



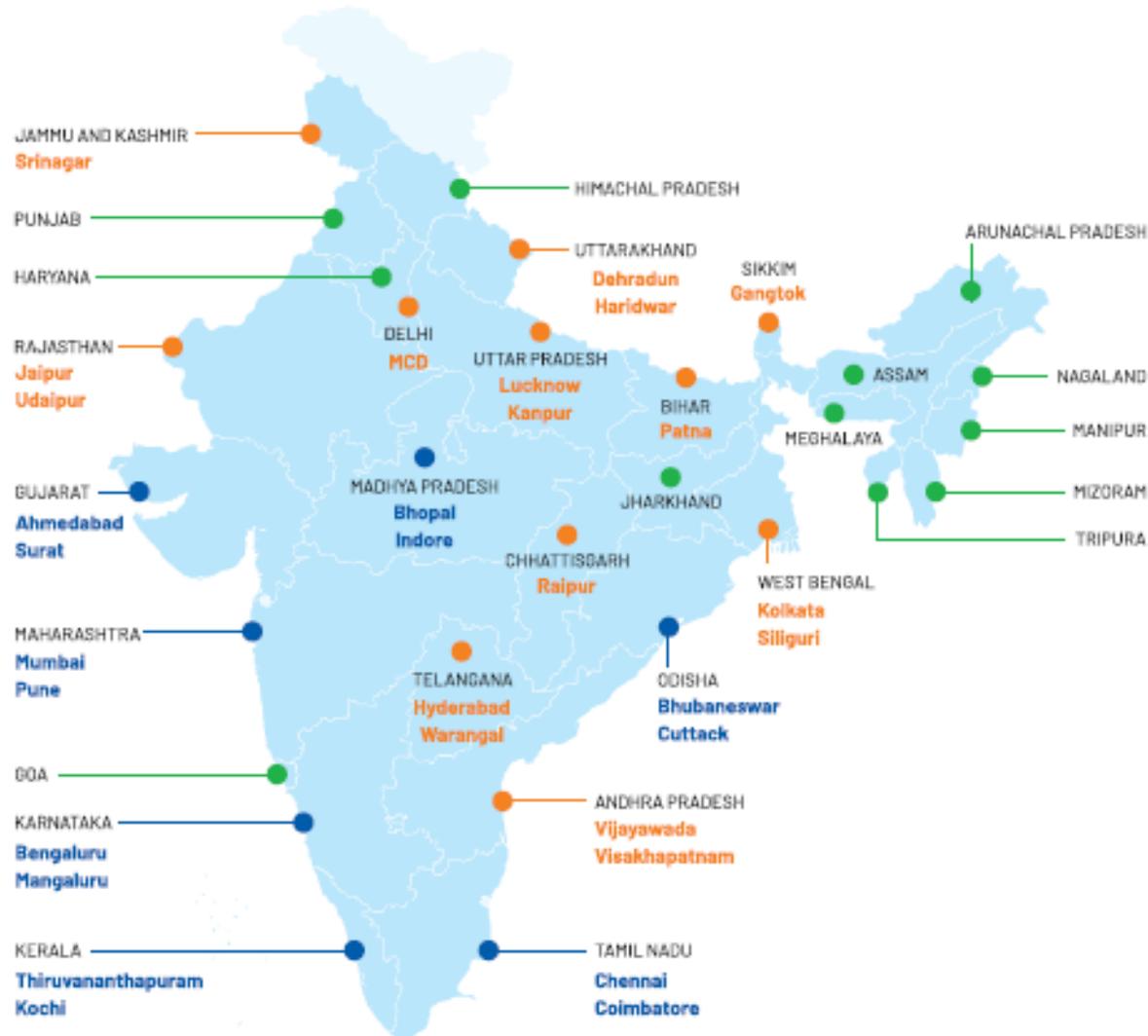
# *Fiscal Empowerment of City Governments*

**Phase 2 Provisional Report**

**25<sup>th</sup> November 2022**



## CITIES COVERED UNDER THE FISCAL EMPOWERMENT STUDY



●	<b>Phase 1</b> (14 cities across 7 states)
●	<b>Phase 2</b> (17 cities across 11 states - including Delhi and UT of Jammu and Kashmir)
●	<b>Phase 3</b> (13 cities across 12 states)
<b>Total 44 cities across 30 states (including Delhi and UT of Jammu and Kashmir)</b>	

Two cities from larger states and one city from small states were chosen for the study, which includes a capital city and the second largest city based on population size.

### *Objectives of the Study are:*

- To assess the data availability
- To assess the fiscal empowerment in the city governments
- To study the financial growth of the city governments



# *Fiscal Empowerment of City Governments*

## **Phase 2 Provisional Report**



## Field Interviews

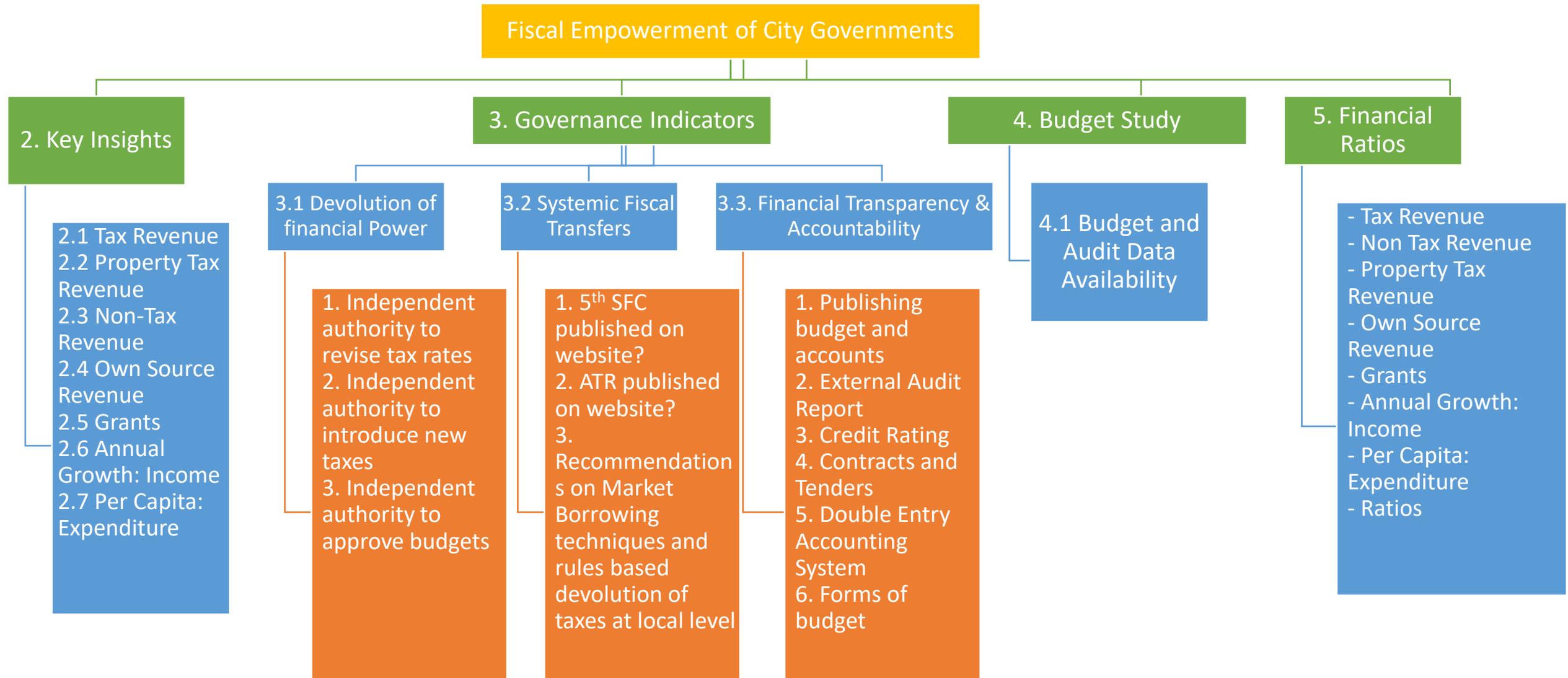
- To acquire primary data, Praja conducted research study visits in the selected cities to **collect key insights** from the officials on study indicators.
- The research study includes a total of **122 interviews** held with key stakeholders.
- The Praja team undertakes secondary research by studying the Municipal Corporation Act, the Official Municipal Corporation Website, Budget Documents and other reports of the respective cities.

## Budget and data analysis

- A total of **504 budget documents** for 6 Financial years (2017-18, 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23) and **18 audit account** documents were analysed for the study of 31 cities.
- 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)**.
- 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.
- While calculating the per capita financial values **incremental method of population** projection was equipped.

- The study has been divided the cities into four categories based on their population to help provide a comprehensive assessment of the cities ranging in that particular category.
- Following are the details of categories:

Mumbai	Above 30 lakh population		10-30 lakh population		Below 10 lakh population	
	Cities	Census 2011	Cities	Census 2011	Cities	Census 2011
	Delhi	11034555	Vijayawada	1034358	Mangaluru	488968
	Ahmedabad	5577940	Vishakhapatnam	1728128	Kochi	602046
	Surat	4467797	Patna	1684222	Thiruvananthapuram	743691
	Bengaluru	8443675	Raipur	1010433	Bhubaneshwar	840834
	Pune	3124458	Bhopal	1798218	Cuttack	647508
	Jaipur	3046163	Indore	1964086	Udaipur	451100
	Chennai	4646732	Coimbatore	1050721	Gangtok	100286
	Hyderabad	3718651	Lucknow	2817105	Warangal	615998
	Kolkata	4496694	Kanpur	2765348	Dehradun	569578
			Srinagar	1180570	Haridwar	228832
					Siliguri	513264



- It was observed that **not all cities publish** their budget documents/data in the public domain.
- **Only 10 out of 31 cities published all six budget documents** from 2017-18 to 2022-23 on the website. The six cities are Mumbai, Ahmedabad, Mangaluru, Warangal, Patna, Coimbatore, Pune, Chennai, Kolkata, and Hyderabad.
- Budget data and documents for the remaining 21 cities were **collected from the accounts department** during the study visit for that particular city.
- All cities do not follow the '**format of accounting**' mentioned in the **National Municipal Accounting Manual (NMAM)** to prepare their budget documents.
- Out of 31 cities, 17 cities publish budget data as per the **account head**, while 13 cities publish budget data divided based on the **department accounts**.

- Many cities do not include ‘Budget at A Glance’ and a summary of Revenue and Capital Income/Expenditure in their budget. Therefore, the budget data was **calculated manually** in the said indicators for all account heads, causing a high scope of error and miscalculation.
- The **nomenclature for account heads differs** from city to city resulting in the total accounting process to fluctuate.
- It was seen that many elements of non-tax revenue like fees and charges and elements of revenue sharing like GST compensation and octroi compensation etc. were added under Tax revenue for a few cities. Whereas, elements of grants were included under non-tax revenue for the other.
- Thus, account heads were **categorised based on their nature and guidelines of National Municipal Accounting Manual (NMAM)**. This was recognised when the average percentage share of tax and non-tax revenue for that city was not scaling in the range of the total average of 31 cities.



