices:

- Transition to an accrual-based accounting system, which is the standard for 30%–35% of Indian municipalities. RMC should aim for 75% of its budgeting to be performance-based, with clear goals for service delivery and infrastructure within the next 2 years.

### Reduce Operational Costs:

- Adopt PPPs and partner with private companies for infrastructure projects, which would save almost 20% municipal funds and bring new ideas for better service delivery.
- Set up a special team to review major projects, ensuring they are climate-resilient and consider social impacts, such as benefits for women and vulnerable groups.



## STRENGTHENING BORROWING CAPACITY

### Improve Credit Rating:

- RMC should work towards improving its creditworthiness by targeting credit rating to A- in the next 3 years by adopting stronger financial reporting and debt management strategies better through outcome budgeting, efficient revenue collection, and controlling costs.
- Set up escrow accounts tied to regular income, and aim to raise INR 200 crore through municipal bonds for infrastructure projects within 5 years.
- RMC should focus on setting up escrow accounts tied to regular income to boost investor confidence that loans will be repaid on time.



## ENHANCING FISCAL AUTONOMY

### Increase Local Decision-making:

- Advocate for greater fiscal autonomy to set tax rates, approve budgets, and make investment decisions.
- Implement performance-based budgeting and link municipal grants to measurable outcomes in service delivery.

### Reduce Capacity Gaps:

- Among the sanctioned post of 1,823, RMC has a vacancy of 23.37%. This gap needs to be addressed, and regular assessments of staff requirements must be conducted, especially for revenue and administrative roles, to ensure positions are filled and aligned with workload demands.

### Gender Inclusivity:

- The proportion of women staff relative to the total sanctioned staff, RMC has very low representation of women in their workforce, i.e., 13.1%. To address this, minimum gender ratios across different municipal departments, and matching staff profiles with service needs should be established for balanced workforce diversity.
- RMC does not publish separate gender budget. It should publish a separate gender budget to allocate resources for women's safety, healthcare, education, and employment.

### Climate Resilience:

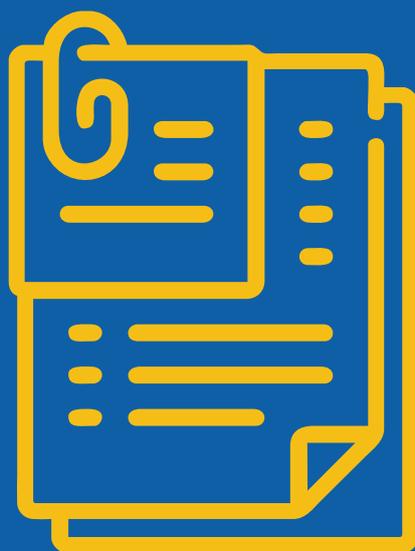
- RMC does have a city specific climate action plan. RMC should develop and implement a city-specific climate action plans that aligns with state and national frameworks, with clear budgeted targets for resilience and sustainability.

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# ANNEXURES



## Annexure 1: Devolution of 18 Functions in Four cities ●●●

SI No.	18 Functions	City			
		Ahmedabad	Bengaluru	Guwahati	Raipur
1	<b>Urban planning including town planning.</b>	Ahmedabad Urban Development Authority (AUDA), Town Planning Scheme (TSP), Ahmedabad Municipal Corporation (AMC)	Bengaluru Development Authority (BDA); Town & Country Planning Department, Karnataka	Guwahati Metropolitan Development Authority (GMDA)	Master Plan by Town and Country Planning Department (TCPD); Implementation by Town Planning Section of Raipur Municipal Corporation
2	<b>Regulation of land-use and construction of buildings.</b>	Ahmedabad Urban Development Authority (AUDA), Town Planning Scheme, Ahmedabad Municipal Corporation	Bengaluru Development Authority (BDA); Town & Country Planning Department; Bruhat Bengaluru Mahanagara Palike	Guwahati Municipal Corporation (GMC) Town Planning Branch and Enforcement Branch; Guwahati Metropolitan Development Authority	Town Planning Section of RMC for building permissions and demolitions  TCPD for regulation of land use; EWS and LIG Housing by Chhattisgarh Housing Board;
3	<b>Planning for economic and social development</b>	Department of Social Justice and Empowerment; State Government  Ahmedabad Municipal Corporation (AMC) Urban Community Development Department.	Karnataka Govt.: State Social Welfare Department;  Bruhat Bengaluru Mahanagara Palike Welfare Department: PMAY, NULM	Guwahati Municipal Corporation (GMC) Markets Branch;  NULM Cell; PM SVAnidhi Cell	State Govt. :Urban Administration and Development (UAD) Department;  Raipur Municipal Corporation: NULM Cell and Pradhan Mantri Awas Yojana (PMAY) Cell
4	<b>Roads and bridges</b>	Gujarat Industrial Development Corporation (GIDC); Town Planning Scheme (TPS); Ahmedabad Urban Development Authority (AUDA);	State Public Works Department; Karnataka Road Development Corporation (KRDC)	Guwahati Municipal Corporation; State Public Works Department	Construction of roads by State Public Works Department;  <i>to be continue...</i>

State Govt.
  Functions under Multiple Agencies
  Function under City Govt.

SI No.	18 Functions	City			
		Ahmedabad	Bengaluru	Guwahati	Raipur
4	<b>Roads and bridges</b>	State Public Works Department; Ahmedabad Municipal Transport Service (AMTS); Ahmedabad Municipal Corporation (AMC) Roads and Bridges Department	Bruhat Bengaluru Mahanagara Palike Engineering Department;	Roads: GMC, Public Works Department (Assam Govt.); Bridges: Public Works Department (Assam Govt.)	Raipur Municipal Corporation: Road Department maintenance by the respective departments (maintenance by the respective departments)
5	<b>Water supply for domestic, industrial and commercial purposes</b>	Gujarat Industrial Development Corporation (GIDC); Ahmedabad Municipal Corporation (AMC) Water Project and Water Operation Department, City Engineer	Bangalore Water Supply and Sewerage Board	Guwahati Municipal Corporation Water Works Branch; State Public Health Engineering Department; Assam Urban Water Supply & Sewerage Board	State Govt. : Chhattisgarh State Industrial Development Corporation; Raipur Municipal Corporation : Water Department
6(a)	<b>Public health, sanitation conservancy</b>	State Health and Family Welfare Department; Ahmedabad Municipal Corporation (AMC) Health, Water and Solid Waste Management Department	Hospitals: Health Department (Karnataka Govt.) Primary Health Centres, Spraying & Fogging, Bruhat Bengaluru Mahanagara Palike Health Department	Guwahati Municipal Corporation Health Branch, Garage Branch and Engineering Branch; State Public Health Engineering Department	Hospitals under RMC and State Health Department; Raipur Municipal Corporation: Health Department for sewerage system, cleaning of drains by RMC
6(b)	<b>Solid waste management</b>	Ahmedabad Municipal Corporation (AMC) Health and Solid Waste Management Department	Bengaluru Solid Waste Management Limited; is working on behalf of BBMP Bruhat Bengaluru Mahanagara Palike	Guwahati Municipal Corporation;	Raipur Municipal Corporation: Solid Waste Management Department

State Govt.
  Functions under Multiple Agencies
  Function under City Govt.

Sl No.	18 Functions	City			
		Ahmedabad	Bengaluru	Guwahati	Raipur
7	<b>Fire services</b>	Ahmedabad Municipal Corporation (AMC) Fire Department	State Fire Department	Assam Fire Service Organisation	Director General Home Guards; Civil Defence; Fire and Emergency Services; State Disaster Response Force of Government of Chhattisgarh
8	<b>Urban forestry, protection of the environment and promotion of ecological aspects</b>	Gujarat Forest Department; Ahmedabad Municipal Corporation (AMC) Garden Department; Sabarmati Riverfront Development Corporation Limited (SRFDCL)	Forest Department (Karnataka Govt.) Bruhat Bengaluru Mahanagara Palike Environment Department of Corporation	State Forest Department; Greater Metropolitan Development Authority	State Forest Department; Raipur Municipal Corporation: Garden & Environment Department
9	<b>Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded</b>	State Department of Social Justice and Empowerment; Gujarat Housing Board; Ahmedabad Municipal Corporation (AMC) Urban Community Development Department Housing Improvement & EWS Housing Scheme Committee	State Social Welfare Department; Bruhat Bengaluru Mahanagara Palike Welfare Department Karnataka Slum Development Board (KSDB)	State Social Welfare Department	State Govt. : Social Welfare Department; Raipur Municipal Corporation: NULM, Pension Scheme

State Govt.
  Functions under Multiple Agencies
  Function under City Govt.

