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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 2
January 2025





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*Case studies of municipal finance of Ahmedabad, Bengaluru, Guwahati and
Raipur*

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In this regard, Praja Foundation conducted to study four Indian cities to develop a deeper understanding about the existing situation of municipal finance, various acts and regulations governing the financial architecture of the urban local bodies, status of implementation of various reforms proposed by the respective central and state finance commissions (CFCs/SFCs), guidelines issued by Security and Exchange Board of India (SEBI) on tapping the bond and capital market from time to time among others. Praja Foundation conducted a data-driven study in the cities of Ahmedabad, Bengaluru, Guwahati, and Raipur. Our study shares insights into the current status of ‘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, Weakness, 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. Preface

The study ‘Strategic Framework to strengthen municipal finance of Indian cities’ has been conducted by Praja Foundation, along with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) under the Sustainable Urban Development Smart Cities II (SUDSC II) project, to examine the current state of municipal finances in Indian cities, identifying key challenges, and suggests ways to improve financial performance and governance. The cities for the study were selected in consultation with the Ministry of Housing and Urban Affairs (MoHUA), and the study has been carried out in **Ahmedabad, Bengaluru, Guwahati, and Raipur**.

Volume 1: ‘Strategic Framework to strengthen municipal finance of Indian cities’ report provides an overview of the state of municipal finance summarising key trends, challenges and policy recommendations. While Volume 1 provides a comprehensive overview, Volume 2: ‘Case studies of municipal finance of Ahmedabad, Bengaluru, Guwahati and Raipur’ delves deeper into the specific case studies conducted for individual cities.

The analysis in Volume 1 is based on six years of budget data, while the analysis in Volume 2 involves seven years of budget data. The difference in the analysis period was due to the availability of budget documents as the data for the comparison city was accessible only for six years. Each volume presents findings based on the respective budget data available, ensuring consistency and accuracy within its scope.

The case studies provide an in-depth examination of municipal financial strategies, climate and gender responsiveness in diverse context of study cities. Each case study provides a deeper understanding of unique opportunities and challenges faced by the cities. It also provides a detailed exploration of municipal governance, financial planning, and innovative practices in the respective cities.

This volume highlights the achievements and challenges of these cities and also offers actionable recommendations to enhance financial independence, and governance efficiency. It serves as a resource for policymakers, researchers, and practitioners dedicated to advancing municipal finance for sustainable urban development in case study cities.

IV. Executive Summary

India is witnessing unprecedented urban growth, with the 2011 Census reporting approximately 377 million people (31.14% of the total population) living in urban areas, a figure projected to exceed 600 million by 2031 (NITI Aayog, 2021). Despite occupying just 3% of the nation's land, cities contribute a staggering 60% to the GDP. By 2047, it is estimated that 50% of the population will reside in urban areas (United Nations, 2018). This rapid urbanisation presents both challenges and opportunities for economic and social progress. Although the 74th Constitution Amendment Act (74th CAA) of 1992 aimed to empower urban local bodies (ULBs) by transferring 18 functions from state governments, inconsistent implementation has hindered their effectiveness. Many states have not fully devolved these functions, resulting in inadequate funding for essential services such as water, sanitation, and housing. Consequently, municipal revenues and expenditures are significantly lower than in other developing countries, obstructing effective governance.

As per the Seventh Schedule of the Indian Constitution, local governments fall under the State List, resulting in variations in their empowerment and structure from state to state. This variability complicates the study of municipal finances, given the differences in accounting, budgeting, and budget publication practices among local governments across India. The Prime Minister of India in the Chief Secretary's Conference on Urban Governance held at Dharamshala (July 2022) had urged the states to increase the share of municipal revenue in the GDP.

To have a deeper understanding of municipal finance issues, Praja Foundation, in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) under the Sustainable Urban Development Smart Cities II (SUDSC II) project, conducted a finance study across four diverse city governments – **Ahmedabad, Bengaluru, Guwahati, and Raipur**. This study focused on existing municipal finance practices. It explored innovative financial instruments like municipal bonds and hybrid models to enhance sustainable urban development and alleviate the rapidly increasing needs of gender-responsive and climate-resilience approaches.

A study of city budgets over seven financial years (2016-17 to 2022-23) focusing on State Municipal Acts, Municipal budget books, the State climate action plan, and various audit reports was undertaken. Significant variations in accounting practices and discrepancies in budget categorisation were observed, prompting the need to standardise documents per the National Municipal Accounts Manual (NMAM). Financial ratios were then calculated based on both nominal and real values.

City-specific Insights

Ahmedabad: Ahmedabad is known for its robust municipal governance. It has several strengths, including the authority to revise taxes independently, the inclusion of climate, gender, and ward-wise budgets in its planning, and successful initiatives like green bonds for sustainable projects. AMC also offers citizen-friendly measures like self-assessment tax tools, rebates for early payments, and alerts through emails and SMS. Ahmedabad has leveraged municipal bonds effectively, including green bonds for projects under the AMRUT scheme. It has introduced innovative revenue mechanisms, such as 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 OSR.

However, AMC faces challenges such as low growth in non-tax revenue, a lack of performance and outcome budgets, and inadequate transparency in publishing critical reports like credit ratings and gender budgets. Reliance on state transfers and gaps in property tax assessments further limit financial independence. Its dependency on state grants and low annual growth in non-tax revenue remain areas of concern.

AMC should focus on improving its revenue by updating property tax assessments with advanced GIS technology and introducing new user charges for municipal services. Greater financial independence can be achieved by giving AMC more control over tax rate setting and publishing detailed budget reports. Financing options like green bonds should be expanded to support sustainable development. Addressing workforce gaps, particularly by filling vacant positions and providing regular training, will enhance efficiency. Increasing women's representation in AMC's workforce and creating gender-focused programs will improve inclusivity. Ahmedabad's adoption of a Climate Resilient City Action Plan sets an example for other cities, publishing a dedicated climate budget and integrating climate risk assessments into planning will help AMC align urban growth with sustainability goals.

Bengaluru: BBMP, the civic body governing Bengaluru, is one of India's largest municipal corporations. It plays a pivotal role in overseeing the city's infrastructure, services, and urban development. BBMP has a climate budget and gender-related allocations under the social welfare head of municipal budget. It uses GIS mapping for property records and offers online property tax payment options. Bengaluru is also one of the few cities in India with a Climate Action and Resilience Plan demonstrating a commitment to sustainability.

However, as a technological hub, BBMP faces challenges like low growth in non-tax and property tax revenues, lack of authority to approve its own budget, and insufficient transparency due to unpublished audit reports. It is also severely understaffed, with nearly half the positions vacant, and struggles with infrastructure issues such as traffic congestion, water shortages, and inadequate waste management. The challenges of misaligned property mapping and the absence of an elected body continue to pose risks. The city relies heavily on state transfers for its budget, reflecting limited fiscal autonomy. Despite its 'B+' credit rating, Bengaluru has not issued municipal bonds due to administrative delays. Its recently launched Climate Action and Resilience Plan but inefficiencies in property tax collection and limited budget transparency hinder financial stability.

BBMP has significant opportunities to enhance its performance and efficiency. Key measures include publishing performance and gender budgets, issuing municipal bonds, and adopting advanced technologies for property tax assessments to improve revenue. Progressive property tax rates aligned with market values and regular property surveys using modern tools can increase collections and reduce under-assessment.

Addressing staffing gaps by filling vacancies and providing structured training is essential. Granting BBMP greater fiscal autonomy to approve budgets and set tax rates independently can further strengthen governance. Efficiency in expenditure can be achieved through performance-based budgeting and partnerships with the private sector for municipal services.

To promote inclusivity, BBMP should ensure minimum gender representation in its workforce and establish dedicated gender units. For climate resilience, publishing a climate budget and integrating climate risk assessments into planning are crucial steps to secure funding and balance urban development with environmental sustainability. These steps will strengthen BBMP's governance and financial sustainability.

Guwahati: Guwahati being the gateway to Northeast India has its unique challenges and opportunities in its development. Guwahati Municipal Corporation (GMC) plays a crucial role in managing the city's growth, but it heavily relies on transfers from state and central governments, which make up about 60% of its revenue, with a significant proportion of its budget funded externally. The city's outdated Annual Rateable Value (ARV) method for property tax valuation that is unchanged since 2008, has limited its revenue potential leading to a decline in tax revenue. The corporation lacks the authority to revise taxes independently and still struggles with gaps in gender-focused programs, climate action plans, and skilled manpower to drive its operations effectively.

Despite these issues, GMC has made progress in certain areas. It has taken efforts to digitise tax collection and empower women through self-help groups like 'Poura-Sakhis' and moving property tax collection online with a self-assessment method. The 'Poura Sakhi' initiative has successfully improved tax collection while empowering women by providing them with employment opportunities. Grants for clean air and waste management programs highlight GMC's alignment with national priorities.

There are significant challenges to address. There is minimal focus on critical areas such as gender inclusion, climate resilience, and the provision of basic services, particularly in underserved and hilly areas. High dependency on state funds, inadequate representation of women in staff and leadership roles, and limited basic services in certain areas remain persistent threats to the corporation's growth and effectiveness.

There are several opportunities for GMC to enhance its performance. The corporation can explore innovative financing models, such as issuing municipal bonds and leveraging Tax Increment Financing (TIF). Developing a city-specific climate action plan could position GMC as a leader in sustainable urban development. Addressing staffing gaps and providing structured training programs could significantly enhance the corporation's capacity to deliver better services.

By addressing these key areas, GMC can reduce its reliance on external funding, improve services for citizens, and build a more inclusive and sustainable city.

Raipur: Raipur is an emerging urban centre in the State of Chhattisgarh. 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. RMC has taken several positive steps which includes gender and ward budgets in its municipal framework, uses GIS-based systems for property tax collection, and offers modern payment options. RMC also publishes credit ratings and engages citizens through participatory budgeting. However, there are areas for improvement. RMC does not prepare performance, outcome, or climate budgets and lacks the authority to approve its own budget. Its high dependence on central transfers and stagnant property tax revenues are significant challenges. Although RMC provides some services for women and children, it does not have a dedicated gender budget. Additionally, the administration faces a 23.37% vacancy rate and low gender representation among its workforces. Financial constraints, including a budget deficit of INR 53.67 crore and limited own-source revenue, further hinder its sustainability. 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.