## Key Insights



<b>Average CAGR for 31 Cities (2016-17 to 2020-21)</b>				
<b>Financial Ratios (on Nominal values)</b>	<b>Property Tax Revenue</b>	<b>Tax Revenue</b>	<b>Non-Tax Revenue</b>	<b>Own Source Revenue</b>
CAGR	6.72%	5.23%	5.20%	5.78%
Per Capita	Rs 922.55	Rs 1,340.94	Rs 1,384.19	Rs 2,815.40
Percentage Share to Total Income	13.74%	17.85%	17.47%	36.51%
Percentage Share to Own Source Revenue	39.93%	Not Applicable	Not Applicable	Not Applicable

<b>Average CAGR according to city category (2016-17 to 2020-21)</b>				
<b>City Category (on Nominal values)</b>	<b>Property Tax Revenue CAGR</b>	<b>Tax Revenue CAGR</b>	<b>Non-Tax Revenue CAGR</b>	<b>Own Source Revenue CAGR</b>
Mumbai	4%	-16.98%	-0.63%	-7.04%
Average of Above 30 Lakh population	5.33%	5.16%	2.86%	4.38%
Average of 10-30 Lakh population	2.63%	7.26%	0.49%	3.74%
Average of Below 10 Lakh population	8.76%	5.84%	10.86%	8.89%

<b>Average CAGR according to city category (2017-18 to 2020-21) in Rs.</b>				
<b>City Category (on Nominal values)</b>	<b>Average Per capita Property Tax Revenue</b>	<b>Average Per capita Tax Revenue</b>	<b>Average Per capita Non-Tax Revenue</b>	<b>Average Per capita Own Source Revenue</b>
Mumbai	1,055	5,407	10,601	16,008
Above 30 Lakh population	1,825	2,267	1,843	4,109
10-30 Lakh population	534	853	874	1,726
Below 10 Lakh population	525	658	634	1,291

<b>Average CAGR according to city category (2017-18 to 2020-21)</b>				
<b>City Category (on Nominal values)</b>	<b>Property Tax to Total Income</b>	<b>Tax Revenue to Total Income</b>	<b>Non-Tax Revenue to Total Income</b>	<b>Own Source Revenue to Total Income</b>
Mumbai	4.77%	24.22%	47.89%	72.11%
Above 30 Lakh population	19.53%	24.68%	19.85%	43.53%
10-30 Lakh population	10.89%	15.50%	13.79%	29.29%
Below 10 Lakh population	11.04%	13.69%	15.98%	29.68%

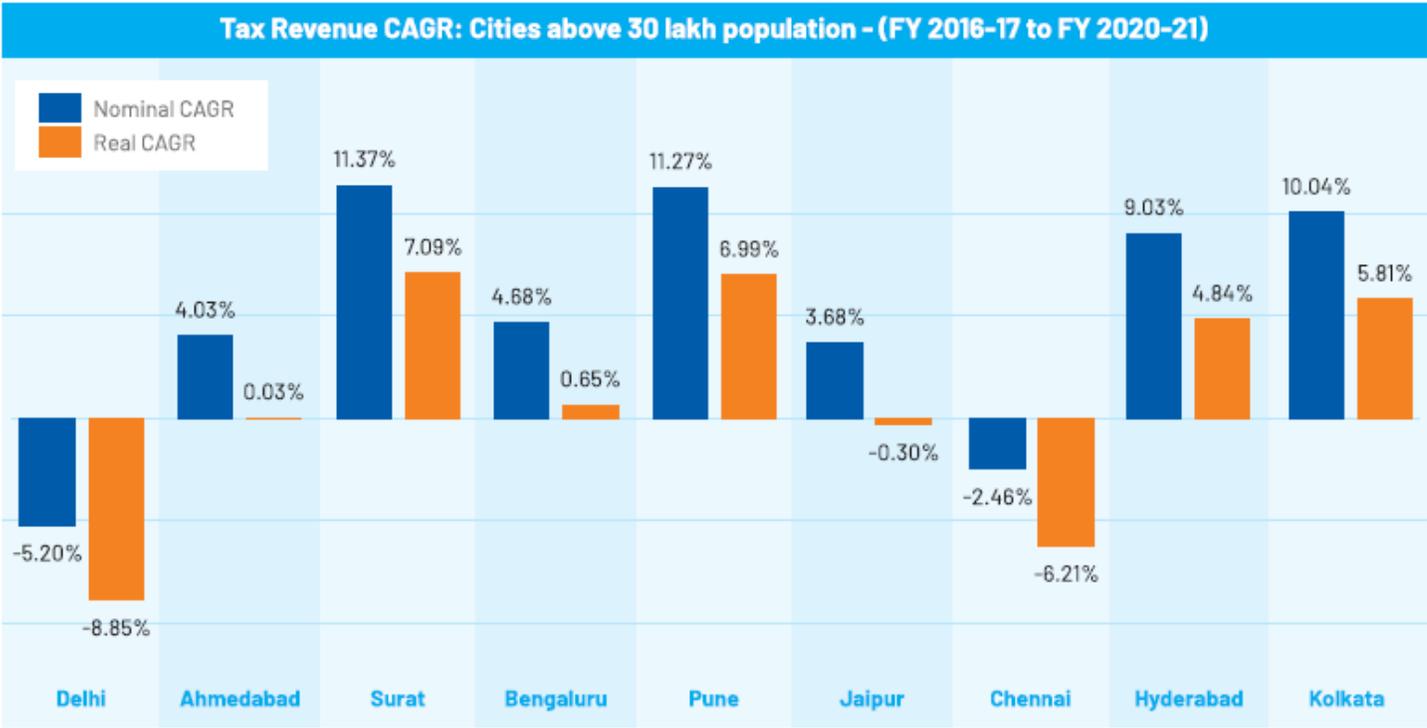


# Tax Revenue Compound Annual Growth Rate (CAGR)



## Mumbai

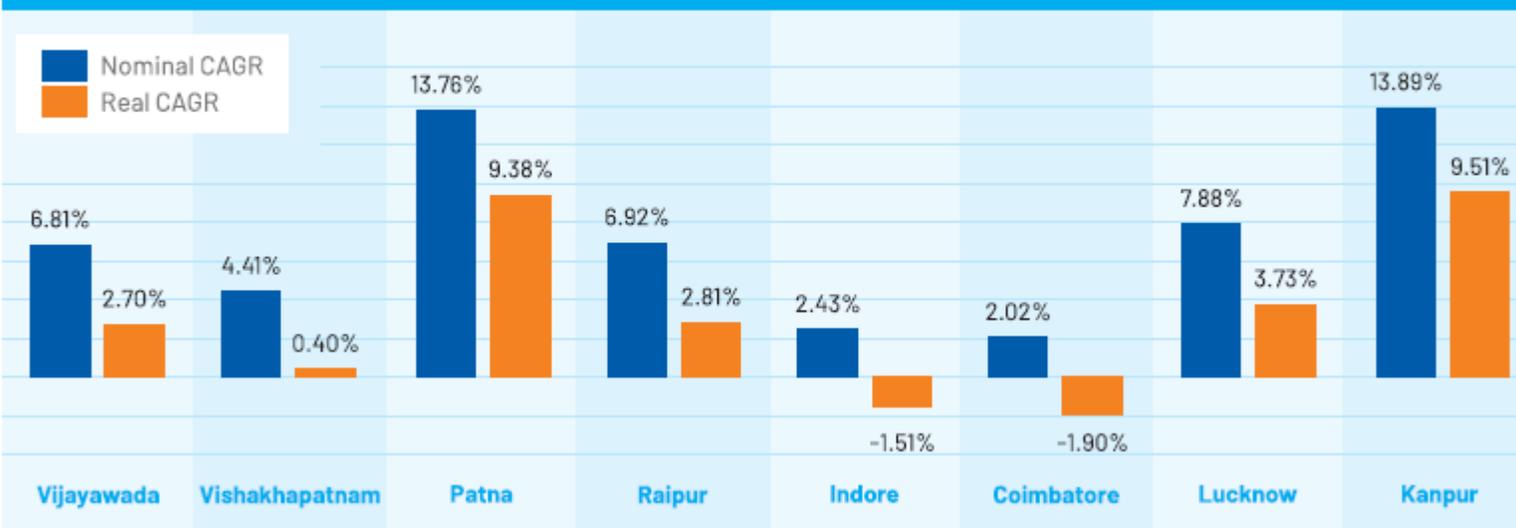
Mumbai has a Nominal Tax Revenue CAGR of -16.98%. While the Real Tax Revenue CAGR of Mumbai is -20.17%.



### Key Observations

- The Average CAGR for all the 9 cities with population more than 30 lakh is 5.16%.
- Surat has Nominal Tax Revenue CAGR of 11.37% whereas its Real Tax Revenue CAGR is 7.09%.
- Delhi has the lowest Nominal Tax Revenue CAGR of -5.20% whereas its Real Tax Revenue CAGR is -8.85%.

**Tax Revenue CAGR for cities between 10 to 30 lakh population - (FY 2016-17 to FY 2020-21)**

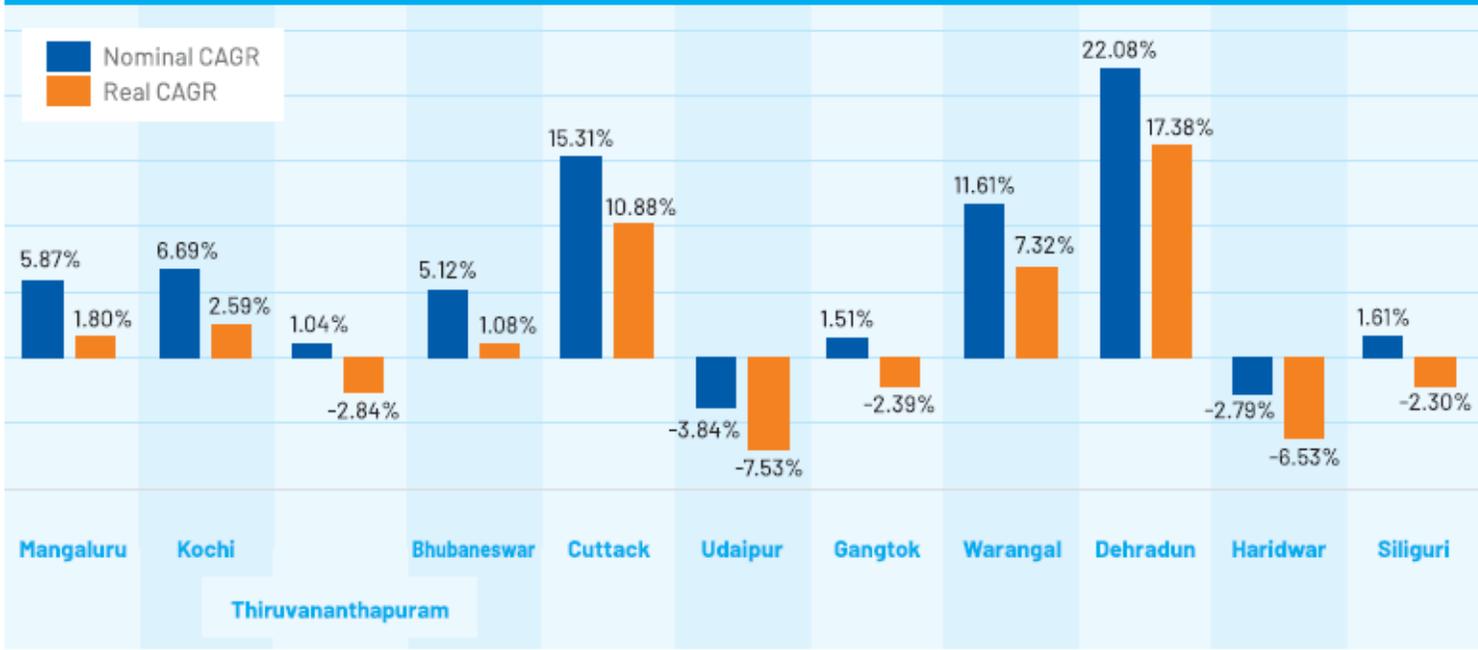


*Note: Ratios for Srinagar could not be calculated as Srinagar Municipal Corporation has not provided budget data for Actuals in their budget documents. The Budget Document of 2022-23 for Bhopal is not published therefore the Actuals for 2020-21 were not available, therefore it's CAGR value could not be calculated.*

## Key Observations

- The Average CAGR for all the 10 cities with population up to 10 to 30 lakh is 7.26%.
- Kanpur has the highest Tax Revenue CAGR of 13.89%.
- Indore and Coimbatore have Tax Revenue CAGR of 7.43% and 2.02% respectively. While the Real Tax Revenue CAGR for Indore and Coimbatore is -1.51% and -1.90% respectively. Even though the cities have positive growth their real CAGR values are negative.