Sl No.	18 Functions	City			
		Ahmedabad	Bengaluru	Guwahati	Raipur
10	<b>Slum improvement and upgradation</b>	Ahmedabad Municipal Corporation (AMC) Housing and Awas Yojana and EWS Committee and Hosuing & Slum Networking Project, Gujrat Housing Board	Karnataka Slum Development Board (KSDB); Bruhat Bengaluru Mahanagara Palike PMAY	Guwahati Municipal Corporation PMAY Cell, PMAY and SVANidhi Dept of Housing and Urban Affairs	Urban Administration and Development Department; Raipur Municipal Corporation: Project & Planning (PMAY) Department
11	<b>Urban poverty alleviation</b>	Gujarat Urban Livelihood Mission (GULM); Ahmedabad Municipal Corporation (AMC) Housing and Awas Yojana and EWS Committee and Hosuing & Slum Networking Project	Bengaluru Development Authority (BDA); State Social Welfare Department; Bruhat Bengaluru Mahanagara Palike Welfare Department	Guwahati Municipal Corporation NULM Cell and SVANidhi Dept of Housing and Urban Affairs	Urban Administration and Development Department; Raipur Municipal Corporation: NULM Cell
12	<b>Provision of urban amenities and facilities such as parks, gardens, playgrounds</b>	AMC (Parks and Gardens Committee); Gujarat Tourism Department	Bruhat Bengaluru Mahanagara Palike Environment Department	Guwahati Municipal Corporation Engineer Branch; Guwahati Metropolitan Development Authority (GMDA)	State Govt. : Public Works Department; Raipur Municipal Corporation : Garden Department, Project & Planning Department
13 (a)	<b>Promotion of cultural and aesthetic aspects.</b>	Gujarat Tourism Department; Ahmedabad Municipal Corporation (AMC) Publicity Department; Recreation, Culture & Heritage Committee	State Department of Cultural Affairs; Guwahati Metropolitan Development Authority (GMDA)	State Department of Cultural Affairs; Guwahati Metropolitan Development Authority (GMDA)	Raipur Smart City Limited; Raipur Municipal Corporation : Cultural Department

State Govt.
  Functions under Multiple Agencies
  Function under City Govt.

SI No.	18 Functions	City			
		Ahmedabad	Bengaluru	Guwahati	Raipur
13 (b)	<b>Promotion of Education</b>	Ahmedabad Municipal Corporation (AMC) School Board	Bruhat Bengaluru Mahanagara Palike Education Department	Guwahati Municipal Corporation; State Education Department	State Department of School Education
14	<b>Burials and burial grounds; cremations, cremation grounds</b>	Gujarat WAQF Board; Ahmedabad Municipal Corporation (AMC) Health Department	Bruhat Bengaluru Mahanagara Palike Health Department	Guwahati Municipal Corporation (GMC)	Waqf Board; Raipur Municipal Corporation
15	<b>Cattle pounds; prevention of cruelty to animals</b>	Ahmedabad Municipal Corporation (AMC) Cattle Nuisance Control Department	Animal Husbandry Department of Bruhat Bengaluru Mahanagara Palike	Veterinary Branch Guwahati Municipal Corporation (GMC)	Raipur Municipal Corporation : Health Department
16	<b>Vital statistics including birth and death registration</b>	Ahmedabad Municipal Corporation (AMC) Health Department	Bruhat Bengaluru Mahanagara Palike Health Department	Health Department (Assam Govt.), Health Branch (GMC); District Authorities (marriage registration)	Raipur Municipal Corporation : Health Department
17 (a)	<b>Public amenities including street lighting, parking lots and public conveniences.</b>	Ahmedabad Municipal Corporation (AMC) Street Light, Engineering; Estate and Health Department	Bengaluru Development Authority (BDA); Bruhat Bengaluru Mahanagara Palike Electricity Department	Streetlights: Electrical Branch (GMC); Parking Lots: GMC, GMDA; Public Conveniences: GMC, Akhil Bhartiya Gramin Evam Paryavaran Sanstha (pvt)	Raipur Municipal Corporation: Electrical Department; Project & Planning Department

State Govt.
  Functions under Multiple Agencies
  Function under City Govt.

SI No.	18 Functions	City			
		Ahmedabad	Bengaluru	Guwahati	Raipur
17(b)	<b>Bus stops</b>	Ahmedabad Municipal Transport Service; Ahmedabad Janmarg Limited (BRTS)	Bruhat Bengaluru Mahanagara Palike	Guwahati Municipal Corporation	State Govt.: State Transport Department City Bus Intelligent Transport System(CBITS) in Chhattisgarh
18	<b>Regulation of slaughterhouses and tanneries</b>	Ahmedabad Municipal Corporation (AMC) Slaughterhouse Department	Bruhat Bengaluru Mahanagara Palike	Assam Livestock and Poultry Corporation (Assam Govt.); Veterinary Branch (GMC); Enforcement Branch (GMC)	Raipur Municipal Corporation: Health Department

State Govt.
  Functions under Multiple Agencies
  Function under City Govt.

#### City-wise status of 18 functions mentioned in the Twelfth Schedule

	Ahmedabad	Bengaluru	Guwahati	Raipur
Total number of functions	18	18	18	18
Performed by City Government	6	5	3	3
Performed by Multiple Agency	9	11	11	14
Performed by State Government	3	2	4	1

State Govt.
  Functions under Multiple Agencies
  Function under City Govt.

## Annexure 2: Fiscal Study Indicators ● ● ●

- The existing status of municipal finance, i.e., existing accounting practices, audit system, issues and challenges in accounting and budget preparation, adequate and skilled human resources, capacity/strength to access capital market, among other processes.
- Income and expenditure trends.
- Tax & Non-Tax Revenue Compound Annual Growth Rate (CAGR). The CAGR value will be calculated to assess the mean annual growth rate of Tax/Non-Tax Revenue over a period. This analysis of data over a period of 5-10 years will help map the city's financial potential and strength of revenue generation and highlight the scope for enhancements by facilitating cross learning.
- Property Tax CAGR to assess the trends of property tax revenue over a period. It will map the enforcement and collection mechanism in respective cities to create a platform for comparative analysis and cross learning amongst the four cities.
- Average Per Capita Tax and Non-Tax Revenue will be studied in detail to understand the income and expenditure of city governments for ensuring efficient service delivery for all residents in the city.
- Share of different expenditure heads such as operation and maintenance, administrative, etc. to total expenditure.
- Share of Tax and Non-Tax Revenue to Total Income will be analysed to map the financial self-sustainability and fiscal independence of cities. The percentage share of own source revenue to total income will be studied and a comparative analysis between cities will be made to facilitate inter-city learning.
- Share of Union and State Government Grants to Total Income to understand the dependence of cities on grants-in-aid.
- Accounting practices followed by the city government as per the National Municipal Accounts Manual (NMAM) issued by the Ministry (MoHUA).
- Borrowing trend/capacity of the ULB from private sector to finance various developmental projects.
- Status of municipal bond, credit ratings of the 4 ULBs.
- Initiative towards PPP models for augmenting municipal finance.

## Annexure 3: Budget Data (2016-17 to 2022-23) ● ● ●

### AHMEDABAD

#### Actual Budget Values from 2016-17 to 2022-23

SI No.	Data Points - Actual Values (Rs in crores) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	Opening Balance	0.11	0.11	0.09	0.08	0.01	0	0.09
2	Revenue Receipts	3,406	3,567	3,910	3,909	4,498	4,870	5,248
3	Capital Receipts	1,712	1,876	2,236	1,974	1,599	1,869	3,325
4	Total Municipal Receipts(2+3)	5,118	5,443	6,146	5,883	6,096	6,739	8,573
5	Revenue Expenditure	2,499	2,846	3,163	3,317	3,995	4,083	4,401
6	Capital Expenditure	2,073	1,964	2,183	2,469	2,266	2,462	3,425
7	Total Municipal Expenditure(5+6)	4,572	4,810	5,347	5,786	6,261	6,544	7,827
8	Revenue Deficit(2-5)	907	721	747	592	503	788	847
9	Capital Deficit(3-6)	-361	-88	53	-495	-667	-593	-101
10	Fiscal Deficit(4-7)	546	633	800	97	-164	195	746
11	Year End Closing Balance(1+4-7)	546	633	800	97	-164	195	746
12	Property Tax	417	423	462	475	499	628	726
13	Other Taxes	474	559	581	596	584	688	873
14	Municipal Own Tax Income(12+13)	891	982	1,043	1,071	1,083	1,316	1,599
15	Water & Sewerage User Charge	12	9	13	10	17	16	22
16	Solid Waste Management Charge	1	0	1	1	2	1	2
17	Other User Charges / Rent /interest/ sale revenue etc.	920	902	1,010	1,028	1,088	1,133	1,119