To improve its operations, RMC should focus on increasing revenue by using municipal assets, improving property tax coverage, and linking taxes to market rates. Adopting an accrual-based accounting system and partnering with private companies for infrastructure projects can reduce costs. RMC should also work towards gaining more fiscal autonomy, addressing staff shortages, and providing regular training for employees. For inclusivity, RMC should establish gender-specific units and publish a dedicated gender budget. Creating a city-specific climate action plan with clear targets and integrating climate resilience into financial planning will ensure sustainable development. Additionally, improving financial management and implementing escrow mechanisms will strengthen RMC's borrowing capacity and creditworthiness. 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.

By addressing these key areas and interventions, RMC can improve services for citizens, and build a more inclusive and sustainable city.

Chapter 1: Introduction

1.1. Background

India is seeing one of the most rapid urban expansions in history. By 2031, it is anticipated that over 600 million people would reside in urban areas, i.e., 31.14% of the total population (NITI Aayog , 2021). Cities make up only 3% of the country's land, yet they account for an astounding economic contribution of 60% in country's GDP (United Nations, 2018). Further, it is estimated that by 2047, the 50% of the country's population will reside in urban areas (World Bank , 2022).

Cities have become centres of economic growth where better-paying jobs, innovation and key institutions of education and health care facilities are located. Urbanisation brings both challenges and opportunities together and if managed well, it can bring transformative changes by becoming an instrument of economic, social, and political progress. The Constitution of India empowers the state governments to govern the cities and towns, including the power to enact laws, which includes land and related matters. Basic services such as water and sanitation, affordable housing, public transport, and safety among others are provided by city governments, which is the closest local governance institutions to the citizens. Recognising this, the 74th Constitution Amendment Act (74th CAA), 1992, directed devolution of 18 functions (Annexure II) from states to the city governments by focusing on decentralisation of functions and duties.

However, the devolution of functions to city governments is left to the discretion of the state governments, resulting in variations across states. Many state governments included the 18 functions mentioned in 12th Schedule of the 74th CAA and divided them into (a) Obligatory and (b) Discretionary functions. Unfortunately, not all the 18 functions are devolved to any of the city governments across the country and hence the funds and revenue sources linked to these functions are also not transferred. Hence the city governments continue to depend heavily on central and state governments for funds.

Devolution of funds, functions, and functionaries to the city government is essential for efficient service delivery. This has a significant impact on the income sources and finances of the city government. For example, the share of property tax to gross domestic product (GDP) is 0.15% and property tax to municipal revenue is 1%. Municipal expenditures and revenues in city governments of India are only about 1% of the country's GDP, far less compared to other developing countries like South Africa and Brazil, where they are about 6%–7% of the GDP (Ahluwalia, I., et al, 2019).

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. This requires a deeper understanding of the existing municipal finances, analysis of the key drivers, and identifying the challenges of cities and providing solutions to overcoming them. Only such initiatives can strengthen municipal finance and enhance revenue base in a sustainable manner.

To have a deeper understanding of municipal finance issues, this study focuses on existing municipal finance practices. It explores innovative financial instruments like municipal bonds and hybrid models to enhance sustainable urban development and alleviate the rapidly increasing needs of gender-responsive and climate-resilience approaches.

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.

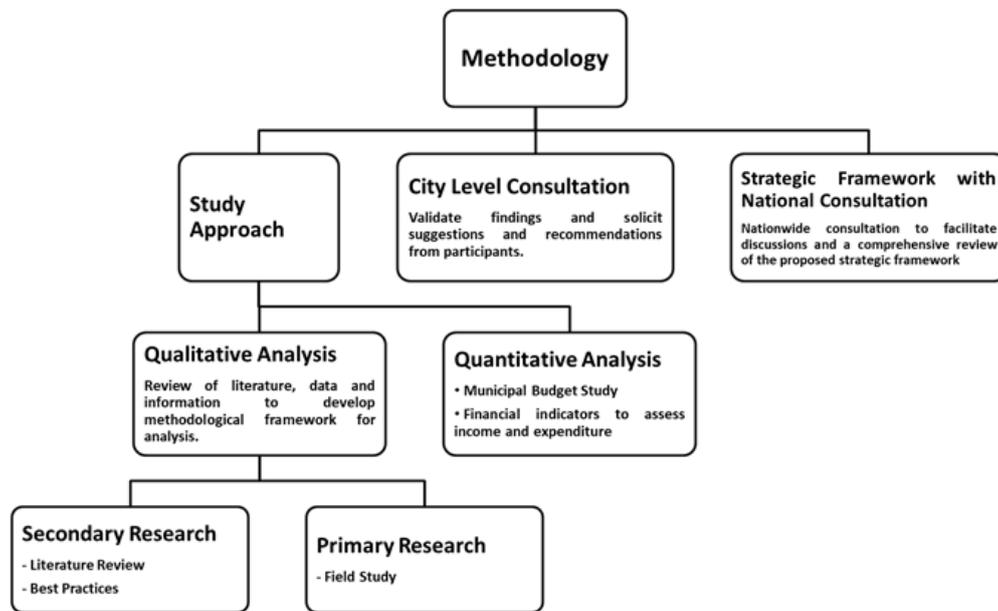
The primary objective of the study is to conduct a thorough evaluation of the current situation of municipal finances in Indian cities. The study also aims to develop a strategic framework that would serve as a practical guide for Indian cities, providing insights into best practices and prospective avenues for financial growth. This study will be an in-depth analysis, which will provide details on their current financial status, various components of municipal finance, identifying trends and areas for improvement.

1.3. Approach and Methodology

The broad methodology comprises three steps, adopted to achieve the set objectives of the study as shown in Figure 1:

1. The approach of the study.
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.

Figure 1: Methodology of the study



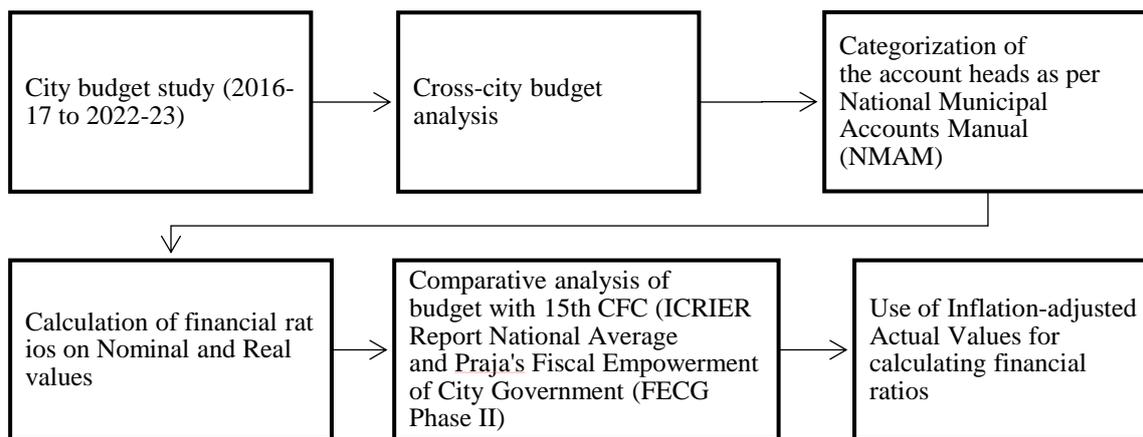
Source: Compiled by study team

The study approach consisted of both qualitative analysis and quantitative analysis. The qualitative analysis involved secondary research through various documents. Secondary research on fiscal decentralisation, municipal finances in Indian cities, trends, is done through articles, journals, reports and government websites. The Municipal Corporation act, municipal budget documents, audit reports, SFC reports, ATR were taken from the corporation website. Where the documents were not available on corporation website they were collected from the municipal corporation during the visit. Analysis of these documents yielded insights into the operations of the city government, current practices, trends, opportunities, challenges, and best practices, among other factors.

The qualitative analysis also involved primary research through a field study. A comprehensive questionnaire was prepared, which focused on the municipal finance status, gender responsiveness, and climate-resilient approaches. Several stakeholders were interviewed using this questionnaire, through non-structured discussions. These interviews gathered insights from all the concerned stakeholders to enrich understanding about the existing situation and various dynamics of municipal finance, gender responsiveness, and climate-resilient approaches being adopted by the corporation.

The quantitative analysis is done through the budget study of the city. The process adopted for budget study is explained in Figure 2.