**Tax Revenue CAGR for cities below 10 lakh population - (FY 2016-17 to FY 2020-21)**



## Key Observations

- The Average CAGR for all the 11 cities with population up to 10 lakh is 5.84%.
- Udaipur has the lowest Tax Revenue CAGR of -3.84%. It was observed that the sewerage tax and luxury tax were reflected in the budget until the year 2017-18 and the sewerage connection charges were collected from 2018-19. Thus, from 2018-19 to 2020-21 the Tax Revenue was solely comprised of the Urban Development (Property) Tax.

- The Nominal Tax Revenue CAGR of Thiruvananthapuram, Gangtok and Siliguri is 1.04%, 1.51% and 1.61% respectively. Whereas, the Real Tax Revenue CAGR lies at -2.84%, -2.39% and -2.30% respectively. The Nominal figures for the Thiruvananthapuram Municipal Corporation (TMC), Gangtok Municipal Corporation (GMC) and Siliguri Municipal Corporation (SMC) show that the cities are witnessing a positive growth. Although the Real values of the cities depict that over the years the Tax Revenue collection for TMC, GMC and SMC are decreasing.



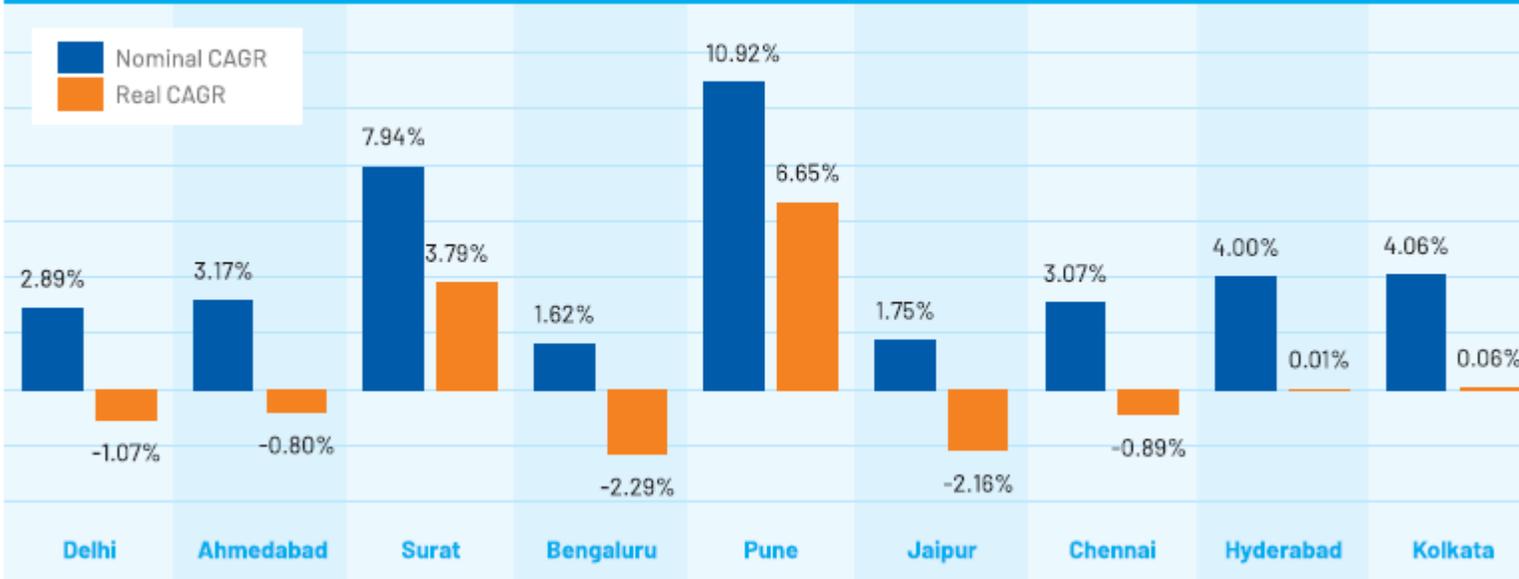
# Own Source Revenue Compound Annual Growth Rate (CAGR)



## Mumbai

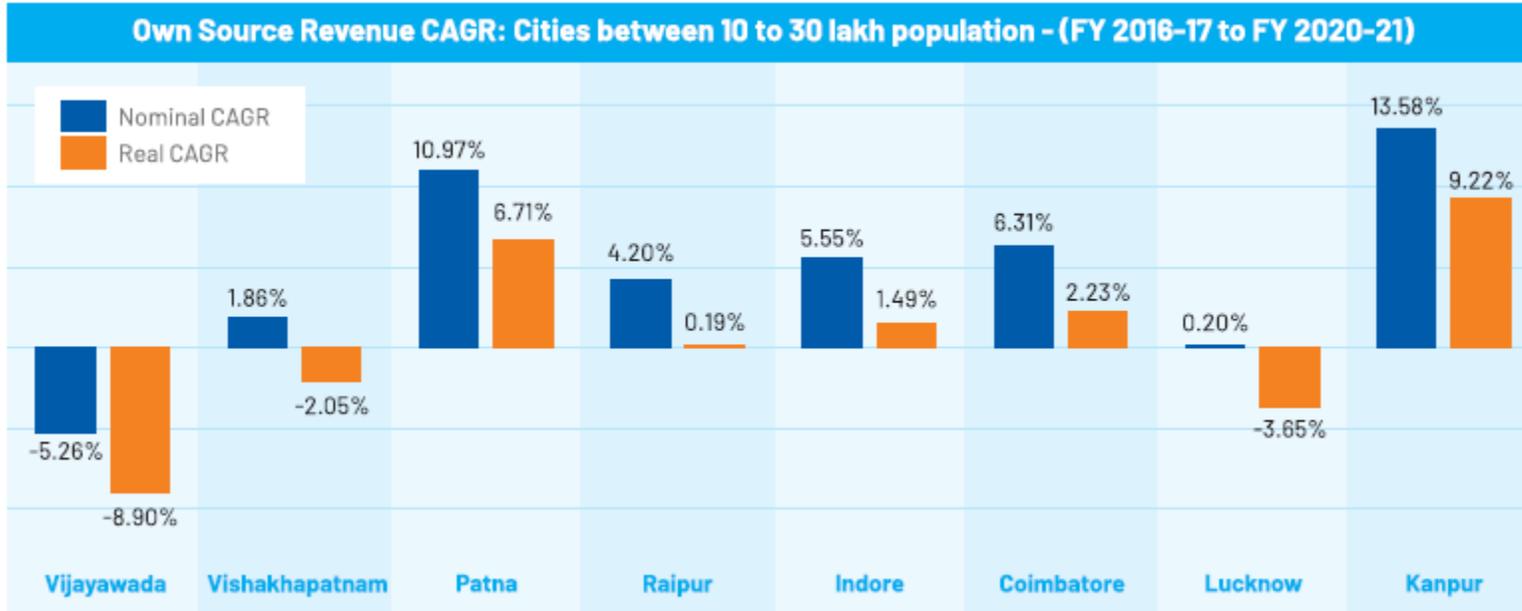
Mumbai has the Own Source Revenue CAGR of  $-7.04\%$ . The loss of Octroi Tax post 2017 and negative growth in both Tax and Non-Tax Revenue have contributed to the fall in Own Source Revenue for Mumbai.

Own Source Revenue CAGR: Cities above 30 lakh population - (FY 2016-17 to FY 2020-21)



## Key Observations

- The Average Own Source Revenue for these 9 cities is 4.38%.
- Pune has the highest Own Source Revenue CAGR of 10.92%.
- For Delhi, Ahmedabad, Bengaluru, Jaipur and Chennai even though their Nominal Own Source Revenue CAGR is positive, their Real Own Source Revenue CAGR is negative.

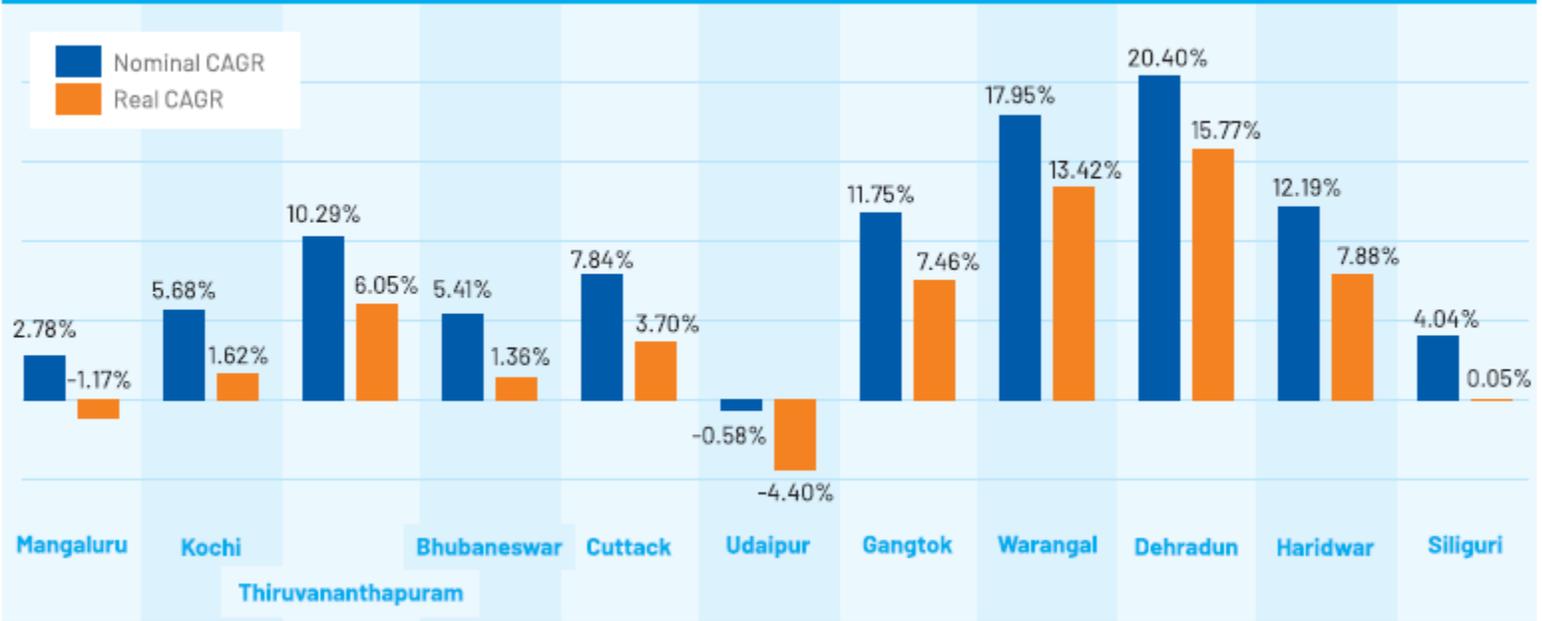


## Key Observations

- The Average Own Source Revenue for these 10 cities is 3.74%.
- Kanpur has the highest Nominal and Real Own Source Revenue CAGR of 13.58% and 9.22% respectively.
- For Lucknow and Vishakhapatnam even though their Nominal Own Source Revenue CAGR are positive (0.20% and 1.86%), the Real Own Source Revenue CAGR is negative (-3.65% and -2.05%).