SI No.	Data Points - Actual Values (Rs in crores) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
18	Development Charge/Building Permission Charge	280	269	199	154	114	211	240
19	Municipal Own Non-tax income (15+16+17+18)	1,213	1,181	1,222	1,193	1,221	1,360	1,382
20	Municipal Own Total Income (14+19)	2,104	2,162	2,265	2,264	2,304	2,676	2,981
21	Central Finance Commission Grant	0	0	0	0	0	0	0
22	Any other revenue grant from Central Government	7	7	59	27	523	600	183
23	Total Central Government Revenue Transfers (21+22)	7	7	59	27	523	600	183
24	Assignments & devolutions/compensatory grants	886	1,052	1,060	1,069	1,051	1,046	1,217
25	State Finance Commission Grant	0	0	0	0	0	0	0
26	Other Grants and Funds	420	358	540	571	624	547	877
27	Total State Transfers (24+25+26)	1,306	1,410	1,599	1,640	1,676	1,594	2,093
28	Total Revenue Grants (23+27)	1,313	1,417	1,659	1,667	2,199	2,194	2,277
29	Total Revenue Receipts (20+28)	3,416	3,579	3,924	3,931	4,503	4,870	5,257
30	Capital Receipts - Municipal Fund, Earmarked Funds, Reserves, Deposits Received, Deposit Works, Other Liabilities, Provisions, Extra-ordinary Receipts	907	795	747	567	520	788	1,248
31	Secured Loans and Unsecured Loans	0	28	200	0	0	30	760
32	Central Finance Commission (CFC) Capital Grant	100	115	132	211	182	183	32
33	State Finance Commission (SFC) Capital Grant	0	0	0	0	0	0	0
34	Capital Grants Receipts under Central Schemes	81	169	334	418	195	1	61
35	Capital Grants Receipts under State Schemes	614	756	811	756	697	867	1,215
36	Total Central Finance Commission (CFC) Grant (21+32)	100	115	132	211	182	183	32
37	Total State Finance Commission (SFC) Grant (25+33)	0	0	0	0	0	0	0

SI No.	Data Points - Actual Values (Rs in crores) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
38	Total Capital Grants (32+33+34+35)	795	1,041	1,276	1,385	1,073	1,051	1,308
39	Total Grants (28+38)	2,108	2,458	2,935	3,052	3,272	3,245	3,585
40	Total Capital Receipts (30+31+32+33+34+35)	1,702	1,864	2,223	1,952	1,593	1,869	3,316
41	Total Municipal Receipts (29+40)	5,118	5,443	6,146	5,883	6,096	6,739	8,573
42	Salary Establishment Expenditure	1,099	1,330	1,424	1,442	1,556	1,620	1,829
43	Administrative Expenditure	53	73	73	80	196	168	120
44	Operation & Maintenance (O&M) Expenditure	727	806	924	1,017	1,041	1,035	1,170
45	Loan interest and other finance charges paid	53	49	50	103	17	17	73
46	Programme Expenditure	13	11	12	14	16	16	20
47	Other Expenditure - Revenue Grants, Provisions & Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	554	577	681	661	1,168	1,226	1,190
48	Total Revenue Expenditure (42+43+44+45+46+47)	2,499	2,846	3,163	3,317	3,995	4,083	4,401
49	Total Capital Expenditure	2,073	1,964	2,183	2,469	2,266	2,462	3,425
50	Total Municipal Expenditure (48+49)	4,572	4,810	5,347	5,786	6,261	6,544	7,827

## BENGALURU

### Actual Budget Values from 2016-17 to 2022-23

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	Opening Balance	0	0	0	0	0	0	0
2	Revenue Receipts	3,77,696	3,80,852	4,41,314	4,18,994	4,43,353	5,21,834	5,12,335
3	Capital Receipts	2,79,542	3,51,280	2,88,326	2,15,539	3,04,520	3,64,625	4,04,927
4	Total Municipal Receipts(2+3)	6,57,238	7,32,132	7,29,640	6,34,532	7,47,873	8,86,459	9,17,262
5	Revenue Expenditure	2,01,049	2,87,203	3,02,318	2,89,696	3,49,542	3,93,202	3,78,692
6	Capital Expenditure	3,29,912	4,52,407	4,68,625	3,85,519	3,91,329	3,99,433	5,38,035
7	Total Municipal Expenditure(5+6)	5,30,961	7,39,610	7,70,943	6,75,215	7,40,871	7,92,635	9,16,728
8	Revenue Deficit(2-5)	1,76,647	93,649	1,38,996	1,29,298	93,812	1,28,632	1,33,643
9	Capital Deficit(3-6)	-50,370	-1,01,127	-1,80,29	-1,69,98	-86,810	-34,809	-1,33,109
10	Fiscal Deficit(4-7)	1,26,277	-7,478	9	0	7,002	93,823	534
11	Year End Closing Balance(1+4-7)	1,26,277	-7,478	-41,303	-40,683	7,002	93,823	534
12	Property Tax	1,84,669	1,77,528	-41,303	-40,683	2,40,248	2,47,676	2,68,420
13	Other Taxes	2,847	1,854	2,10,029	2,36,592	313	25	0
14	Municipal Own Tax Income(12+13)	1,87,516	1,79,383	135	35	2,40,560	2,47,701	2,68,420
15	Water & Sewerage User Charge	3	3	2,10,164	2,36,626	0	0	0
16	Solid Waste Management Charge	7,735	5,433	3	0	6,564	6,948	7,451
17	Other User Charges / Rent / interest/ sale revenue etc.	81,593	88,878	1,03,273	70,304	76,118	88,394	1,02,939
18	Development Charge/Building Permission Charge	31,212	31,288	33,652	21,965	18,840	24,181	34,786
19	Municipal Own Non-tax income(15+16+17+18)	1,20,542	1,25,602	1,42,825	98,929	1,01,522	1,19,523	1,45,176

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
20	Municipal Own Total Income(14+19)	3,08,058	3,04,985	3,52,988	3,35,555	3,42,083	3,67,224	4,13,596
21	Central Finance Commission Grant	0	0	0	0	0	0	0
22	Any other revenue grant from Central Government	0	0	0	0	0	0	0
23	Total Central Government Revenue Transfers(21+22)	0	0	0	0	0	0	0
24	Assignments & devolutions/compensatory grants	0	0	0	6,262	0	4,148	0
25	State Finance Commission Grant	69,638	75,868	88,326	51,476	45,659	52,029	72,951
26	Other Grants and Funds	0	0	0	25,701	55,612	98,433	25,788
27	Total State Transfers(24+25+26)	69,638	75,868	88,326	83,439	1,01,271	1,54,610	98,739
28	Total Revenue Grants(23+27)	69,638	75,868	88,326	83,439	1,01,271	1,54,610	98,739
29	Total Revenue Receipts(20+28)	3,77,696	3,80,852	4,41,314	4,18,994	4,43,353	5,21,834	5,12,335
30	Capital Receipts - Municipal Fund, Earmarked Funds, Reserves, Deposits Received, Deposit Works, Other Liabilities, Provisions, Extra-ordinary Receipts	29,220	24,151	18,074	22,046	23,292	32,130	43,317
31	Secured Loans and Unsecured Loans	0	0	0	0	0	0	0
32	Central Finance Commission (CFC) Capital Grant	31,048	26,530	30,172	48,785	27,900	27,950	11,610
33	State Finance Commission (SFC) Capital Grant	0	0	0	0	0	0	0
34	Capital Grants Receipts under Central Schemes	6,255	1,000	0	0	0	0	0
35	Capital Grants Receipts under State Schemes	2,13,019	2,99,600	2,40,080	1,44,708	2,53,328	3,04,545	3,50,000
36	Total Central Finance Commission (CFC) Grant (21+32)	31,048	26,530	30,172	48,785	27,900	27,950	11,610
37	Total State Finance Commission (SFC) Grant (25+33)	69,638	75,868	88,326	51,476	45,659	52,029	72,951
38	Total Capital Grants (32+33+34+35)	2,50,322	3,27,130	2,70,252	1,93,492	2,81,228	3,32,495	3,61,610
39	Total Grants (28+38)	3,19,960	4,02,997	3,58,577	2,76,931	3,82,498	4,87,104	4,60,349

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
40	Total Capital Receipts (30+31+32+33+34+35)	2,79,542	3,51,280	2,88,326	2,15,539	3,04,520	3,64,625	4,04,927
41	Total Municipal Receipts (29+40)	6,57,238	7,32,132	7,29,640	6,34,532	7,47,873	8,86,459	9,17,262
42	Total Revenue Expenditure	2,01,049	2,87,203	3,02,318	2,89,696	3,49,542	3,93,202	3,78,692
43	Total Capital Expenditure	3,29,912	4,52,407	4,68,625	3,85,519	3,91,329	3,99,433	5,38,035
44	Total Municipal Expenditure (42+43)	5,30,961	7,39,610	7,70,943	6,75,215	7,40,871	7,92,635	9,16,728