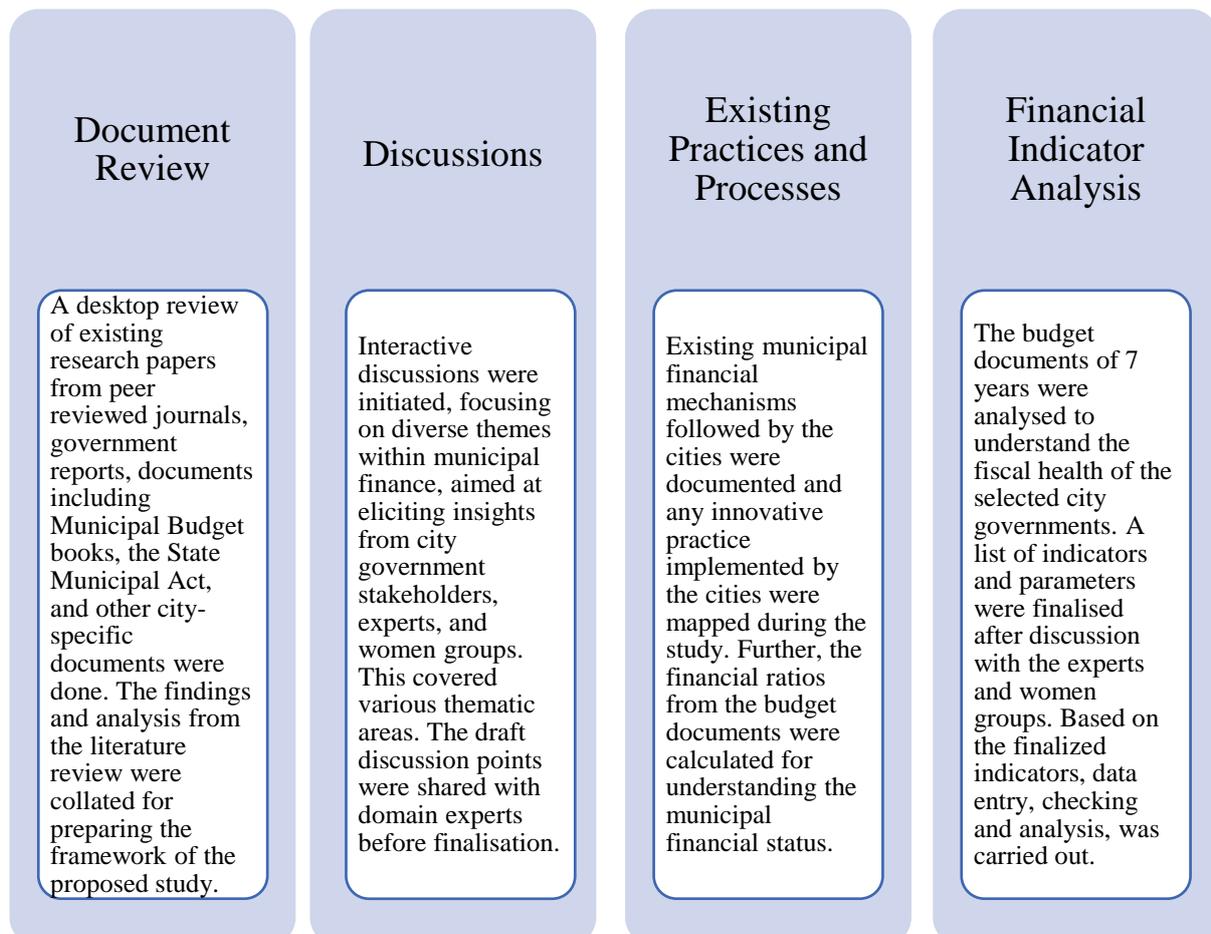
Figure 2: Process of budget study



Source: Compiled by Authors

Consultations were conducted at the city level to share the preliminary results from both secondary and primary research. These discussions allowed stakeholders to provide feedback, offer suggestions, and confirm the accuracy of the study's findings, ensuring they were aligned with local perspectives. The findings of the same are discussed in detail in each chapter of the report.

Figure 3: Process followed for the study



Source: Compiled by study team

The adopted methodology and process yielded considerable data. The analysis of this data was a bit challenging as the budget data was not uniform in nature. The nomenclature of account heads also differed from city to city, creating variation in the total accounting process. To overcome this challenge the rules defined under the NMAM was followed, which helped in categorizing the account heads based on their nature and purpose.

The budget data analysis carried out thereafter aimed to provide a holistic view of the financial health of municipal corporations by calculating 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 economic 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. Inflation-adjusted Actual Values were then used to calculate financial ratios such as Annual Growth, Percentage Share to the Total income and Revenue income from FY 2016-17 to FY 2022-23. The budget documents for seven financial years were analysed for all four cities.

Chapter 2: Ahmedabad

2.1. City Profile

This case study is about the city of Ahmedabad, Gujarat. Ahmedabad is the largest city in Gujarat, India. It is a prominent industrial and economic hub, steeped in rich history and culture. It is known for its vibrant blend of traditional and modern influences. Ahmedabad contributes significantly to Gujarat's industrial and commercial development. Key industries include textiles, pharmaceuticals, automobile and engineering, Information technology, financial services, and gems and jewellery. With a blend of economic growth and cultural richness, Ahmedabad is an important city in India's urban landscape.

As per Swachh Survekshan 2023, the annual cleanliness survey of the Government of India, Ahmedabad was placed 15th out of 4477 cities in zonal ranking list of cleanest cities with a population of 1 lakh and above. Also, the city has been declared as one of the water surplus cities in the country and open defecation free (ODF) city (Swatch Sarvection, 2023).

With a score of 57.60 in the Municipal Performance Index 2020, Ahmedabad stood 6th in ranking among 51 cities with a population of over a million (Municipal Performance Index , 2020). In the Ease of Living Index 2020, Ahmedabad was ranked 19th out of 49 cities (Ease of Living Index , 2020).

As per Census of India, Ahmedabad had a population of 55,77,940 in 2011 and it is currently estimated at 8,159,000 in 2025.

Geography and Climate

Situated on the banks of the Sabarmati River in central Gujarat, the Ahmedabad city spans approximately 464 km. The topography is mostly flat with the Sabarmati River cutting through the city.

Ahmedabad experiences a semi-arid climate with three distinct seasons – summer, monsoon, and winter. Summer (March to June) is hot with temperatures often touch 40 °C and above. Monsoon (July to September) often brings moderate to heavy rainfall. The annual rainfall is about 800 mm. Winter (November to February) is pleasant and mild, with temperatures ranging from 10 °C to 25 °C.

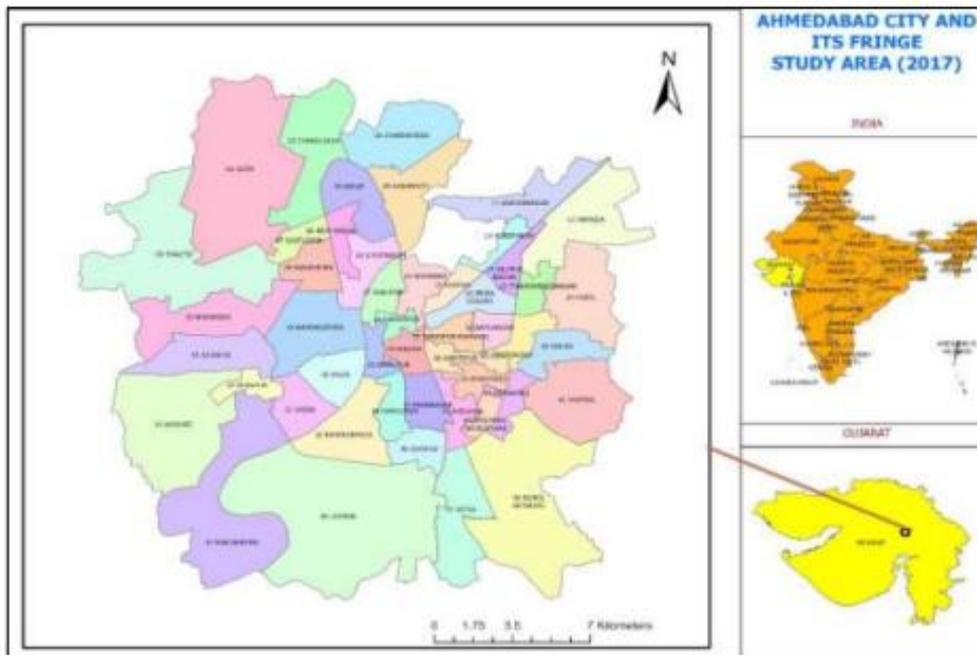
Ahmedabad Municipal Corporation (AMC)

The Amdavad Municipal Corporation or Ahmedabad Municipal Corporation (AMC) is the governing body responsible for the administration and civic infrastructure of Ahmedabad. It was established in 1950, under the provisions of the Bombay Provincial Municipal Corporation Act, 1949. AMC is entrusted with the tasks of managing and developing the city's public services and infrastructure. Some of the main tasks of AMC are as listed below.

1. Overseeing land use, zoning, and sustainable development (Urban Planning)
2. Managing hospitals, health programmes, sanitation, and waste management (Public Health)
3. Providing clean drinking water and managing wastewater systems (Water Supply and Sewage)
4. Building and maintaining roads, bridges, and public transport systems like BRTS and (Metro Roads and Transport)
5. Promoting green spaces, pollution control, and environmental sustainability (Environment and Parks)
6. Running schools and supporting community development projects (Education and Welfare).

AMC's management structure has also two wings: the elected wing and the administrative wing. The elected wing comprises 192 councillors elected from 48 wards (Figure 4). They are led by the mayor. The administrative wing is managed by the municipal commissioner, an IAS officer, who is responsible for implementing policies and overseeing day-to-day operations.

Figure 4: Administrative map of AMC



Source: <https://ijmr.net.in/current/2019/FEBRUARY.-2019/SjCwre2b0gLG2vd.pdf>

The overall literacy rate in Ahmedabad district, including the AMC area, is approximately 85.31% as per the 2011 Census. The literacy rate in the AMC area is pegged higher at about 88%, reflecting urban educational infrastructure. The male literacy rate is about 91%, the female literacy rate is lower at about 79%. The gap between male and female literacy has been narrowing due to increased focus on female education.

AMC holds independent authority in three major areas: (a) to introduce new taxes/charges; (b) to revise the tax rates/charges, and (c) to approve the budget. These rights are bestowed on AMC through the State Municipal Act. However, as per Praja’s Urban Governance Index 2024, only 9 out of the 18 functions are devolved with AMC. Although the AMC fares better than many other municipal corporations in the country in this regard, its financial autonomy and control over the city’s administrative processes are not yet at the desired levels.

The major initiatives of AMC include driving (a) the Smart City Mission focusing on digital and infrastructural development, (b) the cleanliness drive focusing on cleanliness and waste management efforts, (c) the heritage conservation effort focuses on preserving the city’s cultural and historical sites, contributing to its UNESCO World Heritage status, and (d) sustainability projects such as solar power installations and green buildings. Table 3 gives a snapshot of AMC’s city profile.