*Note: Ratios for Srinagar could not be calculated as Srinagar Municipal Corporation has not provided budget data for Actuals in their budget documents. The Budget Document of 2022-23 for Bhopal is not published therefore the Actuals for 2020-21 were not available, therefore it's CAGR value could not be calculated.*

**Own Source Revenue CAGR: Cities below 10 lakh population - (FY 2016-17 to FY 2020-21)**



## Key Observations

- The Average Own Source Revenue CAGR for these 11 cities is 8.89%.
- Dehradun has the highest Nominal and Real Own Source Revenue CAGR of 20.40% and 15.77% respectively.
- Mangaluru has Nominal Own Source Revenue CAGR of 2.78% whereas, its Real Own Source Revenue CAGR is -1.17%.



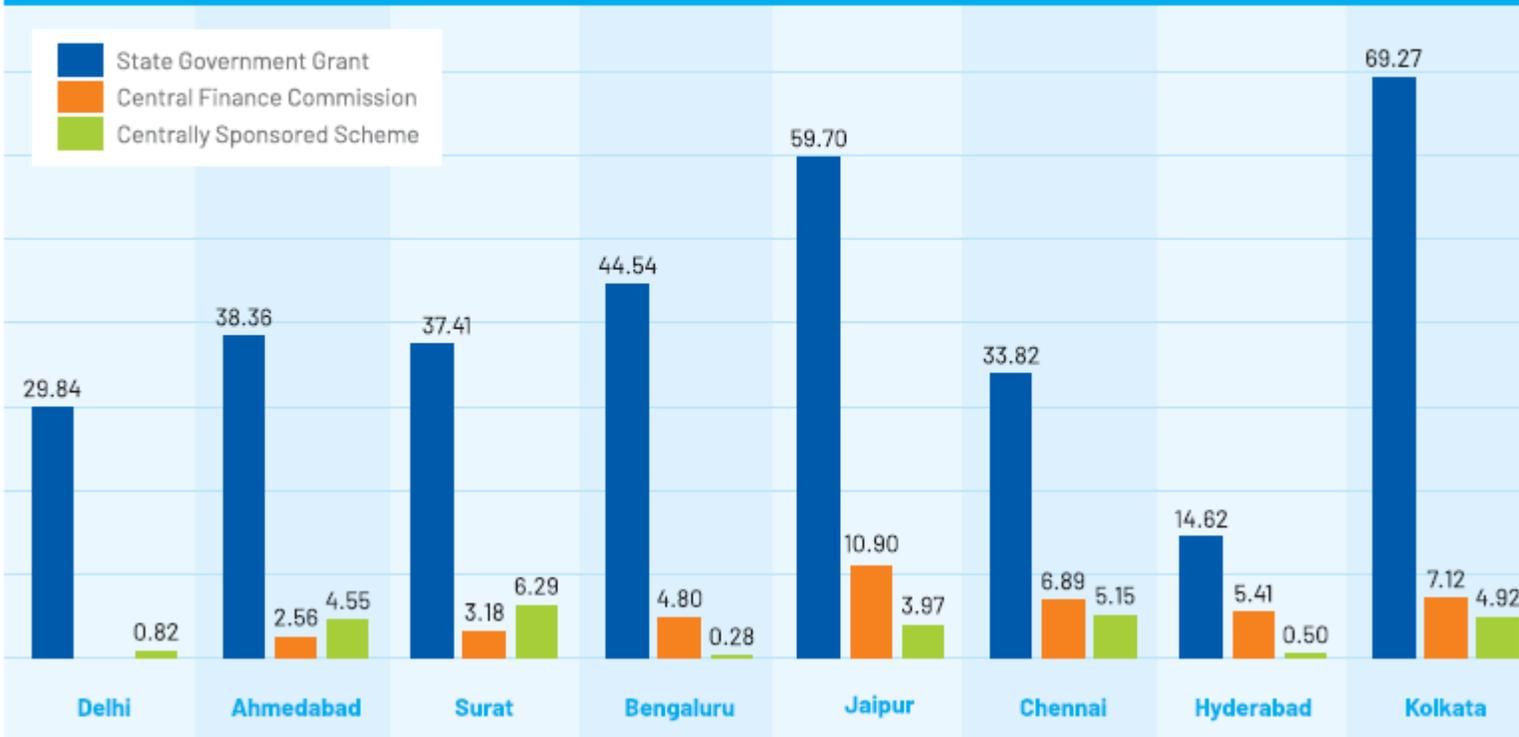
# Average Percentage Share of Government Grants to Total Income



## Mumbai

Mumbai has Average Percentage Share of State Government Grants to Total Income of 27.53%. During the study, Audit reports were referred thus the Central Finance Commission values are not available for Mumbai.

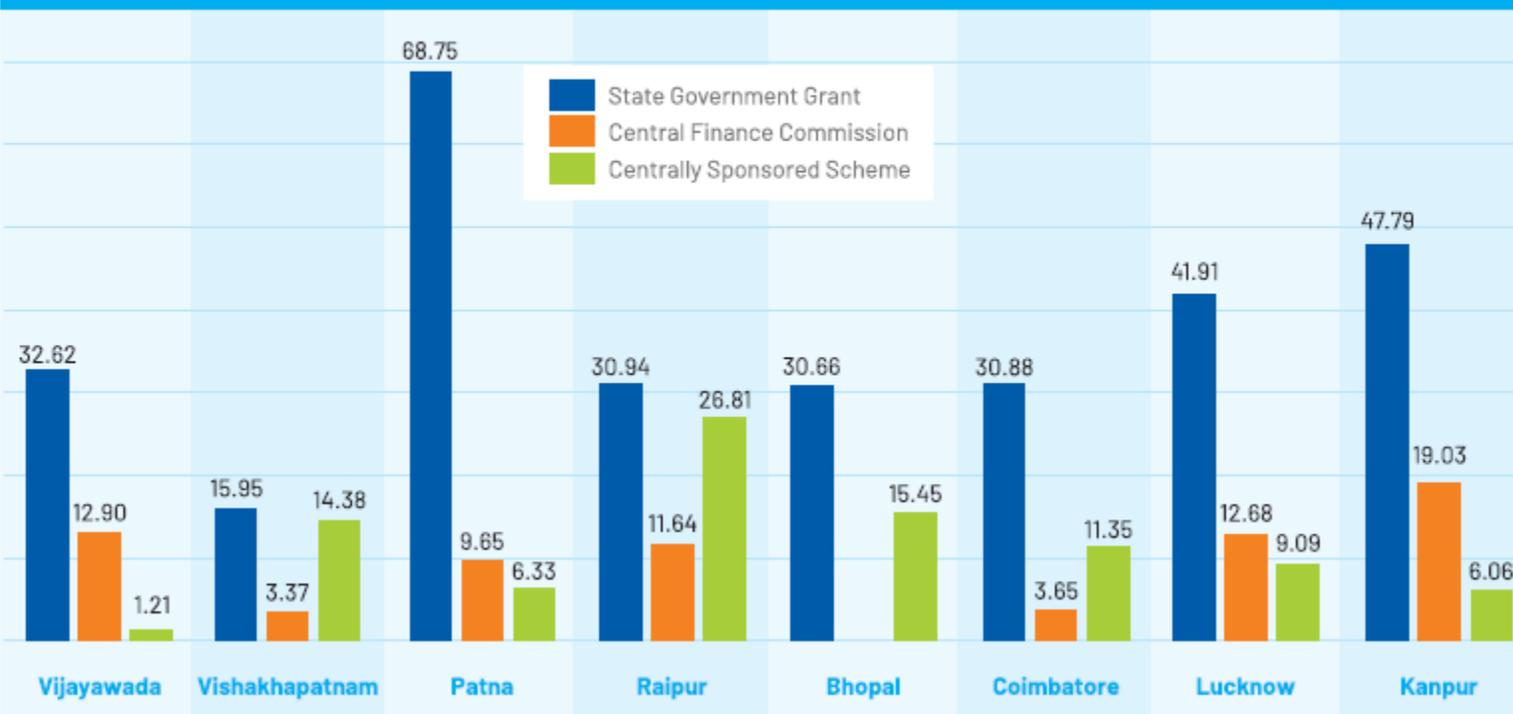
**Average Percentage Share of Grants to Total Income: Cities above 30 lakh population (FY 2017-18 to FY 2020-21)(in %)**



## Key Observations

- Kolkata has the highest Average Percentage Share of State Government Grants to Total Income of 69.27%. During the budget study it was observed that Kolkata received grant funds for various city development projects such as riverfront projects.
- Surat has the highest Average Percentage Share of Centrally Sponsored Scheme to Total Income of 6.29%.
- Jaipur has the highest Average Percentage Share of Central Finance Commission Grants to Total Income of 10.90%.