#### Actual Budget Values from 2016-17 to 2022-23

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	Property Tax-R0211	1,72,454	1,58,900	1,81,949	2,05,750	2,10,141	2,16,229	2,39,678
2	Penalties and fines on property	7,779	14,874	22,401	934	955	2,534	2,323
3	Building regulation fees	23,015	17,564	21,802	9,371	7,434	10,024	17,863
4	Building regulation Betterment	868	1,631	1,668	400	2,667	5,123	8,054
5	Rent from lease of land	4,451	13,967	15,975	5,689	5,151	8,568	15,596
6	Duct Services/ODF Charges	0	0	0	0	0	14,234	9,476

**GUWAHATI**
**Actual Budget Values from 2016-17 to 2022-23**

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	Opening Balance	16,375	16,375	18,721	17,196	11,481	8,866	43,265
2	Revenue Receipts	17,384	21,465	20,207	19,866	21,374	37,703	37,520
3	Capital Receipts	5	0	0	159	0	0	0
4	Total Municipal Receipts(2+3)	17,385	21,465	20,207	20,025	21,374	37,703	37,520
5	Revenue Expenditure	10,409	17,499	20,035	22,989	21,070	23,682	21,847
6	Capital Expenditure	1,145	1,619	1,697	2,652	2,198	3,532	1,047
7	Total Municipal Expenditure(5+6)	11,555	19,118	21,733	25,641	23,988	13,935	22,894
8	Revenue Deficit(2-5)	6,975	3,966	172	-3,223	304	14,912	15,673
9	Capital Deficit(3-6)	1,140	-1,619	-1,697	-2,493	-2,918	-7,240	-1,047
10	Fiscal Deficit(4-7)	5,834	2,347	-1,525	-5,716	-2,614	7,671	14,626
11	Year End Closing Balance(1+4-7)	22,209	18,721	17,196	11,481	8,866	16,538	57,891
12	Property Tax	5,793	5,123	5,055	3,998	5,657	4,813	3,643
13	Other Taxes	1,743	2,219	2,420	2,152	2,222	1,188	264
14	Municipal Own Tax Income(12+13)	7,536	7,342	7,475	6,151	7,879	6,001	3,907
15	Water & Sewerage User Charge	252	188	135	98	83	98	113
16	Solid Waste Management Charge	40	56	52	73	58	43	27
17	Other User Charges / Rent /interest/ sale revenue etc.	1,521	910	1,480	1,531	1,761	2,627	1,798
18	Development Charge/Building Permission Charge	274	85	364	544	434	613	654
19	Municipal Own Non-tax income(15+16+17+18)	2,088	1,239	2,032	2,246	2,335	3,382	2,592

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
20	Municipal Own Total Income(14+19)	9,624	8,581	9,507	8,397	10,215	9,383	6,500
21	Central Finance Commission Grant	0	1,059	1,466	4,789	4,696	9,810	20,177
22	Any other revenue grant from Central Government	0	0	37	0	0	0	0
23	Total Central Government Revenue Transfers(21+22)	0	1,059	1,503	4,789	4,696	9,810	20,177
24	Assignments & devolutions/compensatory grants	0	0	0	0	0	0	0
25	State Finance Commission Grant	1,994	5,824	0	702	0	1,477	0
26	Other Grants and Funds	5,997	6,000	9,198	5,977	6,463	16,247	10,843
27	Total State Transfers(24+25+26)	7,991	11,824	9,198	6,679	6,643	17,724	10,843
28	Total Revenue Grants(23+27)	7,991	12,883	10,701	11,468	11,159	27,534	31,021
29	Total Revenue Receipts(20+28)	17,615	21,465	20,207	19,865	21,374	36,917	37,520
30	Capital Receipts - Municipal Fund, Earmarked Funds, Reserves, Deposits Received, Deposit Works, Other Liabilities, Provisions, Extra-ordinary Receipts	0	0	0	0	0	0	0
31	Secured Loans and Unsecured Loans	0	0	0	0	0	0	0
32	Central Finance Commission(CFC)Capital Grant	0	0	0	0	0	0	0
33	State Finance Commission(SFC)Capital Grant	0	0	0	0	0	0	0
34	Capital Grants Receipts under Central Schemes	0	0	0	0	0	0	0
35	Capital Grants Receipts under State Schemes	5	0	0	159	0	0	0
36	Total Central Finance Commission(CFC)Grant(21+32)	0	1,059	1,466	4,789	4,696	9.81	20,177
37	Total State Finance Commission(SFC)Grant(25+33)	1,944	5,824	0	702	0	1,477	0
38	Total Capital Grants(32+33+34+35)	5	0	0	159	0	0	0
39	Total Grants(28+38)	7,996	12,883	10,701	11,627	11,159	27,534	0

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
40	Total Capital Receipts(30+31+32+33+34+35)	5	0	0	159	0	0	0
41	Total Municipal Receipts(29+40)	17,620	21,465	20,207	20,024	21,374	36,917	37,520
42	Salary Establishment Expenditure	6,818	9,945	11,131	10,245	10,470	14,288	12,929
43	Administrative Expenditure	955	1,761	1,562	1,517	1,346	1,530	1,779
44	Operation & Maintenance(O&M)Expenditure	2,535	5,732	6,692	10,596	7,458	6,562	5,099
45	Loan interest and other finance charges paid	0	0	0	0	0	0	0
46	Programme Expenditure	0	0	0	0	0	720	1,185
47	Other Expenditure - Revenue Grants, Provisions & Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	102	61	651	632	1,795	582	855
48	Total Revenue Expenditure(42+43+44+45+46+47)	10,409	17,499	20,035	22,989	21,070	23,682	21,847
49	Total Capital Expenditure	1,145	1,619	1,697	2,652	2,198	3,532	1,047
50	Total Municipal Expenditure(48+49)	11,555	19,118	21,733	25,641	23,988	13,935	22,894

### Actual Budget Values from 2016-17 to 2022-23

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	Private Holding(Current)	4,247	4,220	4,132	3,351	4,843	3,983	3,204
2	Private Holding of Arrear period	1,104	747	714	371	633	695	312
3	Processing Fee for Building Permission	3	0	364	544	434	613	51
4	Building permission NOC fee	271	85	0	0	0	0	603
5	Fine and penalty for illegal construction etc.	327	100	315	255	376	367	401

**RAIPUR**
**Actual Budget Values from 2016-17 to 2022-23**

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	Opening Balance	25,370	30,099	36,813	35,038	30,116	13,405	11,267
2	Revenue Receipts	22,835	26,524	26,217	26,448	27,565	29,016	36,071
3	Capital Receipts	21,928	27,468	26,487	41,624	42,363	45,194	31,102
4	Total Municipal Receipts(2+3)	44,762	53,991	52,703	68,073	69,928	74,210	67,173
5	Revenue Expenditure	19,143	19,503	25,060	27,473	34,742	32,791	32,704
6	Capital Expenditure	20,890	27,774	29,419	45,522	51,897	43,557	39,834
7	Total Municipal Expenditure(5+6)	40,033	47,277	54,479	72,995	86,639	76,348	72,538
8	Revenue Deficit(2-5)	3,691	7,021	1,157	-1,025	-7,177	-3,775	3,367
9	Capital Deficit(3-6)	1,038	-307	-2,932	-3,897	-9,534	1,637	-8,732
10	Fiscal Deficit(4-7)	4,729	6,714	-1,776	-4,922	-16,711	-2,138	-5,365
11	Year End Closing Balance(1+4-7)	30,099	36,813	35,038	30,116	13,405	11,267	5,902
12	Property Tax	4,986	5,697	5,703	5,765	6,927	8,094	7,960
13	Other Taxes	5,220	4,618.00	4,998	5,527	6,067	5,932	5,687
14	Municipal Own Tax Income(12+13)	10,206	10,315	10,701	11,292	12,994	14,026	13,646
15	Water & Sewerage User Charge	0	0	0	0	0	0	0
16	Solid Waste Management Charge	2	0	0	0	75	0	0
17	Other User Charges / Rent / interest / sale revenue etc.	5,539	7,589	7,946	5,442	5,495	10,142	12,213
18	Development Charge/Building Permission Charge	0	0	0	0	0	0	0
19	Municipal Own Non-tax income(15+16+17+18)	5,541	7,589	7,946	5,442	5,569	10,142	12,213