Table 1: City profile of AMC

Sl No.	Details of the Municipal Corporation	
1	Name of the City Corporation	Ahmedabad Municipal Corporation (AMC)
2	Population	55,77,940 (Census 2011) 8,159,000 (Current estimated, Census of India)
3	No. of municipal wards and Administrative Zones	48 wards (7 Zones)

4	Term duration of current elected representatives	2021-2026
5	No. of councillors /Councillors - Elected	192
6	No. of councillors /Councillors - nominated (if not actual, based on Act)	NA
7	No. of sanctioned vs filled posts	Sanctioned -39210, Working- 23106, Vacant –16104, Vacancy % - 41.07% (as per RTI data)
8	Credit rating	CRISIL AA+/Stable in 2024
9	Schedule of council meetings	Corporation meets once per month; Special Committee meets once in fortnight. Standing committee once a week
10	If Smart city, is there a special purpose vehicle in place?	Yes. Smart City Ahmedabad Development Limited (SCADL)
11	Have ward/s committees been created?	Yes
12	Other Details	AMC has a Climate Resilient City Action Plan 2023

Source: Current Estimated population: <https://www.census2011.co.in/census/city/314-ahmedabad.html>

* HR Data: As per RTI data collected, Compiled by study team

Budget Making Process

AMC follows a structured approach while preparing its budget. The approach is designed in such a way that financial planning and allocation are in line with the city’s development goals. The process also ensures transparency and accountability as it involves various stakeholders. Essentially, there are four stages in budget preparation: (a) Planning stage, (b) Preparation stage, (c) Review and finalisation stage, and (d) Execution and monitoring stage. These stages are briefly discussed below.

Planning Stage: In the planning stage, a thorough assessment of needs of different departments of AMC is carried out. The departments include health, education, water supply, roads, sanitation, etc. Local residents and stakeholders provide their input through appropriate platforms such as consultations and ward-level meetings. It is important to note here that the AMC is bound by the policy guidelines issued by the State Finance Department and other relevant authorities. This ensures alignment of AMC’s budget with state and central government schemes, policies, and priorities.

Preparation Stage: Following the policy guidelines of the State Finance Department, each department of AMC submits its budgetary proposals, outlining projected expenditures and revenues. The proposals include capital expenditures for infrastructure development) and operational costs such as maintenance and salaries. Similarly, revenue projections include anticipated incomes for such sources as property tax, professional tax, water charges, user fees, government grants, and loans. The initial draft of the budget is prepared by the Finance Department after consolidating these departmental proposals and revenue projections. The department-wise budget is submitted to the Municipal Commissioner for review.

Review and Finalisation Stage: The Municipal Commissioner, the chief executive of AMC, reviews the draft budget for feasibility, compliance, and alignment with strategic priorities. While doing so, adjustments may be made based on policy objectives, resource availability, and past performance. The draft budget reviewed by the Municipal Commissioner is then presented to the Standing Committee of AMC for further scrutiny and modifications by 30 November. Thereafter, the budget is finalised after debate and approval by the General Board, which comprises elected representatives and councillors 15th February. The final budget is adopted by AMC by 31st March.

Execution and Monitoring: The execution and monitoring stage involves tracking expenditure against budgetary allocations through periodic reviews.

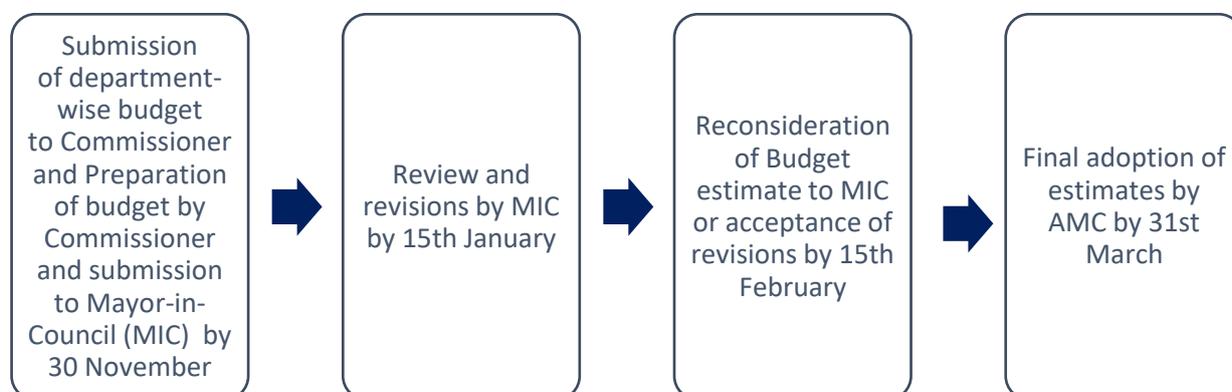
The AMC has also demonstrated increasing emphasis on gender considerations by focusing on urban planning and services aimed at inclusivity. Climate action too forms a critical part of AMC's budget, guided by its Climate Resilient City Action Plan (CRCAP).

The two big advantages that AMC enjoys over other municipal corporations are the following points:

- AMC has independent authority to levy new taxes or revise the existing tax/charges rates from the assigned list mentioned in the GPMC Act 1949.
- AMC can independently approve the municipal budget.

These powers vested with the AMC have had a positive impact on generating own source revenue, which has benefitted the city government immensely. Figure 5 captures the timeline followed by AMC for preparation of the budget.

Figure 5: Timeline of budget preparation process in AMC



Source: Compiled by study team

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 availability of relevant financial information/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 perspective of accountability and transparency to enable borrowing from private sector as well as attract investments in long term. Tables 2 and 3 give details on the parameter of ‘data availability’.

Table 2: 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

Source: Fiscal Empowerment of City Governments Report 2024

Table 3: Availability of audit reports

State	City	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

Source: Fiscal Empowerment of City Governments Report 2024

- AMC has published budget documents in Gujarati language starting from FY 2013-14 while audit reports are available from FY 2018-19 to FY 2022-23 on its website.

Table 4: 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

Source: Fiscal Empowerment of City Governments Report 2024

- Ahmedabad municipal budget includes sections for gender, urban poverty alleviation, climate and ward-wise budget.
- Ahmedabad municipal budget does not include section for 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.

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 5: Details of devolution of fiscal powers of the corporation

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

Source: Fiscal Empowerment of City Governments Report 2024

- AMC have received 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.

Systemic Fiscal Transfers

As for systemic fiscal transfers, the latest SFC and ATR reports were studied for the corporation and their availability were analysed.

Table 6: Details of availability of SFC and ATR of the corporation

State	City	Latest SFC report published on official website.	Action Taken Report of latest SFC published on the official website.
Gujarat	Ahmedabad	Not available	Not available

Source: *Fiscal Empowerment of City Governments Report 2024*

- Data for State Finance Commission (SFC) and Action Taken Report (ATR) is not available for Ahmedabad (Gujarat) as the state government has recently constituted 4th SFC (4th November 2024)

The CFCs and SFCs play an important role in strengthening Indian municipal finance. While the CFC offers larger, national-level support and incentives to municipalities, the SFC concentrates on state-specific concerns and assures a more focused approach to resource allocation. Together, they seek to enhance municipalities' autonomy, governance, and financial stability in order to support sustainable urban development.

The data for SFC and ATR are not available for Ahmedabad (Gujarat) as the state government has recently constituted 4th SFC (4th November 2024). By publishing the SFC data, Ahmedabad would be benefited from adopting the mechanisms to bridge gaps in infrastructure and service delivery, ensuring sustainable urban growth and demonstrate focused and strategic urban governance.

Financial Transparency and Accountability

Financial transparency and accountability are key governance parameter. Citizens should know how public money is being used and operationalised for the development. Hence, City Government should ensure financial transparency through publishing of annual budget and accounts. Literature review and field study have captured the scenario that exists. Table 7 throws light on the budget & account, external audit, credit rating and tenders being published by the corporation.

Table 7: Details of financial transparency and accountability of the corporation

State	City	State Municipal Act makes it mandatory to publish the budget & accounts	State Municipal Act has provision on external audit of Municipal accounts	City Government publishes its Credit Rating on the website	Contracts & tenders dealt by City Government published on website
Gujarat	Ahmedabad	No	Yes	No	Yes

Source: *Compiled by study team*

- AMC has provisions for external audit of municipal accounts and publish contracts and tenders on the city government website.
- The Act does not make it mandatory to publish the budget and accounts.
- AMC does not publish its Credit Rating on the website.

Analysis of Municipal Acts, budget documents, audit reports, SFC reports and ATR, provided details of current practices, trends, opportunities, challenges, and good practices in AMC. Also, the qualitative analysis also involved primary research through a field study. For the field study, the study team designed a detailed questionnaire, which focused on the municipal finance situation of Ahmedabad,

gender responsiveness, and climate-resilient approaches. This comprehensive questionnaire enabled the study team to systematically gather insights from all the stakeholders concerned. Several stakeholders were interviewed using this questionnaire, non-structured discussions. The key stakeholders included the Chief Accountant, Assessor and Tax Collector, Assessor and Tax Collector Office Clerk, domain experts from within the country.

These direct engagements helped gather deeper insights and perspectives from key decision-makers and experts to enrich understanding about the existing situation and various dynamics of municipal finance, gender responsiveness, and climate-resilient approaches being adopted by AMC.

2.2. Municipal Income

2.2.1 Municipal Revenue

Municipal own revenue is vital for AMC's financial autonomy, to discharge its responsibilities to the development of the city. It enables the Corporation to provide essential services, undertake urban development projects, and respond to emergencies without depending solely on external grants. The city also gets support through state and central grants and external funding for development projects.

AMC's **own source revenue** comes from the following main sources such as property tax, user charges and fees, vehicle tax, licenses and permits, and advertisements. Table 8 captures all the major sources of revenue of AMC.

Table 8: Main sources of revenue for AMC

Tax revenue sources	Non-tax revenue sources	Transfers/Grants
Property tax	Entry fee	Professional tax
Vacant land tax	Market fee	Entertainment tax
Vehicle tax	Parking fee	Development fund and other grants by state and central governments
Conservancy tax	Rent from corporation land/plot	Octroi compensation
Water tax	Building permit fees	Education tax
Theatre tax	License fee	
Business tax	Other sanitation charges	
Lighting tax	User charges	
	Sewer charges	

Source: Compiled by study team

The functions performed by the ULBs as per the 12th Schedule of the 74th Constitutional Amendment Act (CAA) and the population of cities vary across the cities; therefore, a financial cross-comparison among case study was not possible. 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 10).