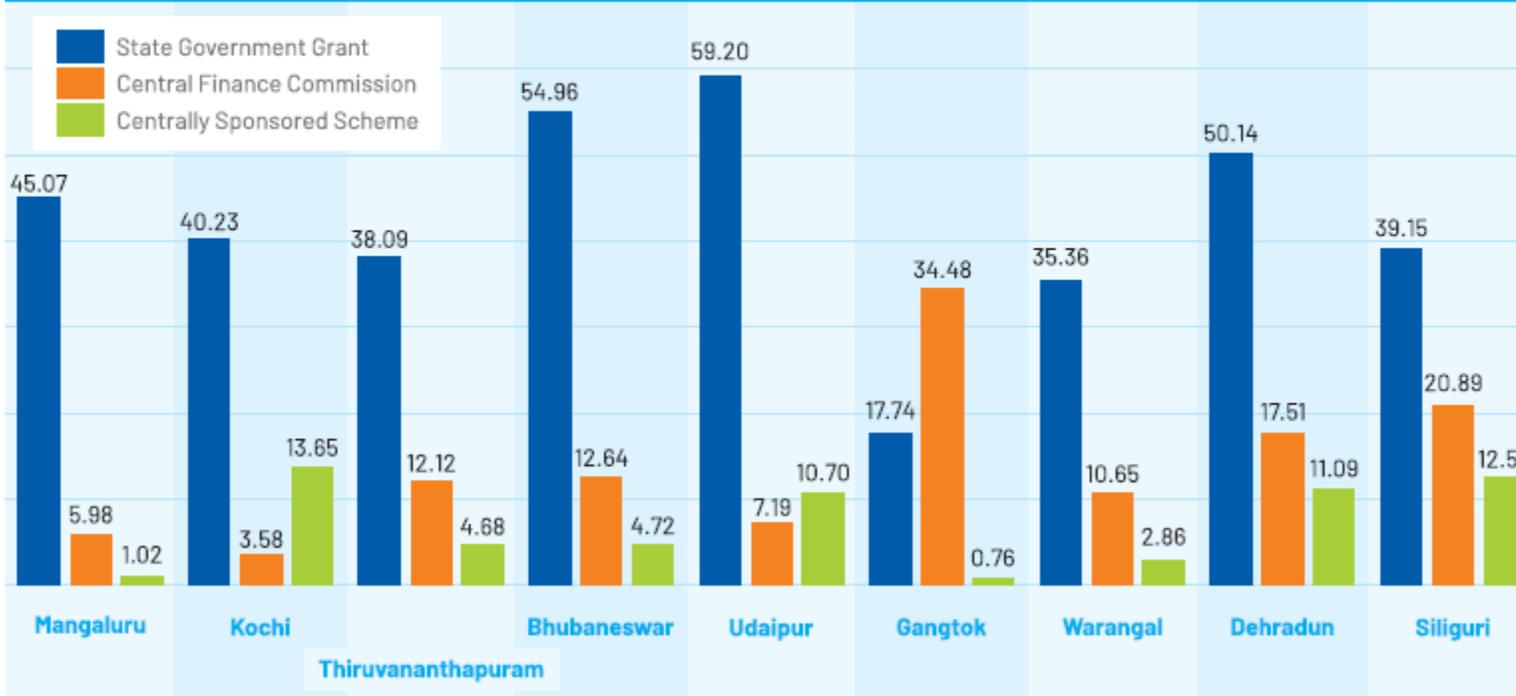
**Average Percentage Share of Grants to Total Income: Cities between 1 to 3 million population (FY 2017-18 to FY 2020-21) (In %)**



## Key Observations

- Patna has the highest Average Percentage Share of State Government Grants to Total Income of 68.75%. Patna budget showed various development funds granted to the city by the state government.
- Raipur has the highest Average Percentage Share of Centrally Sponsored Scheme to Total Income of 26.81%.
- Kanpur has the highest Average Percentage Share of Central Finance Commission Grants to Total Income of 19.03%.

**Average Percentage Share of Grants to Total Income: Cities below 1 million population (FY 2017-18 to FY 2020-21) (in %)**



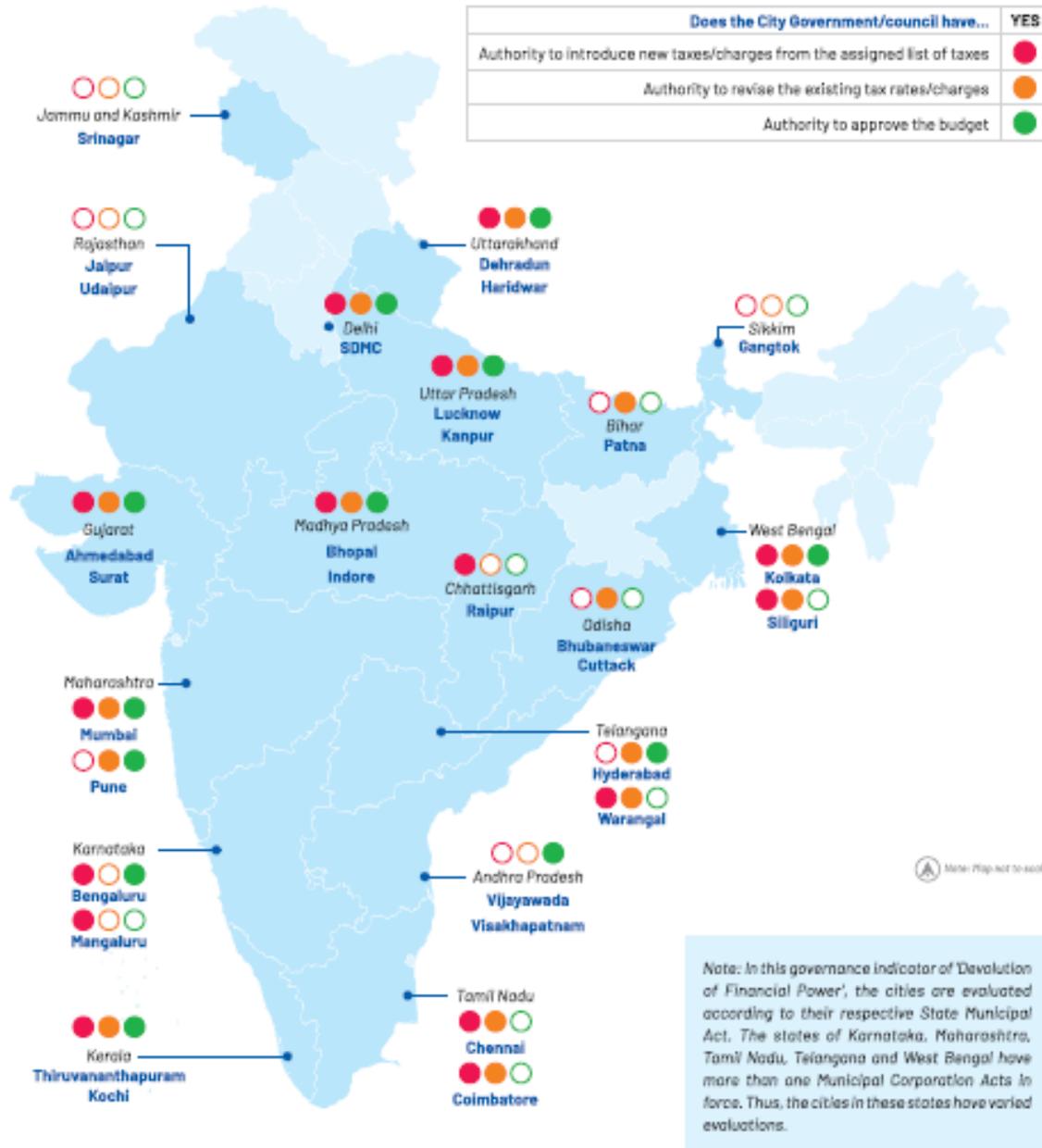
## Key Observations

- Udaipur has the highest Average Percentage Share of State Government Grants to Total Income of 59.20%.
- Kochi has the highest Average Percentage Share of Centrally Sponsored Scheme to Total Income of 13.65%.
- Gangtok has the highest Average Percentage Share of Central Finance Commission Grants to Total Income of 34.48%.



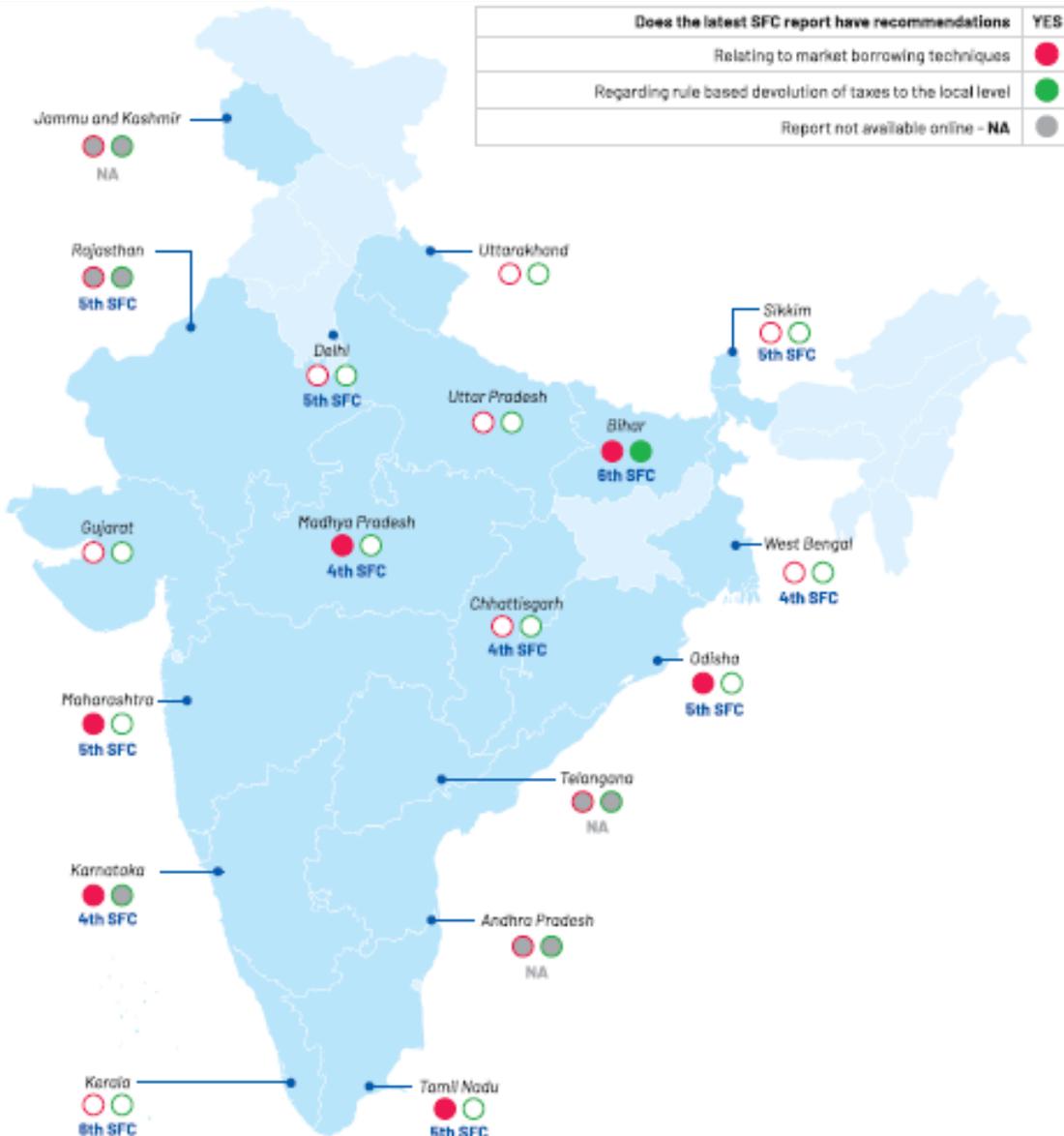
# Governance Indicators





## Key observations

- 11 out of the 31 cities **do not have an independent authority to introduce new taxes** given in assigned list of taxes according to the respective State Municipal Acts.
- 9 out of the 31 cities **do not have an independent authority to revise existing tax rates/charges** according to the respective Municipal Acts.
- 13 out of the 31 cities **do not have independent authority to approve the budget** according to the respective Municipal Acts.
- Rajasthan, Sikkim and Jammu and Kashmir out of the states have not been devolved any of the three financial powers.