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
20	Municipal Own Total Income(14+19)	15,747	17,904	18,647	16,734	18,564	24,168	25,860
21	Central Finance Commission Grant	0	0	0	0	0	0	0
22	Any other revenue grant from Central Government	0	0	0	0	0	0	0
23	Total Central Government Revenue Transfers(21+22)	0	0	0	0	0	0	0
24	Assignments & devolutions/compensatory grants	6,169	6,211	6,663	6,225	4,538	4,119	9,418
25	State Finance Commission Grant	112	0	0	0	2,299	0	0
26	Other Grants and Funds	807	2,409	907	3,489	2,164	729	793
27	Total State Transfers(24+25+26)	7,088	8,620	7,570	9,714	9,001	4,848	10,211
28	Total Revenue Grants(23+27)	7,088	8,620	7,570	9,714	9,001	4,848	10,211
29	Total Revenue Receipts(20+28)	22,835	26,524	26,217	26,448	27,565	29,016	36,071
30	Capital Receipts - Municipal Fund, Earmarked Funds, Reserves, Deposits Received, Deposit Works, Other Liabilities, Provisions, Extra-ordinary Receipts	9,972	16,035	12,148	8,927	9,782	21,909	7,177
31	Secured Loans and Unsecured Loans	0	0	0	0	0	0	0
32	Central Finance Commission(CFC)Capital Grant	3,071	5,101	1,383	4,487	8,853	8,250	12,035
33	State Finance Commission(SFC)Capital Grant	0	0	0	0	0	0	0
34	Capital Grants Receipts under Central Schemes	8,863	6,332	10,981	28,210	23,678	12,486	10,047
35	Capital Grants Receipts under State Schemes	21	0	1,974	0	50	2,549	1,843
36	Total Central Finance Commission(CFC)Grant(21+32)	3,071	5,101	1,383	4,487	8,853	8,250	12,035
37	Total State Finance Commission(SFC)Grant(25+33)	112	0	0	0	2,299	0	0
38	Total Capital Grants(32+33+34+35)	11,955	11,433	14,339	32,697	32,581	23,285	23,925
39	Total Grants(28+38)	19,043	20,053	21,908	42,412	41,582	28,133	34,137

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
40	Total Capital Receipts(30+31+32+33+34+35)	21,928	27,468	26,487	41,624	42,363	45,194	31,102
41	Total Municipal Receipts(29+40)	44,762	53,991	52,703	68,073	69,928	74,210	67,173
42	Salary Establishment Expenditure	12,519	13,960	15,690	18,531	20,500	21,871	27,522
43	Administrative Expenditure	753	809	882	919	1,020	1,791	594
44	Operation & Maintenance(O&M)Expenditure	7,766	8,191	11,832	11,288	14,895	13,708	10,120
45	Loan interest and other finance charges paid	610	0	0	0	0	0	0
46	Programme Expenditure	29	4	113	30	33	46	40
47	Other Expenditure - Revenue Grants, Provisions & Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	1,455	2,259	1,917	1,404	6,250	5,588	5,578
48	Total Revenue Expenditure(42+43+44+45+46+47)	23,132	25,223	30,435	32,171	42,698	43,004	43,853
49	Total Capital Expenditure	20,890	27,769	29,268	45,522	51,897	43,435	35,482
50	Total Municipal Expenditure(48+49)	44,022	52,992	59,703	77,693	94,595	86,438	79,335

#### Actual Budget Values from 2016-17 to 2022-23

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	Residual Collection of previous year	700	816	650	845	1,387	1,665	1,696
2	Collection of the current year	5,087	4,881	5,052	4,920	5,540	6,428	6,264
3	Surcharge	101	181	377	171	393	472	472
4	Wedding zone income	0	15	0	0	210	1,32	1,317
5	License fee from shop / hotel / grocery	295	225.15	77.43	77.83	61.38	68.99	82.33
6	Bar license	1,360	1,494	1,636	961	346	1,742	220

### Actual Budget Values from 2016-17 to 2022-23

SI No.	Data Points - Actual Values (Rs in lakh) (Nominal values)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
7	Shelter Fee	370	159	54	47	736	961	1,389
8	Settlement fee	40	84	167	181	119	579	579
9	User charge (door to door collection)	0	71	33	66	175	1,669	2,906

### Annexure 4: Annual Growth (Nominal and Real Values) ●●●

#### AHMEDABAD

#### Annual Growth: Nominal and Real Values

Ahmedabad	Annual Growth (%)											
	2017-18 Nominal	2017-18 Real	2018-19 Nominal	2018-19 Real	2019-20 Nominal	2019-20 Real	2020-21 Nominal	2020-21 Real	2021-22 Nominal	2021-22 Real	2022-23 Nominal	2022-23 Real
Tax Revenue	10.17%	6.09%	6.26%	2.24%	2.65%	-0.31%	1.20%	-3.86%	21.46%	13.16%	21.48%	11.95%
Property Tax Revenue	1.41%	-2.34%	9.28%	5.15%	2.70%	-0.26%	5.11%	-0.14%	25.87%	17.73%	15.55%	6.48%
Non-Tax Revenue	-2.64%	-6.24%	3.53%	-0.38%	-2.40%	-5.22%	2.31%	-2.80%	11.46%	4.25%	1.59%	-6.39%
Own Source Revenue	2.78%	-1.02%	4.77%	0.81%	-0.08%	-2.96%	1.79%	-3.30%	16.16%	8.65%	11.37%	2.63%

Note:

The study aims to provide a holistic view of the financial health of city governments by calculating financial ratios on **Nominal values** (Actual Budget values) and **Real values** (Inflation Adjusted Actual Values). This comparison of data can illustrate the real picture and status of growth in the cities. The financial values were adjusted to inflation using a GDP deflator (values taken from the Ministry of Statistics and Programme Implementation (MOSPI)) to limit anomalies.

## Financial Ratios

Ahmedabad	Per Capita (Rs)						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue	1468.31	1590.77	1662.38	1678.34	1670.64	1995.95	2385.25
Property Tax Revenue	687.39	685.53	736.8	744.21	769.43	952.62	1082.81
Non-Tax Revenue	1998.52	1913.5	1948.39	1870.27	1882.14	2063.54	2062.12
Own Source Revenue	3466.83	3504.27	3610.77	3548.61	3552.79	4059.5	4447.37

Ahmedabad	Percentage (%) Share to Total Income						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue	17.41%	18.03%	16.97%	18.20%	17.77%	19.53%	18.65%
Property Tax Revenue	8.15%	7.77%	7.52%	8.07%	8.18%	9.32%	8.47%
Non-Tax Revenue	23.69%	21.69%	19.89%	20.28%	20.02%	20.19%	16.12%
Own Source Revenue	41.10%	39.72%	36.86%	38.48%	37.79%	39.72%	34.77%

Formulae to calculate Financial Ratios

**Inflation Adjusted Actual Values** =  $((\text{value} * 100) / \text{GDP Deflator for that year})$

**Annual Growth** =  $((\text{inflation adj. value base year} - \text{inflation adj. value previous year}) / \text{inflation adj. value previous year}) * 100$

**Per Capita** =  $((\text{inflation adj. value} * 1,00,000) / \text{city population of the year})$

**Percentage Share** =  $((\text{Tax Revenue} / \text{Total Income}) * 100)$

*Note: Data taken from 2016-17(A) to 2021-22(A) for calculations.*

## BENGALURU

### Annual Growth: Nominal and Real Values

Bengaluru	Annual Growth (%)											
	2017-18 Nominal	2017-18 Real	2018-19 Nominal	2018-19 Real	2019-20 Nominal	2019-20 Real	2020-21 Nominal	2020-21 Real	2021-22 Nominal	2021-22 Real	2022-23 Nominal	2022-23 Real
Tax Revenue	-4.34%	-7.88%	17.16%	12.73%	12.59%	9.35%	1.66%	-3.42%	2.97%	-3.69%	8.36%	-0.14%
Property Tax Revenue	-3.87%	-7.42%	18.31%	13.83%	12.65%	9.40%	1.55%	-3.53%	3.09%	-3.57%	8.38%	-0.13%
Non-Tax Revenue	4.24%	0.34%	13.71%	9.41%	-30.73%	-32.73%	2.62%	-2.51%	17.73%	10.12%	21.46%	11.93%
Own Source Revenue	-1.00%	-4.66%	15.74%	11.36%	-4.96%	-7.68%	1.95%	-3.15%	7.35%	0.41%	12.63%	3.79%

*Note:*

The study aims to provide a holistic view of the financial health of city governments by calculating financial ratios on **Nominal values** (Actual Budget values) and **Real values** (Inflation Adjusted Actual Values). This comparison of data can illustrate the real picture and status of growth in the cities. The financial values were adjusted to inflation using a GDP deflator (values taken from the Ministry of Statistics and Programme Implementation (MOSPI)) to limit anomalies.