Table 9: Details of population of study city and comparison cities

Population	City	Comparison done with cities	
Above 30 lakhs	Ahmedabad	Kolkata	Surat

Source: Fiscal Empowerment of City Governments Report 2024

Among the devolved functions performed by corporation, function 1: Urban planning including town planning, function (Urban Planning) 2: Regulation of land-use and construction of buildings, function (Land use Regulation) 5: Water supply for domestic, industrial and commercial purposes, function (WS-Dom.,Ind.,Comm.) 6a: Public health, sanitation conservancy and function (PH & Sanitation) 6b: Solid Waste Management (SWM), have been compared across the cities for analysis as major taxes collected by cities are for these functions.

Table 10: Details of devolution of functions for study city and comparison cities

	Devolved functions compared across the cities for analysis				
	1 Urban planning	2 Land-use Regulation	5 WS -Dom., Ind. & Com.	6a PH, Sanitation	6b SWM
Ahmedabad (AMC)					
Kolkata (KMC)					
Surat (SMC)					

Source: UGI Index 2024, Praja Foundation. Compiled by study team

State govt.
 Functions under multiple agencies
 Functions under city govt.

Note: The highlighted city is the study city

For comparison, the municipal budgets of Ahmedabad (AMC) – Ahmedabad Municipal Corporation, Kolkata (KMC) – Kolkata Municipal Corporation, Surat (SMC) – Surat Municipal Corporation are used.

Among the five functions being compared, all three corporations have similar devolution of four functions i.e. function 1 urban planning; function 2: Regulation of land-use and construction of buildings, function (Land use Regulation); function 6a: public health, sanitation, and conservancy; and function 6b: solid waste management.

In the city of Ahmedabad, Urban planning and town planning function and regulation of land-use and construction of buildings function performed by Ahmedabad Urban Development Authority (AUDA), Town Planning Scheme (TSP), and Ahmedabad Municipal Corporation (AMC). Water supply for domestic, industrial and commercial purposes function is performed by Gujarat Industrial Development Corporation (GIDC), Town Planning Scheme (TPS), and Ahmedabad Urban Development Authority (AUDA). Public health, sanitation conservancy function is performed by multiple agencies, i.e., State Health and Family Welfare Department, AMC, Health, Water and Solid Waste Management Department and Solid waste management function is performed by AMC and Health & Solid Waste Management Department.

Tax Revenue

The analysis of the budget documents from 2017-18 to 2022-23 pertaining to tax revenue of AMC has been captured in Figure 6.

Figure 6: Annual growth in tax revenue of AMC from 2017-18 to 2022-23 (%)

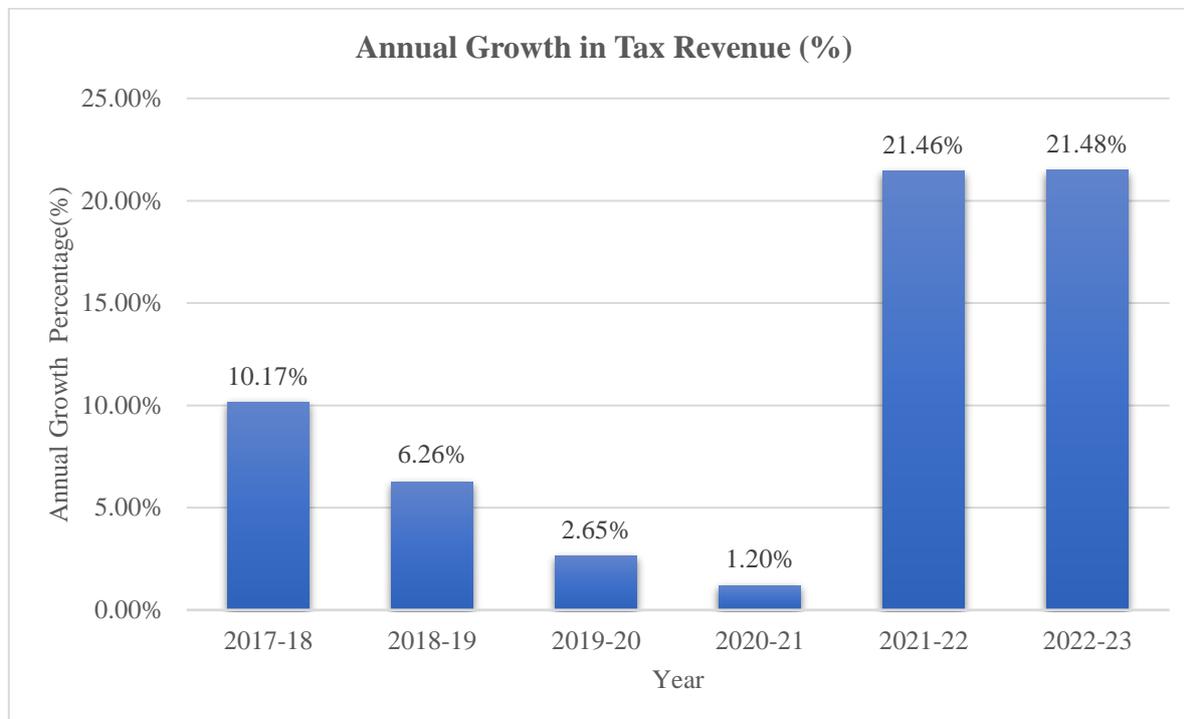


Table 11: Tax revenue of AMC from 2017-18 to 2022-23 (Rs in crore)

Actual (Rs in crore)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue	982	1043	1071	1083	1316	1599

Source: Compiled by study team

- The average tax revenue growth of AMC from FY 2017-18 to FY 2021-22 is 10.17%, with a CAGR of 10.23%. The growth rate initially declined from 10.17% in 2017-18 to 1.20% in 2020-21, before sharply rising to 21.46% in 2021-22 and 2022-23. The steep growth of 21.46% was resulted due to high revenue generated from the collection of increased Property Tax, Vehicle Tax and Water Tax.
- The Annual Growth of Tax Revenue of Ahmedabad for FY 2017-18 to FY 2021-22 is 8.35% which is nearly double of Kolkata (4.49%).
- AMC's tax revenue growth has a CAGR of 10.23%, outperforming the national CAGR for all ULBs i.e. 8.93% (ICRIER, 2019), highlighting AMC's stronger performance in tax revenue growth.

Figure 7: Percentage share of tax revenue to total income from 2016-17 to 2022-23

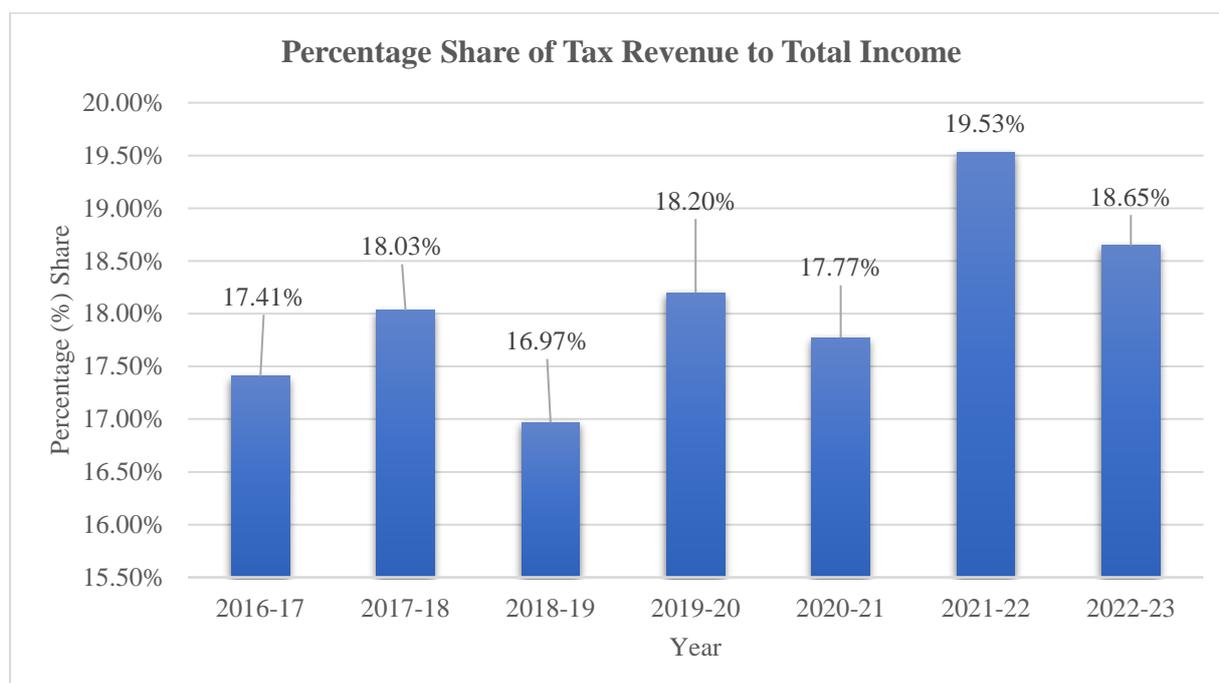


Table 12: Percentage share of tax revenue to total income from 2016-17 to 2022-23 (Rs in crore)

Actual (Rs in crore)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	5118	5443	6146	5883	6096	6739	8573
Tax Revenue	891	982	1043	1071	1083	1316	1599

Source: Compiled by study team

- The average tax revenue percentage share to total income for six years is 18.08%, which is lower than the percentage share of tax revenue to all ULBs during 2012-17 at 25% (ICRIER, 2019). The tax revenue contributes less in AMC's total income than national average.
- The Average Percentage Share of Tax Revenue to Total income of Ahmedabad for FY 2016-17 to FY 2021-22 of Ahmedabad is 17.98%, which is lower than 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.