## Key observations

- SFC of 5 States (Karnataka, Madhya Pradesh, Maharashtra, Odisha, Tamil Nadu) include **recommendation on market borrowing techniques**.
- None of the State Finance Recommendation except Bihar includes **provision on rule-based devolution of taxes to the local level (ward/zone) of the city**.



Thank you





# *Fiscal Empowerment of City Governments*

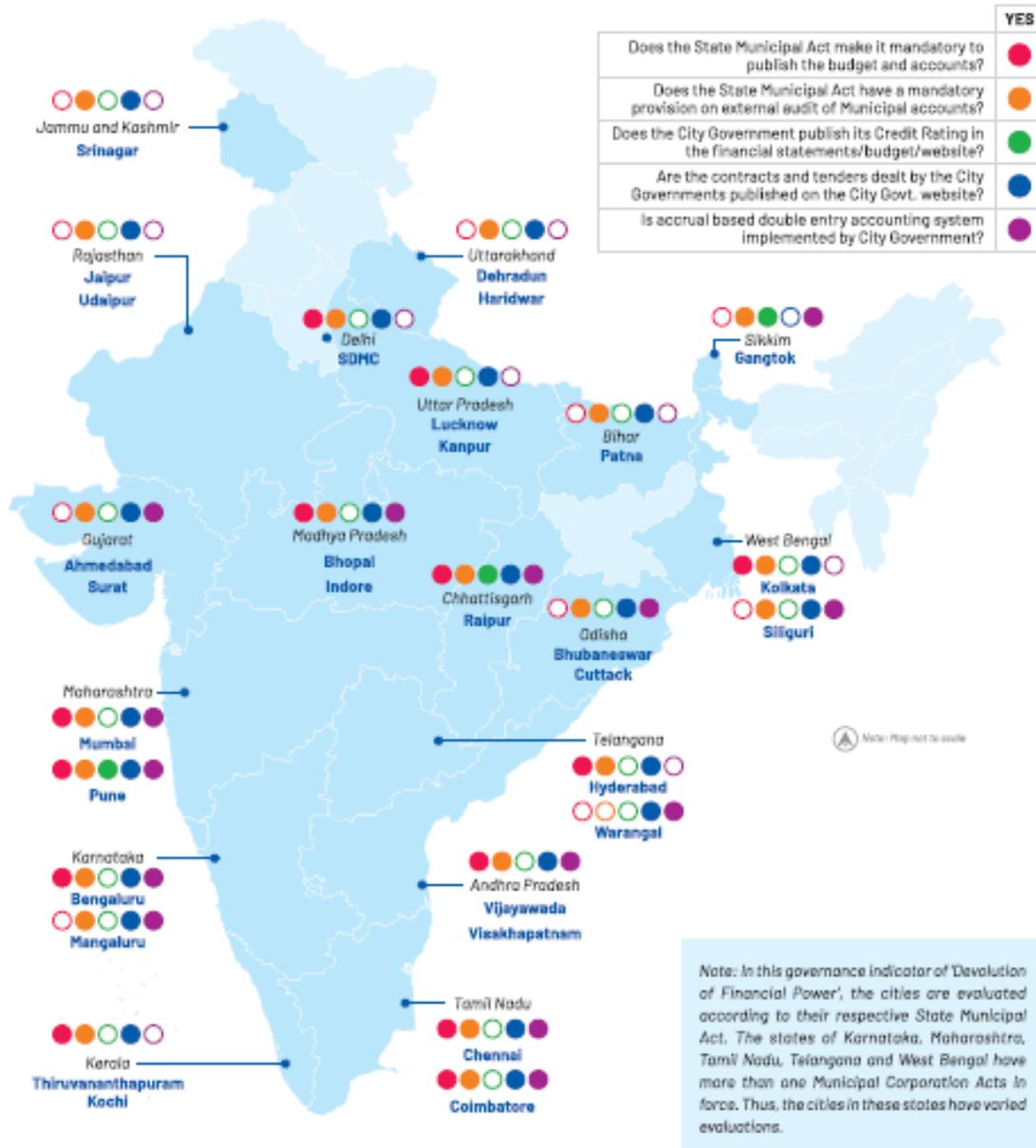
**Phase 2 Provisional Report**

**25<sup>th</sup> November 2022**





***Session 1:  
Strengthening Municipal Finance  
DATA***



## Key Observations

- The State Municipal Acts applicable for 14 out of the 31 cities do not mandate publishing of budget and accounts.
- The State Municipal Acts applicable for all the 31 cities except Warangal includes provision for conducting an external audit of Municipal accounts.

State	City	Budget Data/Document Available on the corporation website					
		17-18	18-19	19-20	20-21	21-22	22-23
Andhra Pradesh	Vijayawada	●	●	●	●	●	●
	Vishakhapatnam	●	●	●	●	●	●
Bihar	Patna	●	●	●	●	●	●
Chhattisgarh	Raipur	●	●	●	●	●	●
Delhi	Delhi	●	●	●	●	●	●
Gujarat	Ahmedabad	●	●	●	●	●	●
	Surat	●	●	●	●	●	●
Karnataka	Bengaluru	●	●	●	●	●	●
	Mangaluru	●	●	●	●	●	●
Kerala	Kochi	●	●	●	●	●	●
	Thiruvananthapuram	●	●	●	●	●	●
Madhya Pradesh	Bhopal	●	●	●	●	●	●
	Indore	●	●	●	●	●	●
Maharashtra	Mumbai	●	●	●	●	●	●
	Pune	●	●	●	●	●	●
Odisha	Bhubaneswar	●	●	●	●	●	●
	Cuttack	●	●	●	●	●	●
Rajasthan	Jaipur	●	●	●	●	●	●
	Udaipur	●	●	●	●	●	●
Sikkim	Gangtok	●	●	●	●	●	●
Tamil Nadu	Chennai	●	●	●	●	●	●
	Coimbatore	●	●	●	●	●	●
Telangana	Hyderabad	●	●	●	●	●	●
	Warangal	●	●	●	●	●	●
Uttar Pradesh	Lucknow	●	●	●	●	●	●
	Kanpur	●	●	●	●	●	●
Uttarakhand	Dehradun	●	●	●	●	●	●
	Haridwar	●	●	●	●	●	●
West Bengal	Kolkata	●	●	●	●	●	●
	Siliguri	●	●	●	●	●	●
Jammu and Kashmir	Srinagar	●	●	●	●	●	●

Available Online ● Not Available Online ● Partly Available ● Website not accessible ●

## Key Observations

- Only 10 out of 31 cities (Patna, Raipur, Ahmedabad, Mangaluru, Mumbai, Pune, Cuttack, Coimbatore, Lucknow, Kolkata) have all their **budget data published on their respective corporation websites**.
- Surat Municipal Corporation website does not have budget documents but publishes only budget figures for one year on the website.
- Greater Chennai Corporation has their budget format for 2017-18 and 2018-19 zone-wise divided into North, South and Central regions.
- Cities like Kochi, Udaipur, Siliguri, only budget speech for an accounting document has been published instead of budget documents.

State	City	Audit Report available on the website				
		16-17	17-18	18-19	19-20	20-21
Andhra Pradesh	Vij yawada	●	●	●	●	●
	Vishakhapatnam	●	●	●	●	●
Bihar	Patna	●	●	●	●	●
Chhattisgarh	Raipur	●	●	●	●	●
Delhi	Delhi	●	●	●	●	●
Gujarat	Ahmedabad	●	●	●	●	●
	Surat	●	●	●	●	●
Karnataka	Bengaluru	●	●	●	●	●
	Mangaluru	●	●	●	●	●
Kerala	Kochi	●	●	●	●	●
	Thiruvananthapuram	●	●	●	●	●
Madhya Pradesh	Bhopal	●	●	●	●	●
	Indore	●	●	●	●	●
Maharashtra	Mumbai	●	●	●	●	●
	Pune	●	●	●	●	●
Odisha	Bhubaneswar	●	●	●	●	●
	Cuttack	●	●	●	●	●
Rajasthan	Jaipur	●	●	●	●	●
	Udaipur	●	●	●	●	●
Sikkim	Gangtok	●	●	●	●	●
Tamil Nadu	Chennai	●	●	●	●	●
	Coimbatore	●	●	●	●	●
Telangana	Hyderabad	●	●	●	●	●
	Warangal	●	●	●	●	●
Uttar Pradesh	Lucknow	●	●	●	●	●
	Kanpur	●	●	●	●	●
Uttarakhand	Dehradun	●	●	●	●	●
	Haridwar	●	●	●	●	●
West Bengal	Kolkata	●	●	●	●	●
	Siliguri	●	●	●	●	●
Jammu and Kashmir	Srinagar	●	●	●	●	●

Available Online ● Not Available Online ● Website not accessible ●

## Key Observations

- 5 (Patna, South Delhi, Bhubaneswar, Dehradun and Srinagar) out of 31 cities do not have Audit Account Statements available online for all the five years.
- Not all Account Statements that are available on the websites are signed by the Chief Auditor/Chief Accountant.
- Bengaluru and Haridwar website was not accessible.