### Financial Ratios

Bengaluru	Per Capita (Rs)						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue	1,998	1,871	2,145	2,362	2,350	2,366	2,508
Property Tax Revenue	1,968	1,851	2,143	2,362	2,346	2,366	2,508
Non-Tax Revenue	1,285	1,310	1,457	988	992	1,142	1,357
Own Source Revenue	3,283	3,181	3,602	3,350	3,341	3,508	3,865

Bengaluru	Percentage (%) Share to Total Income						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue	28.53%	24.50%	28.80%	37.29%	33.17%	27.94%	29.26%
Property Tax Revenue	28.10%	24.25%	28.79%	37.29%	32.12%	27.94%	29.26%
Non-Tax Revenue	18.34%	17.16%	19.57%	15.59%	13.57%	13.48%	15.83%
Own Source Revenue	28.53%	24.50%	28.80%	37.29%	32.17%	27.94%	29.26%

### HR Data

Grade	Sanctioned	Filled	Vacant	Vacancy %
Grade I	842	634	208	24.70%
Grade II	819	502	317	38.71%
Grade III	3,797	2,547	1,250	32.92%
Grade IV	7,465	3,135	4,330	58.00%
<b>Total</b>	<b>12,923</b>	<b>6,818</b>	<b>6,105</b>	<b>47.24%</b>

Human Resource Data as per February 2024. Data received from BBMP during field Visit  
Formulae to calculate Financial Ratios

**Inflation Adjusted Actual Values** = ((value \* 100) / GDP Deflator for that year)

**Annual Growth** = ((inflation adj. value base year - inflation adj. value previous year) / inflation adj. value previous year) \* 100

**Per Capita** = ((inflation adj. value \* 1,00,000) / city population of the year)

**Percentage Share** = ((Tax Revenue / Total Income) \* 100)

Note: Data taken from 2016-17(A) to 2022-23(A) for calculations.

## GUWAHATI

### Annual Growth: Nominal and Real Values

Guwahati	Annual Growth (%)											
	2017-18 Nominal	2017-18 Real	2018-19 Nominal	2018-19 Real	2019-20 Nominal	2019-20 Real	2020-21 Nominal	2020-21 Real	2021-22 Nominal	2021-22 Real	2022-23 Nominal	2022-23 Real
Tax Revenue	-2.57%	-6.18%	1.80%	-2.05%	-17.71%	-20.08%	28.11%	21.71%	-23.84%	-28.76%	-34.89%	-40.00%
Property Tax Revenue	-11.56%	-14.83%	-1.33%	-5.07%	-20.90%	-23.18%	41.48%	34.41%	-14.91%	-20.41%	-24.31%	-30.25%
Non-Tax Revenue	-40.66%	-42.86%	64.05%	57.84%	10.53%	7.34%	3.97%	-1.22%	44.82%	35.45%	-23.35%	-29.36%
Own Source Revenue	-10.83%	-14.13%	10.79%	6.60%	-11.68%	-14.22%	21.65%	15.57%	-8.14%	-14.08%	-30.73%	-36.17%

*Note:*

The study aims to provide a holistic view of the financial health of city governments by calculating financial ratios on **Nominal values** (Actual Budget values) and **Real values** (Inflation Adjusted Actual Values). This comparison of data can illustrate the real picture and status of growth in the cities. The financial values were adjusted to inflation using a GDP deflator (values taken from the Ministry of Statistics and Programme Implementation (MOSPI)) to limit anomalies.

### Financial Ratios

Guwahati	Per Capita (Rs)						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue	1,713	1,672	1,709	1,414	1,824	1,401	922
Property Tax Revenue	1,316	1,167	1,155	919	1,309	1,124	860
Non-Tax Revenue	474	282	465	516	541	790	612
Own Source Revenue	2,187	1,954	2,173	1,930	2,364	2,191	1,534

Guwahati	Percentage (%) Share to Total Income						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue	43.34%	34.21%	36.99%	30.71%	36.86%	15.92%	10.41%
Property Tax Revenue	33.31%	23.87%	25.01%	19.97%	26.47%	12.77%	9.71%
Non-Tax Revenue	12.01%	5.77%	10.06%	11.22%	10.93%	8.97%	6.91%
Own Source Revenue	55.34%	39.98%	47.05%	41.93%	47.79%	24.89%	17.32%

### HR Data

Grade	Sanctioned	Filled	Vacant	Vacancy %
Grade I to III	2,525	1,295	1,230	48.71%
Grade IV	107	63	44	41.12%
Contractual	1,070	1,070	0	0%
<b>Total</b>	<b>3,702</b>	<b>2,428</b>	<b>1,274</b>	<b>34.41%</b>

Human Resource Data as per February 2024. Data received from BBMP during field Visit  
Formulae to calculate Financial Ratios

**Inflation Adjusted Actual Values** =  $((\text{value} * 100) / \text{GDP Deflator for that year})$

**Annual Growth** =  $((\text{inflation adj. value base year} - \text{inflation adj. value previous year}) / \text{inflation adj. value previous year}) * 100$

**Per Capita** =  $((\text{inflation adj. value} * 1,00,000) / \text{city population of the year})$

**Percentage Share** =  $((\text{Tax Revenue} / \text{Total Income}) * 100)$

Note: Data taken from 2016-17(A) to 2022-23(A) for calculations.

## RAIPUR

### Annual Growth: Nominal and Real Values

Raipur	Annual Growth (%)											
	2017-18 Nominal	2017-18 Real	2018-19 Nominal	2018-19 Real	2019-20 Nominal	2019-20 Real	2020-21 Nominal	2020-21 Real	2021-22 Nominal	2021-22 Real	2022-23 Nominal	2022-23 Real
Tax Revenue	1.07%	-2.67%	3.74%	-0.18%	5.52%	2.48%	15.08%	9.33%	7.94%	5.13%	-2.71%	-10.34%
Property Tax Revenue	14.25%	10.02%	0.11%	-3.68%	1.09%	-1.82%	20.16%	14.16%	16.84%	13.80%	-1.65%	-9.37%
Non-Tax Revenue	36.96%	31.90%	4.70%	0.74%	-31.51%	-33.48%	2.34%	-2.78%	82.10%	77.37%	20.42%	10.97%
Own Source Revenue	13.70%	9.49%	4.15%	0.21%	-10.26%	-12.85%	10.94%	5.39%	30.19%	26.80%	7.00%	-1.40%

#### Note:

The study aims to provide a holistic view of the financial health of city governments by calculating financial ratios on **Nominal values** (Actual Budget values) and **Real values** (Inflation Adjusted Actual Values). This comparison of data can illustrate the real picture and status of growth in the cities. The financial values were adjusted to inflation using a GDP deflator (values taken from the Ministry of Statistics and Programme Implementation (MOSPI)) to limit anomalies.

### Financial Ratios

Raipur	Per Capita (Rs)						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue	912	902	917	947	1,067	1,128	1,074
Property Tax Revenue	445	498	488	483	569	651	627
Non-Tax Revenue	495	664	681	456	457	815	961
Own Source Revenue	1,406	1,566	1,597	1,403	1,524	1,943	2,036

Raipur	Percentage (%) Share to Total Income						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue	22.80%	19.10%	20.30%	16.59%	18.58%	18.90%	20.32%
Property Tax Revenue	11.14%	10.55%	10.82%	8.47%	9.91%	10.91%	11.85%
Non-Tax Revenue	12.38%	14.06%	15.08%	7.99%	7.96%	13.67%	18.18%
Own Source Revenue	35.18%	33.16%	35.38%	24.58%	26.55%	32.57%	38.50%

### HR Data

Grade	Sanctioned	Filled	Vacant	Vacancy %
Grade I	33	17	16	48.48%
Grade II	93	49	44	47.31%
Grade III	941	480	461	48.99%
Grade IV	756	851	-95	-12.57%
<b>Total</b>	<b>1,823</b>	<b>1,397</b>	<b>426</b>	<b>23.37%</b>

Human Resource Data as per March 2024. Data received from BBMP during field Visit

Formulae to calculate Financial Ratios

**Inflation Adjusted Actual Values** =  $((\text{value} * 100) / \text{GDP Deflator for that year})$

**Annual Growth** =  $((\text{inflation adj. value base year} - \text{inflation adj. value previous year}) / \text{inflation adj. value previous year}) * 100$

**Per Capita** =  $((\text{inflation adj. value} * 1,00,000) / \text{city population of the year})$

**Percentage Share** =  $((\text{Tax Revenue} / \text{Total Income}) * 100)$

Note: Data taken from 2016-17(A) to 2022-23(A) for calculations.

## Annexure 5: Steering Committee MoHUA Notification ● ● ●

Int-21011/1/2023-HOUSING-MoHUA-Part (1)/E- 9151716

Government of India

(भारत सरकार)

Ministry of Housing and Urban Affairs

(आवासन और शहरी कार्य मंत्रालय)

Housing Section

(आवासन अनुभाग)

\*\*\*

Room No. 220-A, C-Wing  
Nirman Bhawan, New Delhi-110011

Dated: 19<sup>th</sup> April, 2024

To,

The Members of Steering Committee

**Sub: Constitution of Steering Committee on 'Strategic Framework to Strengthen Municipal Finance of Indian Cities (A case study approach) under SUDSC II Project of GIZ**

Sir,

The undersigned is directed to inform that a Steering Committee has been constituted to guide the study being conducted by Praja Foundation (Mumbai) on the aforementioned subject. The composition of the Steering Committee is at **Annexure I**, the information regarding context, objective of the study, output of the study, scope and timeframe of the study is at **Annexure II**.