Non-tax Revenue

Figure 8: Annual growth rate in non-tax revenue: 2017-18 to 2022-23 (%)

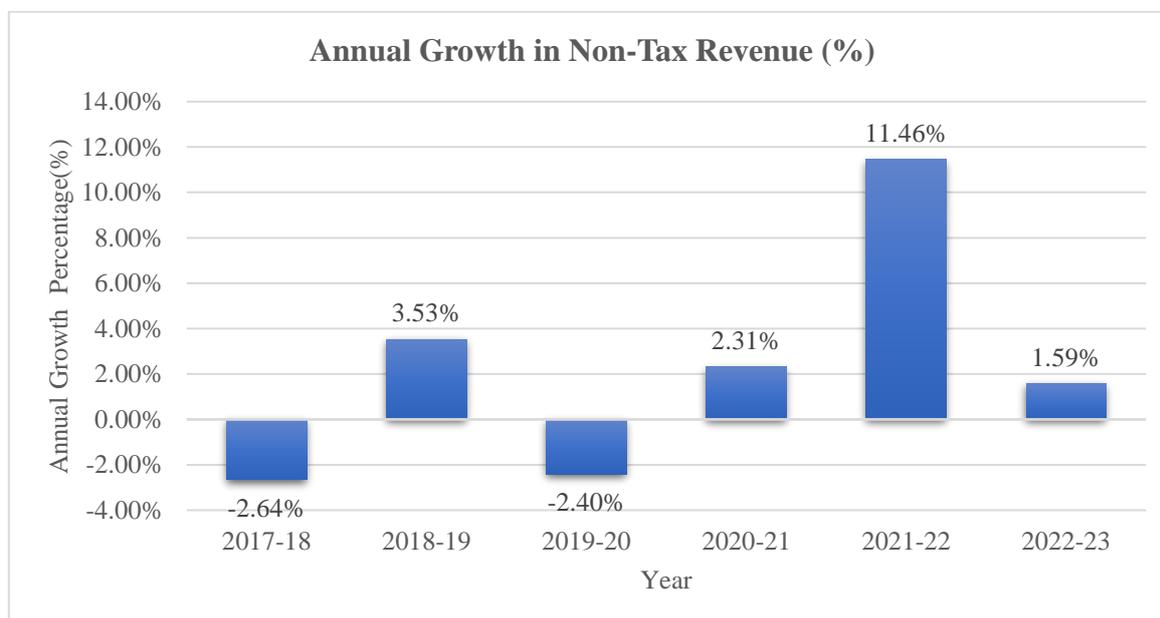


Table 13: Annual growth rate in non-tax revenue: 2017-18 to 2022-23 (Rs in crore)

Actual (Rs in crore)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Property Tax	423	462	475	499	628	726

Source: Compiled by study team

- The average annual growth of non-tax revenue in AMC is 2.31%, with a CAGR of 2.20%. In contrast, the CAGR for all ULBs from 2012 to 2017 was 12.05% (ICRIER, 2019), highlighting that AMC's non-tax revenue growth is significantly lower than the national average.
- The Annual Growth of Non-Tax Revenue of Ahmedabad for FY 2017-18 to FY 2021-22 is 2.45% which is lower than Kolkata (4.10%) and Surat (21.41%).
- The non-tax revenue collection declined to -2.40% in 2019-20 due to the pandemic but has drastically increased to 11.46% in the year 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 9: Percentage share of non-tax revenue to total income: 2016-17 to 2022-23

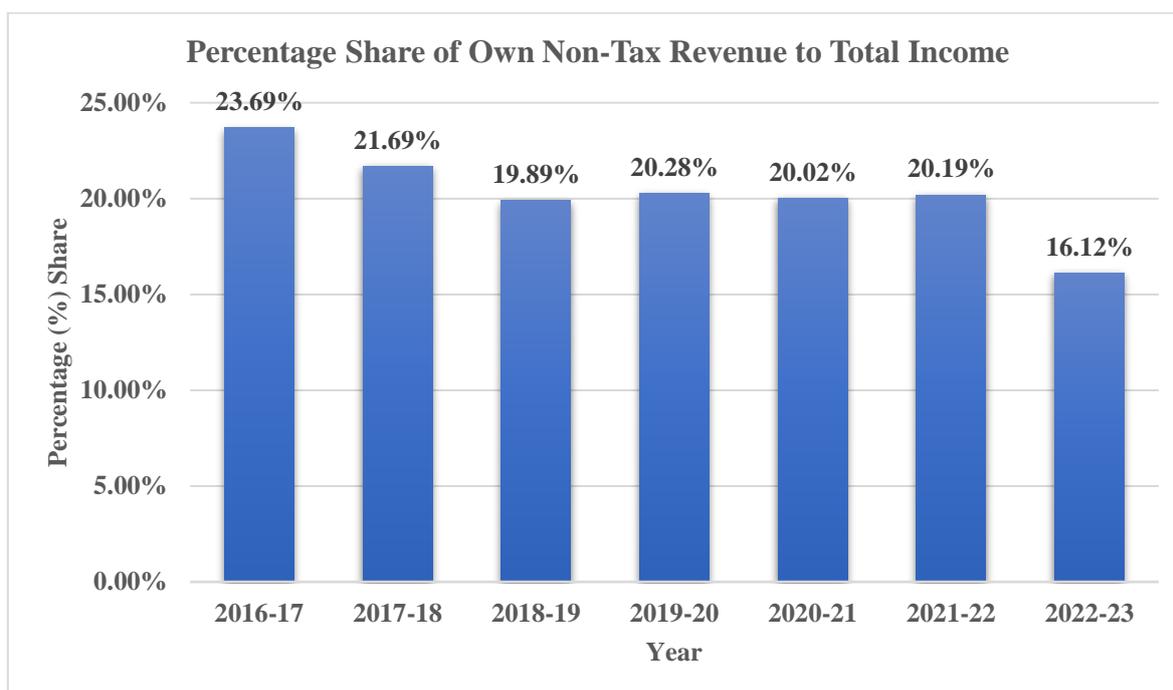


Table 14: Share of non-tax revenue to total income: 2016-17 to 2022-23 (Rs in crore)

Actual (Rs in crore)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	5118	5443	6146	5883	6096	6739	8573
Non-Tax Revenue	1213	1181	1222	1193	1221	1360	1382

Source: Compiled by study team

- AMC's average percentage share of non-tax revenue from FY 2016-17 to FY 2022-23 is 20.27% i.e. slightly higher than the national average of 18% for all ULBs during 2012-17 (ICRIER, 2019), indicating that AMC has a better non-tax revenue share to its total income compared to the national average.
- 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 Kolkata (12.72%) and Surat (16.12%). It is more than the other cities, owing to its robust list of non-tax sources such as revenue from riverfront projects, heritage tourism and advertisement charges.
- Traditionally the share of non-tax has been higher in AMC owing to the commercial identity of the city. Although the percentage share of Non Tax Revenue to Total income has decreased over the years from 23.69% in 2016-17 to 20.19% in 2021-22.

Property Tax

Property tax is the main primary source of revenue for AMC as it accounts for a substantial portion of its annual revenue. The city government relies heavily on property tax to fund essential civic services and infrastructure projects in Ahmedabad.

The AMC follows the Unit Area Value system for property tax valuation. In its official website, there is provision for a taxpayer in Ahmedabad to opt for a self-assessment option to calculate tax for each assessment year. The corporation also gives a rebate of 10% to the taxpayer if the property tax is paid in advance. The penalty for late payment or non-payment of tax is 2% per month.

Property tax is calculated as per the carpet area of the property and four other factors, namely, location, age, type of use, and occupancy as per formula given below:

$$\text{Gen. Tax} = \text{Carpet Area (m}^2\text{)} \times F1 \times F2 \times F3 \times F4$$

Where, F1 = Location factor

F2 = Age factor

F3 = Usage factor

F4 = Occupancy factor.

The AMC sends alerts to the taxpayers via email and an SMS to each registered number as reminders. To streamline and improve tax collection, AMC had engaged PwC (PricewaterhouseCoopers) FY 2015-16 as its consultant for Property Taxation GIS Mapping.

Figure 10: Annual growth of property tax from 2017-18 to 2022-23 (%)

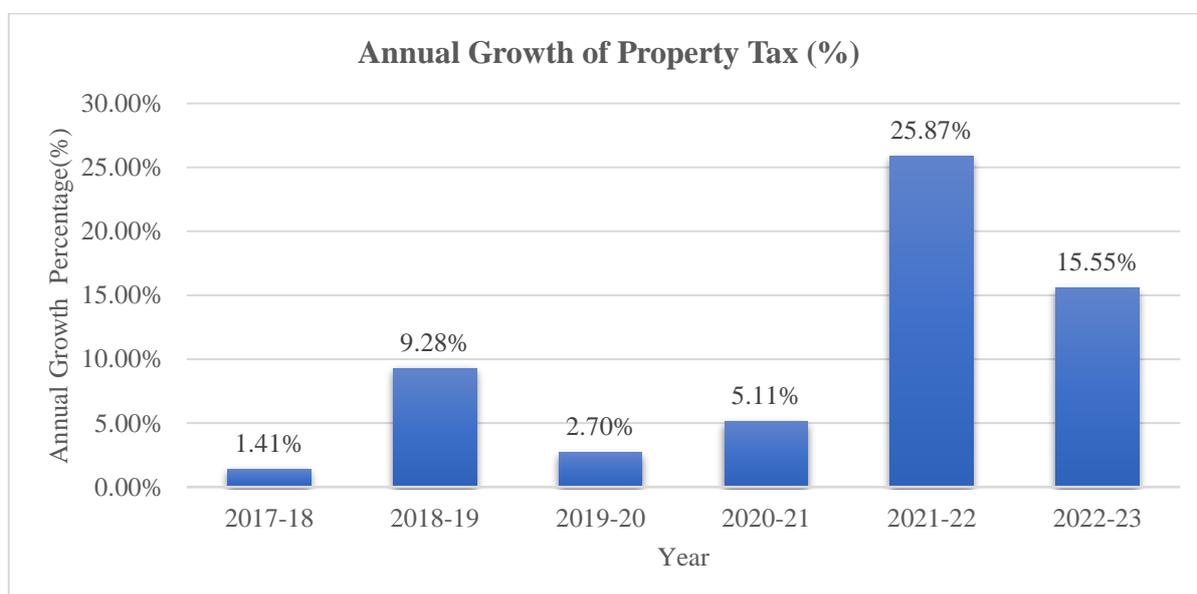


Table 15: Annual growth of property tax from 2017-18 to 2022-23 (Rs in crore)

Actual (Rs in crore)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Property Tax	423	462	475	499	628	726

Source: Compiled by study team

- The average annual growth of property tax revenue in AMC is 9.99%, with a CAGR of 9.67%. In comparison, the CAGR for all ULBs from 2012 to 2017 was 13.06% (ICRIER, 2019), indicating that AMC's property tax revenue growth is lower than the national average.
- The Annual Growth of Property Tax Revenue for AMC from FY 2017-18 to FY 2021-22 is 8.87% which is higher than 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.
- The annual growth of property tax in AMC peaked at 25.87% in 2021-22, primarily due to the collection of residual taxes from previous years. However, this growth rate declined to 15.55% in 2022-23.
- There was a 9% drop in property tax growth between 2018-19 and 2019-20. During the COVID-19 lockdowns (2019-20 and 2020-21), property tax exemptions were granted to residential properties, hotels, and movie theatres, which contributed to the lower growth in these years.