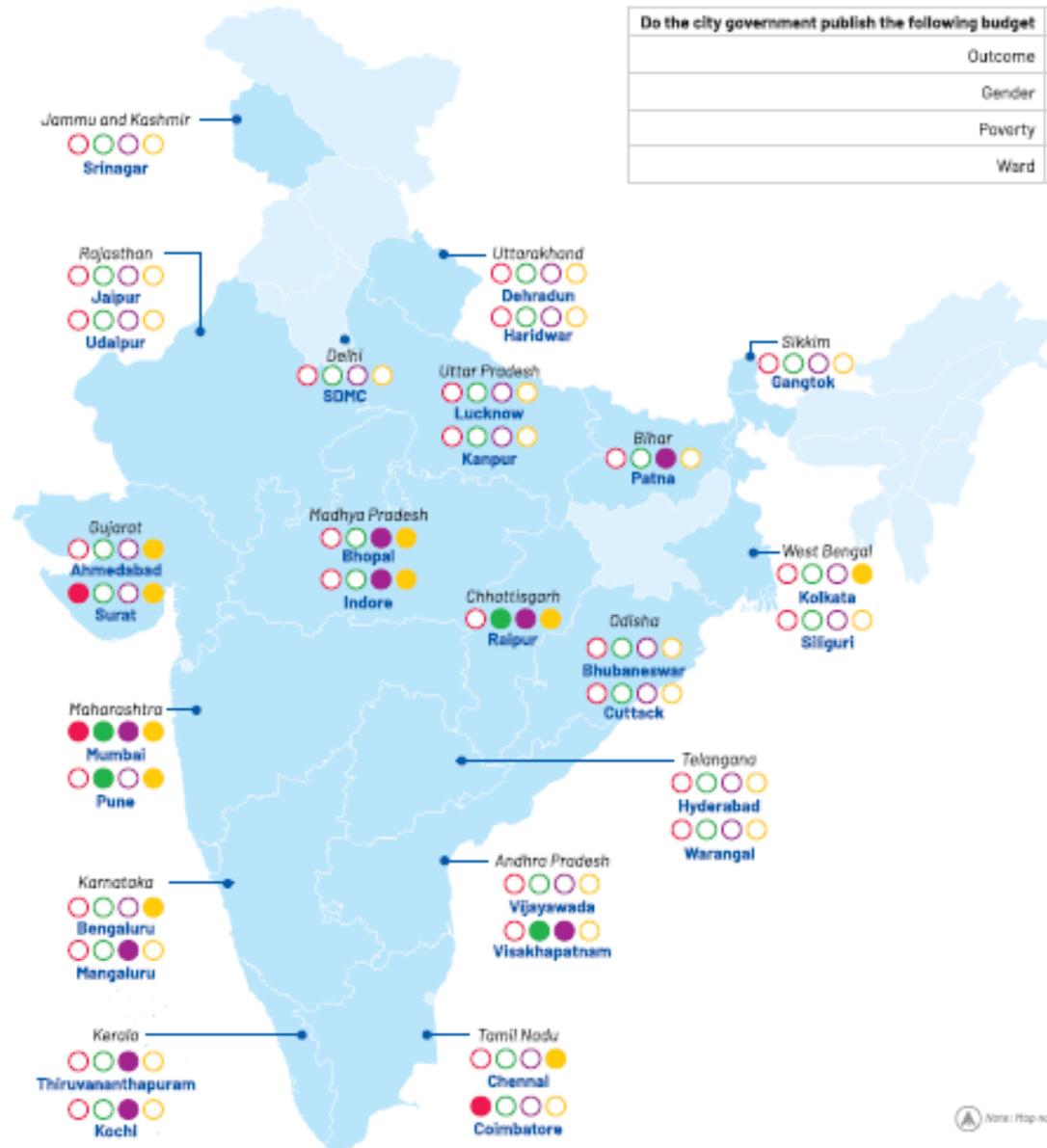
City	Budget Format
Vijayawada	Account Head Wise
Vishakhapatnam	Department Wise
Patna	Account Head Wise
Raipur	Department Wise
Delhi	Department Wise
Ahmedabad	Department Wise
Surat	Account Head wise
Bengaluru	Department Wise
Mangaluru	Department Wise
Kochi	Account Head Wise
Thiruvananthapuram	Account Head Wise
Bhopal	Department Wise
Indore	Department Wise
Mumbai	Department Wise
Pune	Department Wise
Bhubaneswar	Account Head Wise

City	Budget Format
Cuttack	Account Head Wise
Jaipur	Account Head Wise
Udaipur	Account Head Wise
Gangtok	Account Head Wise
Chennai	Account Head Wise
Coimbatore	Account Head Wise
Hyderabad	Account Head Wise
Warangal	Account Head Wise
Lucknow	Department Wise
Kanpur	Account Head Wise
Dehradun	Department Wise
Haridwar	Account Head Wise
Kolkata	Department Wise
Siliguri	Account Head Wise
Srinagar	Just the list of expenses and income is mentioned without any categorization

## Key Observations

- 17 out of 31 cities follow the account head format for budgeting, while 13 cities have department wise format.
- Even though the cities are categorised between these two format types, the details for every city vary. The format between cities and between years for a city also differs.
- The accounts codes, nomenclature for major account heads and minor account heads also vary from city to city.

Do the city government publish the following budget	YES
Outcome	●
Gender	●
Poverty	●
Ward	●



## Key Observations

- Document of outcome budget is published by Surat (1 year - 2022-23), Mumbai (5 years - 2016-17 to 2022-23) and Coimbatore (5 years - 2016-17 to 2022-23).
- Only 4 cities out of the 31 (Vishakhapatnam, Raipur, Mumbai and Pune) publishes gender inclusive budget.
- 9 out of 31 cities publish poverty alleviation budget in their municipal budgets.
- 10 out of 31 cities publish ward-wise budget in their municipal budgets.



Thank you





# *Fiscal Empowerment of City Governments*

**Phase 2 Provisional Report**

**25<sup>th</sup> November 2022**





## ***Session 2: Strengthening Municipal REVENUE***

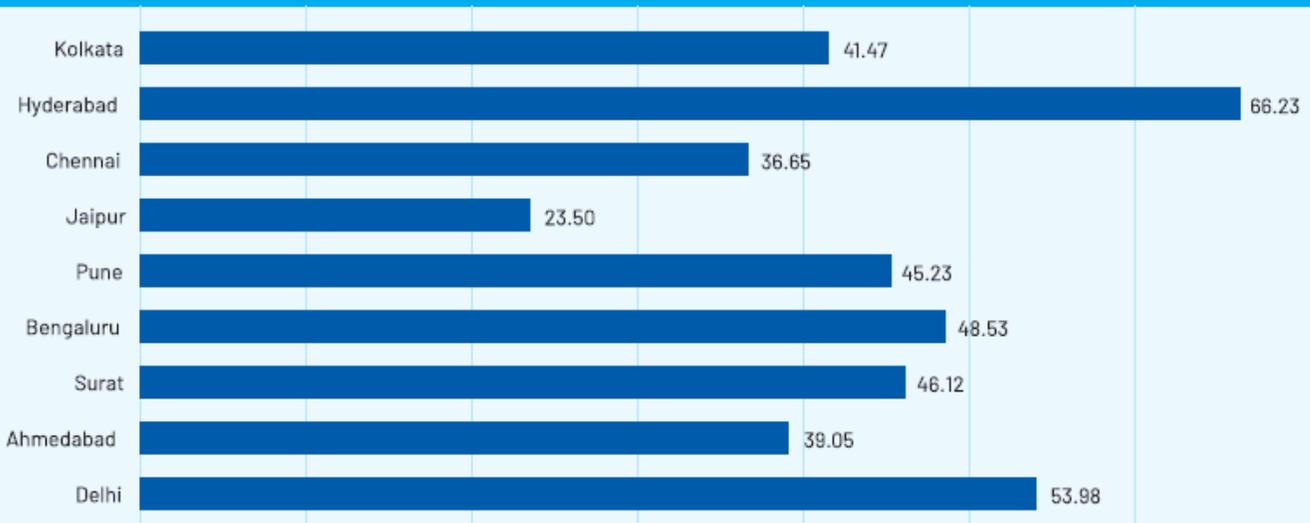


# Percentage Share Own Source Revenue to Total Income



- Mumbai has Average Percentage Share of Own Source Revenue to Total Income of 72.11%.
  - Octroi was the main source of revenue for Mumbai, but the loss of this revenue source due to the implementation of the Goods and Services Tax (GST) has significantly impacted the revenue generation for Brihanmumbai Municipal Corporation (BMC).

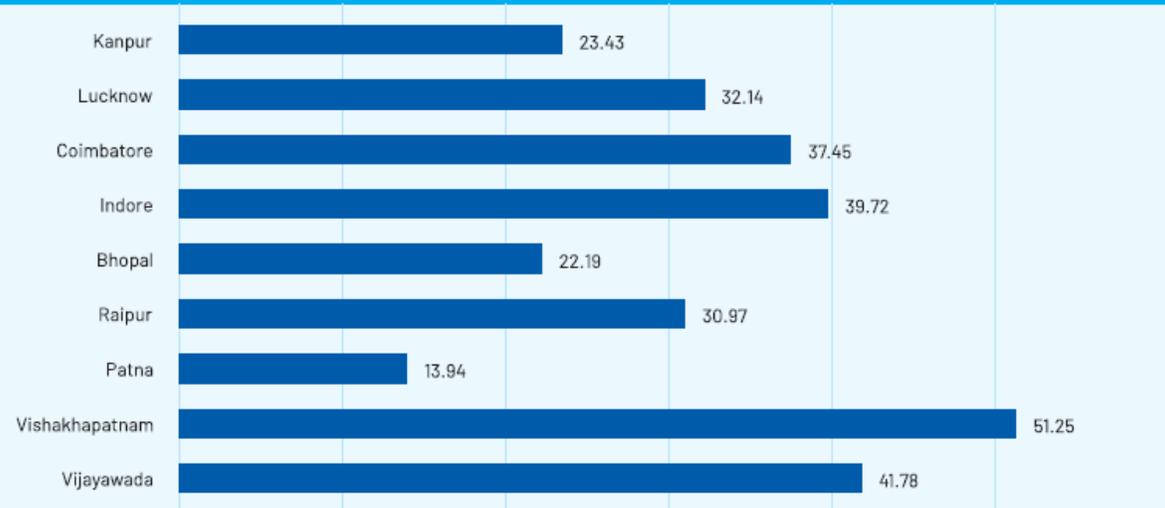
**Average Percentage Share of Own Source Revenue to Total Income: Cities above 30 lakh population (FY 2017-18 to FY 2020-21) (in %)**



## Key Observations

- The Average Percentage Share of Own Source Revenue to Total Income for these 9 cities is 44.53%.
- Jaipur levies only two taxes namely, the House Tax and the Urban Development Tax which are categorized under the head of Property Tax. Although in an attempt to diversify and expand the tax base, the Jaipur Municipal Corporation (Greater) has linked sanitation charges with electricity bill (per unit charge) to improve the tax collected.

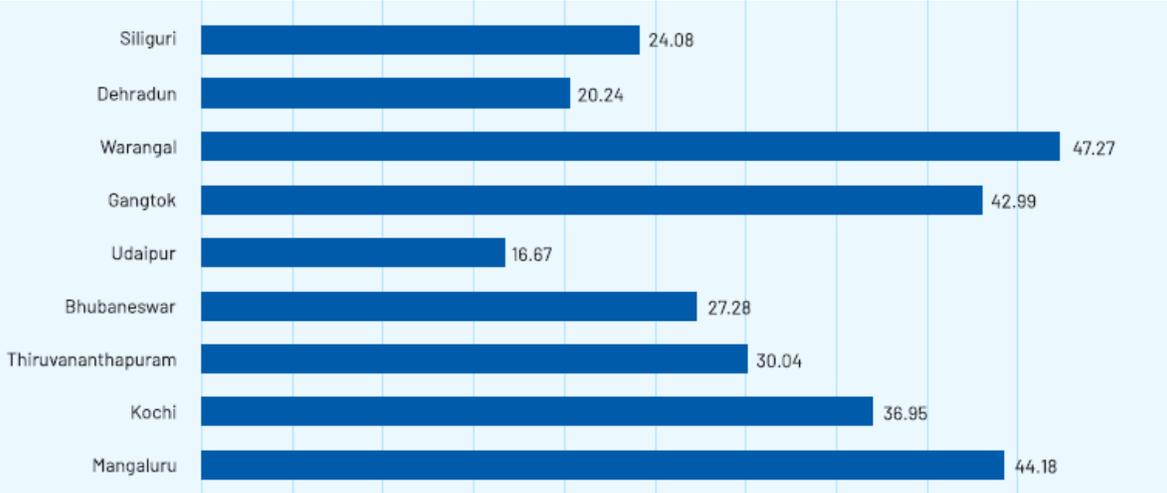
**Average Percentage Share of Own Source Revenue to Total Income: Cities between 10 to 30 lakh population (FY 2017-18 to FY 2020-21) (in %)**



## Key Observations

- The Average Percentage Share of Own Source Revenue to Total Income for these 10 cities is 29.29%.