2. The steering Committee will play a vital role in guiding the Praja Team and providing suggestions at each stage of the Project to achieve its objective. The information about Praja Foundation (Mumbai) is at Annexure **III**.

3. The terms of reference of the Steering Committee are as follows:

- I. Review reports and deliberate on key findings of the work.
- II. Provide technical advice for the work including approach & methodology, work plan and activities adopted for the work.
- III. Guide the project team in generating meaningful inferences for drafting National Level Framework on Municipal Finance.
- IV. Provide timely feedback on various reports/modules/knowledge products produced as part of the work and finalise the same.
- V. Extend support in strategizing recommendations for the study and advise necessary actions.

Yours Sincerely



(Siddhant Kujur)

Assistant Director (Housing)

Tele: 2306 2252

Email: sid.kujur01@gov.in

**Annexure -I****List of the Members of the Steering Committee to guide Praja Foundation(Mumbai)**

Sl. No.	Name	Designation	Organisation	Member
1.	Mr Dinesh Kapila	Economic Advisor (Housing)	Ministry of Housing and Urban Affairs	Chair
2.	Mr Gurjeet Singh Dhillon	Director (AMRUT)	Ministry of Housing and Urban Affairs	Member
3.	Mr Rabi Ranjan	Joint Director (Economic Division)	Ministry of Housing and Urban Affairs	Member
4.	Mr Gaurav Kumar Jha	Joint Director (Housing Division)	Ministry of Housing and Urban Affairs	Member Convener
5.	Mr Ravikant Joshi	Municipal Finance and Management Specialist	Independent expert on Municipal Finance	Member
6.	Ms Sujatha Srikumar	Promoter Director	Powertech Engineering Pvt. Ltd.	Member
7.	Dr V. N. Alok	Urban Management and Coordinator, Centre for Urban Studies	Indian Institute of Public Administration (IIPA)	Member
8.	Ms Olee Bora	General Manager, NEDFi	North Eastern Development Finance Corporation Limited (NEDFi)	Member
9.	Ms Namita Aggarwal,	Head - Municipal Finance	Janaagraha	Member
10.	Mr Kiran Rajashekariah and Ms Tora Saikia	Senior Advisor and Technical Advisor	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	Member
11.	Mr Milind Mhaske	Chief Executive Officer	Praja Foundation	Member
12.	Officials from the case study States/cities (/Ahmedabad/Bengaluru, Raipur and Guwahati), any other expert may be coopted as suggested by the Committee/MoHUA	Any other invitee as per requirement	Ahmedabad, Bengaluru, Raipur and Guwahati	Special invitee

## Annexure 6: Questionnaires for Administrative Officials and Experts

Questionnaires for Administrative Officials

### Theme 1 – Own Source Revenue

#### 1. Taxes and Non-Taxes

1. What are the Major sources of revenue?
2. Does the City Govt. have the independent authority to revise the rate of taxes and charges that are being levied?
3. Are there any new taxes and non-taxes that the City Govt. can levy from assigned list of taxes?
4. If the City Govt. needs to levy a new tax or charge that has not been mentioned in the assigned list of taxes, what is the procedure that needs to be followed?
5. What are the different modes/methods used for tax collection adopted by the City Govt.?
6. Does the city govt. levy professional tax, vacant tax land, stamp duty, transfer of property tax and others related to land-based taxes and non-taxes.
7. What are the mechanisms through which the City Govt. plans to maximise the collection of taxes and non taxes?
8. Does the corporation conduct door-to-door collection of tax or non-tax? (e.g. door-to-door collection for senior citizens)
9. What are the various grievance redressal mechanisms adopted by the City Government?
10. How does the grievance redressal mechanism function?
11. Is there any other innovative mechanism used by the City Government to ensure payment of taxes?
12. Are there any challenges faced in tax collection by the City Government?

#### 2. Property Taxes

##### Coverage

1. What is the coverage of property tax in the city?
2. How do you identify properties in the city that remain untapped for property tax collection?
3. How is technology used to cover the property tax base and increase the collection?

##### Assessment and Valuation

4. What is the method of property taxation system adopted by City Govt.? (unit area method, annual rental value method or capital value method)
5. Do the City Governments follow a flat tax rate or progressive tax rate?
6. Does the City Govt. have independent authority to revise property tax rates?
7. When was the last time the City Government revised its property tax rates?
8. If it has been more than 5 years since the last revision, what is the reason for this gap since the last revision?
9. What is the basis/method on which the revision of property tax is done?
10. What is the mode adopted for assessing property tax value?
11. Does the property tax include water tax, sewerage tax or any other taxes?

## **Collection**

12. What are the mechanisms through which the City Govt. plans to maximise the collection of property tax?
13. Does the City Govt. have independent authority to adopt new mechanisms of tax collection?
14. What are the modes used for property tax collection?
15. Does the City Government have an electronic tax management system for tracking and managing property tax collections, list of defaulters etc.?
16. Can the citizens conduct a self-assessment of their property tax?
17. Has the City Govt. outsourced any of its services such as property tax collection to an external agent?
  - a.If yes, has outsourcing addressed the problem of lack of human resources with the City Government?
  - b.Has this approach led to a significant increase in revenue?
  - c.Has the cost of tax collection reduced comparatively?
18. How does the City Government promote increase in awareness about tax payment and relevant rules?

## **Enforcement**

19. Does the City Government provide any incentive or disincentive for ensuring the timely and full payment of property taxes?
20. Is there any other innovative mechanism used by the City Government to ensure payment of taxes?
21. Does the City Government levy penalties on defaulters?

## **Theme 2 – Municipal Budget, Accounts and Borrowings**

### **1. Municipal Budgeting**

1. What is the process of preparing budget?
2. Does the city govt. has independent authority to approve the municipal budget?
3. Is the approval of state govt. required to pass the municipal budget?
4. What is the role of apex committee and finance committee in the budget making process?
5. What is the role of Municipal commissioner in the process?
6. Does the city govt. follow NMAM for budget format?
7. How different is the state municipal accounting manual from NMAM?

### **2. Municipal Audit**

1. Does the city govt. have provisions to conduct internal as well as external audit?
2. Is there an audit department within the corporation or state auditor perform the audits?
3. Which agency performs the external audit? (State or CAG)
4. Has the city govt. collaborated with a consultant/CA/external agency to conduct audit?
5. Does the city govt. follow Accrual based Double Entry Accounting System?

### **3. Municipal Borrowing**

1. Does the city govt. have provision for borrowings?
2. What is the role of state govt. in municipal borrowings?
3. Has the city govt. adopted escrow mechanism for municipal borrowings?

4. What is the credit rating of the city government?
5. Have the city govt. borrowed any loans from commercial banks or loans from capital market?
6. Which agencies does the city government approach to secure funds for municipal borrowings and loans?
7. Does the city govt. have provisions for risk management and capital asset management?
8. Does the City Govt. raise revenue through bond market?
9. For what projects have the bonds been raised?
10. What returns does the city government provide to citizens and private investors on municipal bonds?
11. Are the existing borrowing restrictions standing as a barrier for the City Govt. into entering the bond market?
12. Are there any capacity building sessions conducted by Union or state government for issuing municipal bonds?

### **Theme 3 – Systemic Fiscal Transfer**

#### **1. Grants by the Central Finance Commission (CFC)**

1. What are the reforms that should be taken up in the functioning of the CFCs to ensure that the recommendations are accepted and implemented strictly?
2. Are the CFC funds transferred on a timely basis?
3. For which projects are the CFC grants utilised? (Untied grant)

#### **2. Devolution by the State Finance Commission (SFC)**

1. Is the SFC being constituted every five years adhering to prescribed timelines?
  - a. If no, what is the reason for the delay in constituting the SFC?
2. Presently, which SFC has been constituted?
3. What are the reforms that should be taken up in the functioning of the SFCs to ensure that the recommendations are accepted and implemented strictly?
4. Where are the powers and authorities that the SFC will have to be vested with, in order to ensure that its recommendations are accepted and implemented strictly by the State Govt.?
5. Are there any GST compensation given/alternative taxes assigned to the City Govt.?
6. What are the barriers in providing for a specific allocation of a local/City GST?

#### **3. Grants by Centrally Sponsored Schemes (CSS)**

1. Which CSS schemes have been implemented in the city?
2. What is the Union and State Share for the scheme?
3. In which schemes, city govt. pitches own funds? What is the ratio?

#### **4. Grants from State Government Schemes**

1. Which projects are funded under state govt. grants?
2. Are there any specific state schemes for services like health, sanitation etc.?
3. What is the state share for Central schemes?