The AMC has seen improved property tax collection due to proactive measures and policies aimed at improving compliance and enhancing revenue. Some of the key initiatives taken by AMC are as follows:

- Recently, AMC increased the rebates on advance property tax payments to 12% for early payers. AMC gave an additional rebate of 1% to those who make online payments, making it 13%.
- Loyal taxpayers with a three-year advance payment history enjoy a 15% rebate, further incentivizing consistency.
- The adoption of digital payment platforms and e-governance initiatives has made tax payment more accessible and transparent, reducing manual errors and delays
- AMC has taken stringent measures against defaulters, including issuing notices, imposing penalties, and seizing properties when necessary.
- Rigorous public awareness campaigns highlighting the consequences of non-payment have also contributed to higher compliance rates.
- AMC conducts regular surveys and updates of the property tax database to ensure accurate assessment of taxable properties. This has reduced evasion and broadened the tax base.
- Use of Geographic Information System (GIS) mapping helped identify unassessed or under-assessed properties.
- Improved civic services, such as better roads, public utilities, and waste management encouraged residents to contribute to municipal revenue willingly.
- AMC intensified efforts to tax commercial properties appropriately, often generating higher revenue than residential properties.

Views shared by a counsellor during city consultation (23rd August 2024):

AMC have independent authority to levy new taxes or revise the existing tax/charges 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.

Figure 11: Percentage share of property tax to (a) total income and (b) own source revenue (%): 2016-17 to 2022-23

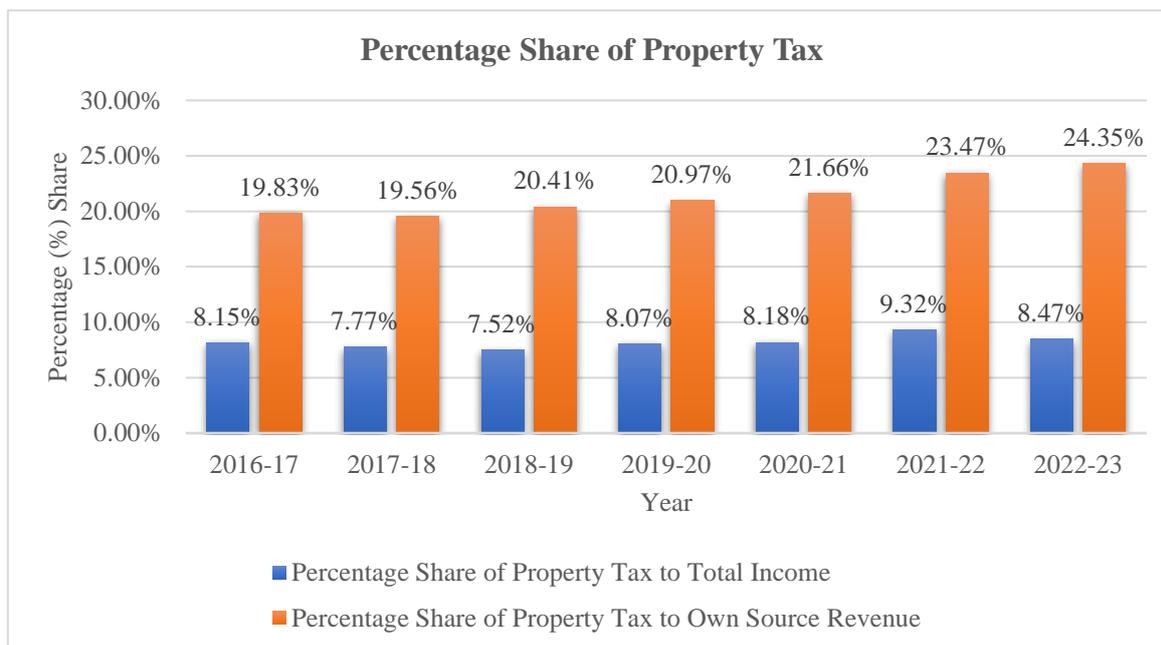


Table 16: Share of property tax to (a) total income and (b) own source revenue: 2016-17 to 2022-23 (Rs in crore)

Actual (Rs in crore)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	5118	5,443	6146	5883	6096	6739	8573
Own Source Revenue	2104	2,162	2265	2264	2304	2676	2981
Property-Tax	417	423	462	475	499	628	726

Source: Compiled by study team

- AMC's average percentage share of property tax from FY 2017-18 to FY 2021-22 is 8.21% in total income i.e. lower than the national average of 15% for all ULBs during 2012-17 (ICRIER, 2019), indicating that AMC's total income has a lower share of property tax compared to the national average.
- The Average Percentage Share of Property Tax to Total Income of Ahmedabad for FY 2017-18 to FY 2021-22 is 8.17% which is lower than Kolkata (26.61%) and Surat (9.99%), indicating that property tax contributes less to AMC's total revenue.
- The percentage share of property tax in AMC's own-source revenue from FY 2017-18 to FY 2021-22 is 20.98%, closely matching the national average of 21.77% (Report on Municipal Finances, 2022), indicating AMC's property tax share is similar to the national trend.
- The average share of property tax in AMC's own-source revenue from FY 2017-18 to FY 2021-22 is 20.98%, lower than Kolkata (67.25%) and Surat (21.55%), indicating that property tax contributes less to AMC's own-source revenue.

Own Source Revenue

Figure 12: Percentage share of own source income to (a) the total income and (b) the revenue income

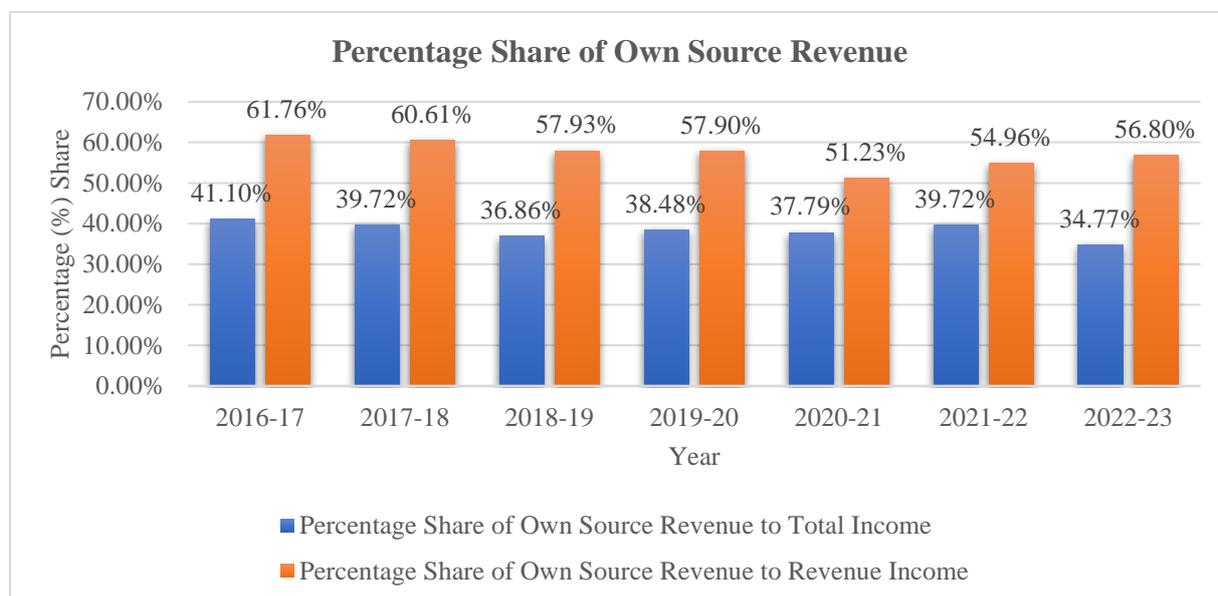


Table 17: Share of own source income to (a) the total income and (b) the revenue income (Rs in crore)

Actual (Rs in crore)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	5,118	5,443	6,146	5,883	6,096	6,739	8,573
Own Source Revenue	2,104	2,162	2,265	2,264	2,304	2,676	2,981
Revenue Income	3,406	3,567	3,910	3,909	4,498	4,870	5,248

Source: Compiled by study team

- The average percentage share of own-source revenue in AMC's total income for FY 2016-17 to FY 2021-22 is 38.35%, lower than the national average of 53% for all ULBs during 2012-17 (ICRIER, 2019), indicating that AMC has less share of own-source revenue to its total income compared to the national trend.
- The percentage share of own-source revenue in AMC's revenue income for FY 2016-17 to FY 2021-22 is 57.31%, lower than the national average of 64.46% for all ULBs, indicating that AMC share of own-source revenue is less than the national trend. (Report on Municipal Finances, 2022).
- The average percentage share of Ahmedabad's OSR to its total income for FY 2016-17 to FY 2021-22 is 38.94%, which is lower than Kolkata's 39.81% and Surat's 46.51%. AMC has diversified income sources, including grants, bonds, and other revenues.