**Average Percentage Share of Own Source Revenue to Total Income: Cities below 10 lakh population (FY 2017-18 to FY 2020-21) (in %)**



## Key Observations

- The Average Percentage Share of Own Source Revenue to Total Income for these 11 cities is 29.68%.

## Key Observations

- No city from the 11 cities has Average Percentage Share of Own Source Revenue to Total Income more than 50%.
- In Udaipur, it was observed that the sewerage tax and luxury tax were reflected in the budget until the year 2017-18 and the sewerage connection charges were collected from 2018-19. Thus, from 2018-19 to 2020-21 the Tax Revenue was solely comprised of the Urban Development (Property) Tax.
- Gangtok Municipal Corporation does not levy Property Tax, which is the main source of revenue for the city governments. It's Total Tax Revenue consists of only two taxes, namely Toll Tax and Entertainment Tax.
- The Kochi Municipal Corporation revised the tax rates in 2016, but the revised tax rates were not implemented until 2020. As they were collecting taxes based on the 2011 tax rates it resulted in loss of total tax collected.
- Thiruvananthapuram has witnessed high non-Tax revenue due to the innovative methods and effective administrative reforms by the Municipal Corporation. Thiruvananthapuram Municipal Corporation (TMC) imposes Rs 50,000 fine for dumping waste in public areas. It earns revenue from auctions held on shopping complexes, coconut trees, mango trees, etc.



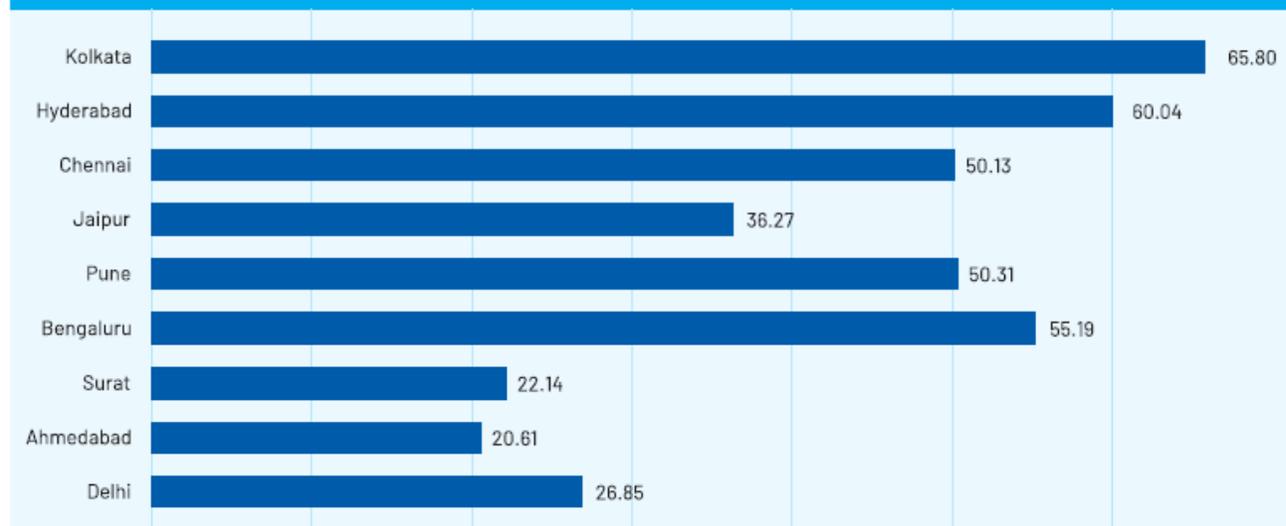
# Average Percentage share of Property Tax to Own Source Revenue



## Mumbai

Average Percentage Share of Property Tax Revenue to Own Source Revenue of 6.72%.

**Average Percentage Share of Property Tax Revenue to Own Source Revenue: Cities above 30 lakh population (FY 2017-18 to FY 2020-21) (in %)**

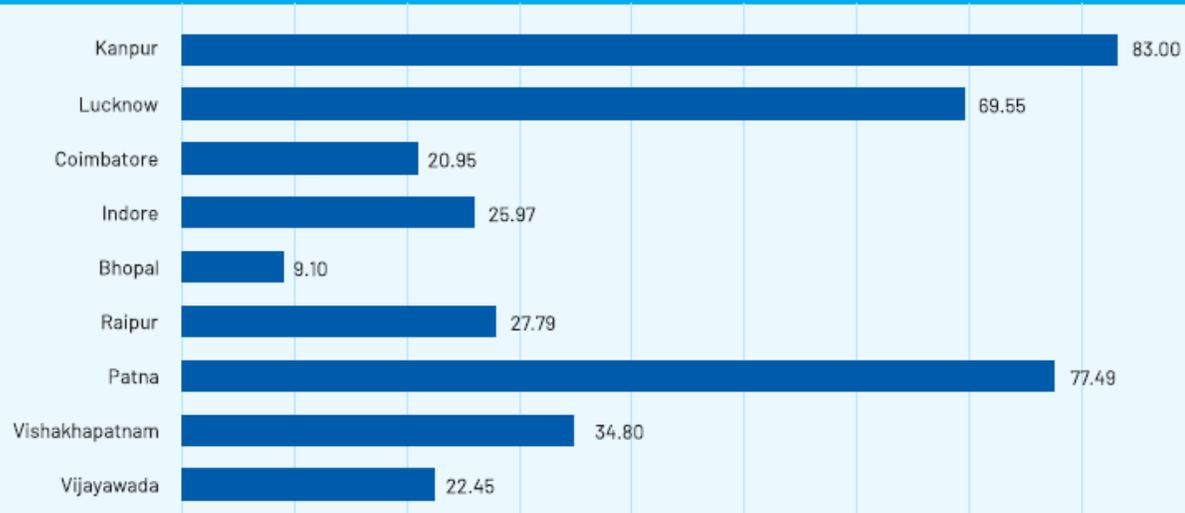


## Key Observations

- The Average Percentage Share of Property Tax to Own Source Revenue for these 9 cities is 43.04%.
- Pune Municipal Corporation (PMC) has initiated a scheme under Property Tax; where all the properties receive concession from 5 to 10% if their house/housing society has installed **Solar Panels, Rain Waste Harvesting and Solid Waste Management**. PMC also imposes Rs 350 per month service charges for slums (instead of property tax).

- Surat Municipal Corporation (SMC) promotes online payment of property tax, but for those who are unable to access online modes, officials with wireless computer and printer assist the ones who can't pay tax online.
- To enhance property tax coverage, the Greater Chennai Corporation uses 'Drone surveys' to map the property areas and conducts 'field survey' for ground truthing. Due to lack of technical capacity, the use of geographic information system (GIS) has been outsourced.

**Average Percentage Share of Property Tax Revenue to Own Source Revenue:  
Cities between 10 to 30 lakh population - (FY 2017-18 to FY 2020-21) (in %)**



## Key observations

- The Average Percentage Share of Property Tax to Own Source Revenue for these 10 cities is 37.11%.
- Presently, Property Tax is not applicable in Srinagar. Although, Srinagar has received the authorization to levy property tax and user charges in the city as per Jammu & Kashmir Municipal Corporation Act 2019, Section 84 (1). Jammu & Kashmir Property Tax Board Act, 2013 mandates to constitute a Property Tax board, which is under consideration and being processed.
- Vijayawada and Vishakhapatnam have shifted from Annual Rental Value system (ARV) for property tax calculation to Capital Value System (CV) in 2020.

**Average Percentage Share of Property Tax Revenue to Own Source Revenue: Cities below 10 lakh population (FY 2017-18 to FY 2020-21) (in %)**



## Key Observations

- The Average Percentage Share of Property Tax to Own Source Revenue for these 11 cities is 39.35%.
- Dehradun in 2018 received an aid from the World Bank to initiate GIS mapping of properties in the city. Due to usage of information technology, it witnessed an expansion in the base of taxable property and an increase in the revenue generation.

## Kochi

"In 2016, Kochi Municipal Corporation introduced Self-Assessment Method for property tax collection. Citizens receive '*Door Number*' after the assessment of property is completed.

To ensure that everyone pays property tax, citizens can only avail for services like water supply, electricity etc. if they have received their Door Number.

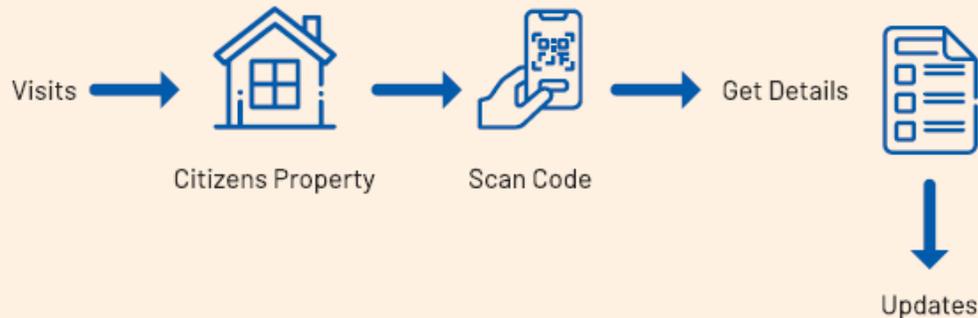
## Property Tax Mechanism in Jaipur and Udaipur



SPL Tax Collectors



Waste Collectors



- Jaipur Municipal Corporation (Greater) in March 2020 and Nagar Nigam Udaipur in August 2020 **signed a tender** with Sparrow Softech Pvt. Ltd. (SSPL) regarding Property Tax Project. Sparrow is a private company who is in-charge of billing and collecting Urban Development Tax and conducting Property Survey.
- After the survey, each property is assigned a ‘**Service Number (SRV number)**’. Based on the SRV number a **QR code** is generated and is stuck on every door. All the details regarding the property can be reviewed once the QR code is scanned on the property tax app.



# Innovative Financing: Municipal Bonds



- Ahmedabad Municipal Corporation (AMC) **has issued Municipal Bonds first time in India** in the year **1998** and subsequently in 2002, 2004, 2005 and 2019. It can be learned that Ahmedabad has been able to achieve such results by **1) Improving tax collection 2) Making the government more open and transparent 3) Appointing a number of well-trained professionals to increase the technical capacity of the municipal government.**

## Success:

- Since 2008, Ahmedabad has **implemented 31 projects** under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) without significantly exceeding the budget.
- From 2014 to 2018, Ahmedabad 's **income exceeded its expenditure**. This was accompanied by an increase in tax and non-tax revenues and reductions in power costs and interest costs due to loan restructuring.
- To meet the fund requirements for various infrastructure projects, the Greater Hyderabad Municipal Corporation (GHMC) has raised [Rs 200 crore](#) through municipal bonds in February 2018. Within four months, GHMC raised Rs 195 crore via municipal bonds seeking to use it for roads project. Further its raised Rs [100 crore](#) in the third tranche.
- Pune Municipal Corporation (PMC) has issued bonds in 2017, raising Rs 200 crore to finance its [24x7 water supply project](#).
- In Bhopal bonds were issued in June 2018 for the contribution in AMRUT project worth 117 crores. Bonds issued while 20 crores at 7.25 rate of interest were received as subsidy from the Central Government.
- Lucknow raised INR 200 crore by issuing municipal bonds in December 2020 for various infrastructural projects.

# Thank You!

To know more:



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