## **Theme 4 – Fiscal Governance and Capacity Building**

1. Does the City Govt. have an Open Data Portal with all project and municipal finance related information?
  - a. What are the impacts that the City Govt. has observed or experienced as a result of such a system?
2. Does the city government publish/have (1) Outcome/Performance Budget (2) Gender Inclusive Budget (3) Poverty Alleviation Budget (4) Ward wise budget estimates (5) Climate Budget (6) Budget for SDG's?
3. Does the City Government budget include budget allocated by parastatal agencies in the city?
4. Does the city govt. publish their credit rating on the website? If No, then why?
5. What is the existing human resource structure of the Finance and Accounts Department?
6. What is the number of sanctioned posts, occupied posts, contractual posts and vacant posts in the Finance and Accounts Department?
7. What is the recruitment procedure followed for recruiting officials in the finance and accounts department?
8. Is there any provisions for mandatory training for the Human Resources?
9. Is there any provision Provisions for out-sourcing human resources in the finance, revenue, and accounts department?

## **Theme 5 – Participation**

### **1. Citizen Participation**

1. Does the City Government consult with citizens for suggestions for the budget preparation? Does the City Government approach relevant CSOs/think-tanks/citizen groups for taking suggestions in budget preparation?
  - a. If no, why such a mechanism is not being implemented?
  - b. If yes, what are the different modes for receiving the suggestions from the citizens? Explain the process.
  - c. What is the time frame for receiving suggestions from the citizens?

### **2. Gender Inclusivity**

#### **To Administrative Officers**

1. Does the city government publish/have Gender Inclusive Budget?
2. Are there any gender inclusive training programmes? Is there a separate budget allocated for the same?
3. How many women personnel does the accounts department have?
4. How many women officers participate in the budget making process?
5. In your opinion, how is the participation of women in budget making process?
6. Are there any schemes or policies formulated for gender inclusivity?

#### **To Elected Representatives**

1. How many women elected representatives are a part of the Finance Committee/standing committee/apex body?
2. In your opinion, how is the participation of women in budget making process?

## Own Source Revenue

### 1. Taxes and Non-Taxes

1. How to increase the own source revenue of Urban Local Bodies (ULBs)? What measures are lacking and what are the concrete ways to address them?
2. What are the challenges faced by the ULBs in raising their own sources of revenue? Given that the own revenue by the urban local bodies of India was less than 1% of the GDP, much smaller than Brazil's 7% and South Africa's 6% respectively.
3. What is your view on the introduction of new sources of tax and non-tax revenue by the city government? What ULBs should focus on more?
4. What do you think are some standard sources of non-tax revenue that can be realized across all cities or municipalities irrespective of differences in characteristics?
5. Do you think that the city budget should be approved by the council or should it be approved by the State?
6. Which are the Indian cities that can be a role model for own source revenue augmentation and why?
7. How can cities increase their tax base in future potential areas of improvement?
8. Does the Goods and Services Tax (GST) affect the financial autonomy of municipalities? If yes, how does it impact?
9. Are there any tax reforms being considered to enhance municipal revenues?
10. How do you think cities can address tax evasion or under-assessment of properties in municipalities?

### 2. Property Taxes (PT)

#### 1. Coverage

1. How far can digital technologies be used to increase tax base, for increasing efficiency, effectiveness, and transparency in tax collection?
2. What kind of innovative incentives can city governments offer to encourage timely payment of property taxes? Kindly Elaborate.
3. What instruments/strategies can be used to encourage regular and timely revision of tax rates by the ULBs and what should be the ideal timelines to make such revisions?
4. What steps need to be taken when the jurisdiction of the city is proposed for expansion in order to accommodate the newly added areas (villages/sub-urban areas/peri urban areas).

#### 2. Assessment and Valuation

1. Which method of evaluation for property tax is better (unit area method, annual rental value method or capital value method) and why?
2. What is your view between a flat tax rate and a progressive tax rate in a city?
3. For automatic revision of property tax, what do you suggest can be an ideal method?

#### 3. Property Tax (PT) Collection

1. What is your view on outsourcing property tax collection?

- a. Will outsourcing be an ideal option to address the shortage of human resources within the ULBs? If not, what is your suggestion?
- b. Will this approach lead to a significant increase in revenue?
- c. Will the cost of tax collection be reduced comparatively?

## **Municipal Budget and Accounts**

### **1. Municipal Budgeting**

1. How to ensure that aspects related to SDG 5 (gender equality) and SDG 13 (Climate Action) are incorporated in the ULB budget?
2. How to make National Municipal Accounts Manual (NMAM) implementable by the ULBs?
3. How to ensure that ULBs start preparing outcome and performance budgets? What steps should the city government take?
4. Can estimation of short, medium and long-term financial requirements be useful for ULBs? What are the compelling reasons for the ULBs to do so?
5. How do cities manage competing interests (and political pressures) in financial decision-making?
6. How effective are audit and internal control systems in mismanagement of funds in cities? Are there effective measures in place to ensure transparency?
7. Should the city publish audit reports on its website? if not why?

### **Expenditure:**

1. How can the ULBs ensure Capital investments are climate resilient and gender-responsive?
2. In your view, does municipality partner with the private sector for urban development. If so, how successful have public-private partnerships (PPPs) been?
3. Do you think ULBs should adopt a fiscal system where the cost of delivering municipal services (water supply, waste management, etc.) are based on corresponding fees and user charges?

### **Municipal Borrowing / loans**

1. What is your view on Municipal Borrowing?
2. What are the major financial risks cities face when borrowing funds or issuing municipal bonds? What are the enabling provisions for the central/state governments/financial institutions for lending loans to cities?
3. How do you assess the role of national, international development agencies/financial institutions or donor agencies in financing urban projects?
4. What is the policy/guidelines/ pre-requisites for market borrowing by ULBs? What are the pros and cons of market borrowing?
5. What are the barriers for cities to tap into municipal bond markets? What are the enabling conditions?
6. What kind of data architecture must be incorporated in the ULBs to access market borrowing and enable evidence based decision-making process?

### **Fiscal Transfer**

1. How effective is the concept of performance-based grants in practice?
2. How do we track the actual disbursement of grants by the central and state finance commission to ULBs against grants awarded?
3. Should the allocation of grants to ULBs be based on the population? / If not, then what should be other parameters?

4. What fiscal powers according to you should be devolved to the level of ULBs and why?
5. From your observation/experience in the field how does the recommendations given by the respective CFCs/SFCs are being implemented by the ULBs and States, would you like to give additional inputs to address the existing gaps?

### **Capacity Building**

1. What are the broad areas that need to be covered under Capacity Development measures to augment revenue base of the ULBs?
2. How important are capacity building, training, and up-skilling sessions for councillors and municipal staff? What steps need to be taken to improve financial literacy?

### **Participation**

#### **1. Citizen Participation**

1. How to ensure effective citizen participation in decision-making process in order to improve governance process?
2. What institutional arrangements can be introduced within ULBs, to formalise the inclusion of citizen participation and other self-help groups in the governance process?
3. Can Ward Sabhas be the ideal platform for citizens participation in a formal system of municipal affairs?

#### **2. Climate (SDG 13)**

1. Should Cities introduce its own climate action plan?
2. How effective are targeted grants for climate-related projects?
3. What according to you are the sources of climate finance for cities?
4. With increasing impact of climate change on cities, what percentage of municipality's budget should ideally be allocated toward climate resilience and adaptation projects?
5. How do cities adopt green financing strategies or climate bonds to support sustainable infrastructure development?
6. How do cities integrate climate risk assessments into municipal financial planning? How do cities balance the need for climate action with other pressing urban development priorities?
7. In your view, what role do climate considerations play when negotiating financial assistance from state, national, or international agencies?

#### **3. Gender Inclusivity (SDG 5)**

1. Are budgetary provisions sufficient to tackle gender inclusivity and to achieve success towards SDG 5: Gender Equality?
2. How should cities measure indicators of SDG 5: Achieve gender equality and empower all women and girls, in particular against the following targets of SDG 5:
  - 5.5 - Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making i.e political, economic, and public life.
  - 5.a - Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws

3. Should cities consider building statistical databases classified based on gender, such as female property ownership, to enable the targeted delivery of benefits and concessions to women?
4. How do you ensure municipalities implement gender-responsive/inclusive budgeting (GRB)? How do you measure the impact of municipal expenditures on gender equity in the city?
5. Are there any specific programs or funding streams aimed at improving women's access to municipal services exclusively from government schemes(state/central)? Can you give examples
6. In your view, what are the key challenges cities face in integrating gender aspects into its financial planning?
7. Do you think there is a gap in the existing structure of the City Government to ensure participation and inclusion of other genders in the process? If yes, what are your suggestions for balancing the powers for effective governance of the city?

#### **4. Human Resource**

1. What should be the ideal Human Resource structure in a City Government? Are there any standards/benchmarks for HR as per Act (viz, municipal staff/population)?
2. What measures need to be adopted to ensure gender ratios are incorporated in ULB staff? What steps are required to enhance the existing situation for a balanced development?



## **Mumbai**

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