



GOVERNANCE IN ACTION

Municipal Budget

Understanding how cities plan, spend and account for public money



What is a municipal budget?

A municipal budget is an annual financial statement that shows estimated income and expenditure for one year, running from April 1 to March 31.

It includes:



3 years
Actuals from the past three years



Current Year
Revised estimates



Upcoming Year
Projections

More than just numbers, the budget is a planning and accountability tool.



It is a directive from elected representatives to city administration;



Ensures the city raises adequate resources through taxes and fees.



Establish financial accountability by setting measurable targets.

What does a budget include?

All city budgets should follow the **outcome budget approach** to link spending with measurable results and improved service delivery.

1 Financial Data

Three years of actual accounts, revised estimates of current year, and projections of next year with anticipated closing balance.

2 Tax Proposals

All rates for taxes & cess like property tax, water tax and other levies for the coming year.

3 Establishment Schedule

Every sanctioned position, salary grade, allowances and complete staffing costs.

4 Service Reports

Financial details on essential services like water supply and sewerage, solid waste management, public transport & others.

5 Special Sections

The Environmental Status Report covering air quality and waste management.

What should budgets tell us towards building resilient & inclusive cities?

☒ Who benefits?

☒ What outcome will be achieved?

☒ How will the city prepare for future risks?

☒ Where is the need greatest?

Corporations can therefore use proforma budgeting alongside the main municipal budget:

Poverty Budget: Tracks & allocates public spending towards programmes and services that address poverty and improve the well-being and livelihoods of vulnerable communities.

Gender Budget: Tracks and allocates public spending to address the needs and priorities of women and different genders.

Ward Budget: Allocates municipal funds to address local infrastructure, civic services, and development needs at the ward level.

Climate Budget: Identifies and prioritises spending that helps reduce climate risks, emissions, and environmental impacts.

Outcome Budget: Links public spending to measurable outcomes, showing what was achieved through the funds allocated.

Heat Action Budget: A component of the Climate Budget that allocates funds for measures to prevent and respond to the health and infrastructure impacts of extreme heat.

Disaster & Resilience Budget: A component of the Climate Budget that funds preparedness, response, recovery, and measures to build resilience to climate-related disasters.

HERE'S SOMETHING INTERESTING

- In India, the Municipal Corporation of Greater Mumbai is the only municipal corporation that has been publishing an Outcome Budget over the years.
- Cities such as Ahmedabad, Asansol, Bengaluru, Gandhinagar, Mumbai, Nagpur, Raipur, Shimla, and Visakhapatnam prepare gender budgets.
- Cities such as Ahmedabad, Bhopal, Chennai, Indore, Kolkata, and Mumbai prepare their ward-wise budget.





GOVERNANCE IN ACTION

How is the Budget prepared?

The municipal budget preparation is a multi-step process that typically spans several months, with procedures varying by state based on their municipal acts.



September - October

As per 74th CAA, Ward Committees review pending proposals for their areas. **This is when citizen participation happens.** Department heads simultaneously prepare their estimates.



October

All departmental budgets are submitted to the Municipal Commissioner.



February

The Commissioner consolidates these budgets and **submits the draft to the Standing or Finance Committee** for review.



Mid- March

The budget is presented to the Corporation in the General Body meeting.



The Finance Committee reviews the Corporation feedback and fixes all **tax rates, fees, and charges** for the coming year.



On or before March 31

The Corporation votes to adopt the budget.



Once approved, the municipal budget is published on the city website, completely transparent and accessible to all citizens. The Municipal Commissioner must then implement it exactly as adopted.

When should an Elected Representative Act?



Before the Budget is drafted

- Identify top 3–5 priorities for your ward.
- Review pending works and unspent allocations.
- Consult citizens, Ward Committees, and local stakeholders.
- Ensure proposed priorities align with the Corporation's mandate.
- Identify relevant department and estimated financial needs.



When departments are preparing estimates

- Submit written recommendations to the relevant department/Commissioner.
- Ensure eligible proposals are included in the departmental budget.
- Link proposals to a specific scheme, budget head, and expected outcome.



During Corporation Deliberations

- Seek clarification on priorities and allocations.
- Propose additions, reductions or reallocations where permitted.
- Ask for **measurable outcomes, not merely expenditure targets.**

Good Practices from Indian Cities

PUNE

PMC provides citizens with online and offline forms to share their suggestions and priorities for the city budget. These suggestions are collected & analysed by the municipal administration, giving citizens an opportunity to communicate the issues and projects they would like the city to consider while preparing its budget.

2026–27 BUDGET PROCESS:

30 July 2026 → Citizen responses started

31 August 2026 → Citizen responses closed

WHAT STANDS OUT?

Pune demonstrates how a simple and accessible process for **collecting and considering citizen suggestions** can bring public priorities into the budget-making process.

PIMPRI CHINCHWAD

PCMC has a structured participatory budgeting process, where a portion of the budget is set aside for projects suggested by citizens. For the 2026–27 budget cycle, PCMC accepted citizen suggestions from 15th August 2025 to 15th September 2025.

2023–24 BUDGET NUMBERS:

- **2,284** Citizen suggestions received
- **780** Suggestions approved
- **₹94.86 CRORE** Amount allocated

Citizens can submit their suggestions through:

- **My Sarathi portal**
- **PCMC website**
- **Ward offices**

WHAT STANDS OUT?

PCMC creates a direct connection between what citizens suggest and what the city funds. This gives citizens a meaningful role in identifying local priorities and influencing spending decisions.

WHAT CAN CITIES LEARN?

Cities can strengthen budgeting by introducing purpose-specific budgets such as Gender, Climate, Poverty, and Outcome Budgets to make priorities more visible, trackable, and accountable, while also creating meaningful opportunities for citizens to share their priorities, suggest projects, and participate in decisions on how public funds are allocated. **The key is to make budgeting ACCESSIBLE → TRANSPARENT → RESPONSIVE.**