Grants and Transfer

Figure 13: Percentage share of grants/transfers from central and state governments to total income of AMC: 2016-17 to 2022-23

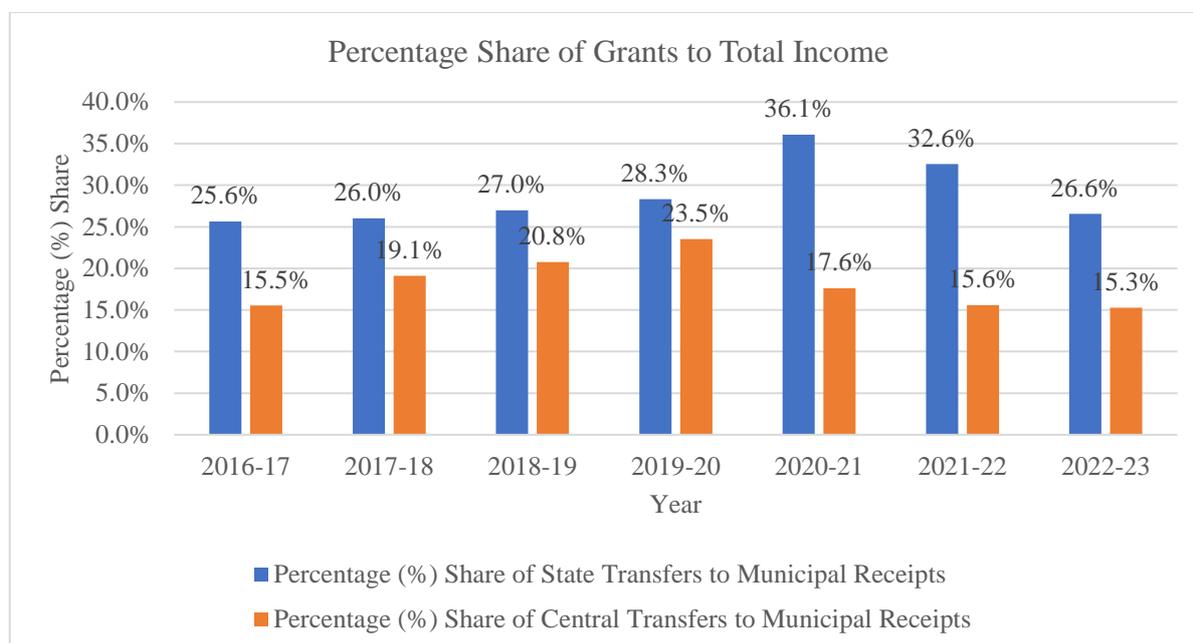


Table 18: Share of grants/transfers from central and state governments to total income of AMC: 2016-17 to 2022-23 (Rs in crore)

Actual (Rs in crore)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	5,118	5,443	6,146	5,883	6,096	6,739	8,573
State Transfer	1,306	1,410	1,599	1,640	1,676	1,594	2,093
Central Transfer	795	1,041	1,276	1,385	1,073	1,051	1,308

Source: Compiled by study team

- AMC's average percentage share of state transfer to total income for FY 2016-17 to FY 2021-22 is 28.9% i.e. lower than the national average of 33.33%. In contrast, AMC's central transfer percentage share for FY 2016-17 to FY 2021-22 is 18.2% which exceeds the national average of 12%, indicating AMC receives a higher share of central transfers than the national average (ICRIER, 2019).
- The Average Percentage Share of State Transfers to Total Income of AMC for FY 2016-17 to FY 2021-22 is 26.08% which is lower than Kolkata (46.38%) and the Average Percentage Share of Central Transfers to Total Income for FY 2016-17 to FY 2021-22 is 9.8% which is lower than Kolkata (9.89%).
- Owing 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. AMC has a lower dependency on state and central grants.

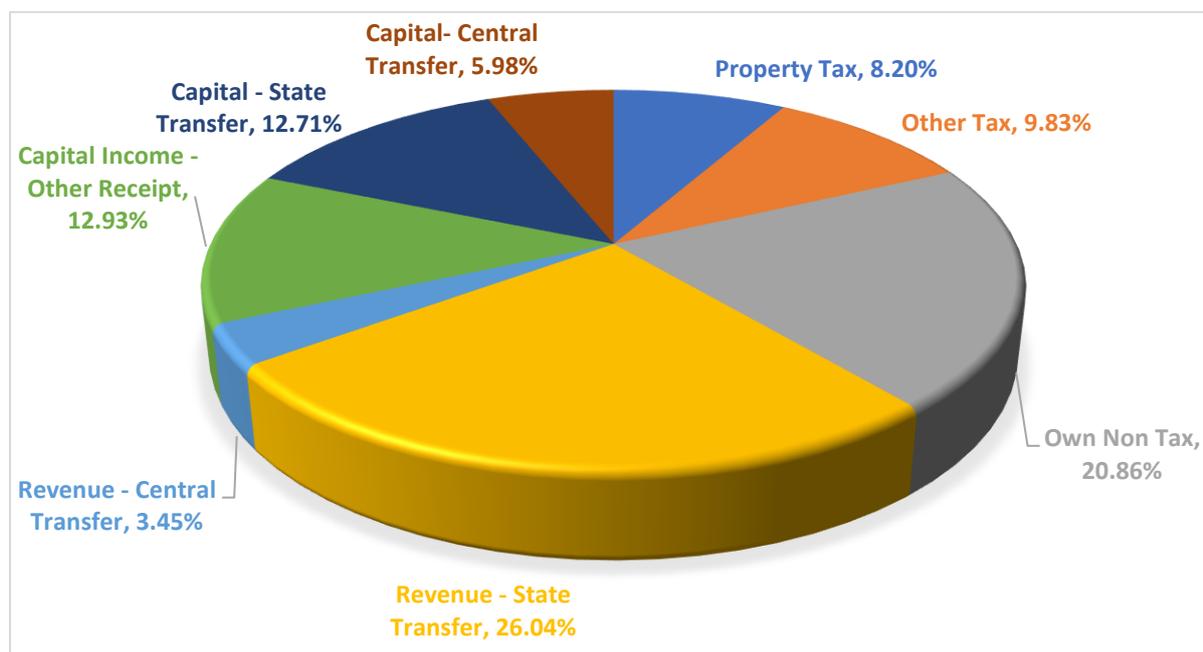
2.2.2. Summary of Municipal Revenue

Table 19: 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 1677.73	Rs 762.66	Rs 1946.06
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 Ahmedabad Municipal Corporation highlights that Own Source Revenue contributes 38.94% to the total income, with an average per capita value of ₹3,623.80 and a CAGR of 4.93%. Within this, Tax Revenue shows significant growth (CAGR 8.11%) and accounts for 17.98% of total income, with Property Tax contributing 8.17%. Property Tax also forms 20.98% of Own Source Revenue, with a strong CAGR of 8.53%. Non-Tax Revenue, despite its lower growth rate (2.33%), remains a key component, contributing 20.96% to total income and ₹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 14: Average share municipal income from FY 2016-17 to 2021-22 (%)



Source: Compiled by study team

Municipal revenue of AMC indicates a steady growth, with tax revenue growing at an annual rate of 8.35% between 2017 and 2022, there is 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 Kolkata (27.09%) and Surat (30.39%). 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 total income, above the national average of 18%. (ICRIER I. C., 2019) Property tax grew 8.87% annually, with its share in total income averaging 8.17%, lower than the national average of 15%. OSR contributes 38.94% to total income, much less than the national average of 59% (RBI, 2022) and below Kolkata (39.81%) and Surat (46.51%), while state and central transfers account for 26.08% and 9.18%, respectively.

2.3. Municipal Expenditure

Components of Municipal Expenditure

Revenue Expenditure:

- Establishment Expenditure: Day-to-day expenses required to maintain municipal services, including salaries of employees, utility bills, and maintenance of facilities.
- Administrative Expenses: Costs associated with running municipal offices, including stationery, office supplies, and other administrative functions.
- Operations and Maintenance: Expenditure on services such as street cleaning, garbage collection, public health programs, and maintenance of parks and open spaces.
- 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:

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

2.3.1. Average per Capita Expenditure

Table 20: Average per capita expenditure of Ahmedabad from FY 2016-17 to FY 2021-22 (Rs)

City	Revenue expenditure (Nominal)	Revenue expenditure (Real)	Capital expenditure (Nominal)	Capital expenditure (Real)	Total expenditure (Nominal)	Total expenditure (Real)
Ahmedabad	5,220.82	3,780.78	3,529.71	2,573.45	8,750.53	6,354.24
Kolkata	6,680.41	4,851.83	1,099.40	772.48	7,779.80	5,624.32
Surat	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 ₹8,750.53 in nominal terms, with ₹5,220.82 spent on revenue and ₹3,529.71 on capital expenditure. After adjusting for inflation, the per capita expenditure is ₹6,354.24, with ₹3,780.78 for revenue and ₹2,573.45 for capital. This shows a strong investment in both ongoing services and infrastructure development.

2.3.2 Expenditure Ratios

Table 21: Average expenditure, percentage share of expenditure to total income and revenue income for Ahmedabad (FY 2016-17 to FY 2021-22)

Municipal Expenditure	Average (Rs lakh)	Percentage Share (%) to total income	Percentage Share (%) to revenue income
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 & Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	81,113	14.61%	24.45%
Total Revenue Expenditure	3,31,709	59.73%	-
Total Capital Expenditure	2,23,620	40.27%	-
Total Municipal Expenditure	5,55,329	100.00%	-

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.

2.3.3. Key Findings

The Ahmedabad Municipal Corporation's (AMC) expenditure from 2016-17 to 2021-22 Establishment costs, including staff salaries, were consistently the largest expense, averaging around 42.56% of revenue income, which contradicts its human resource deficiency of around 30%. Operation and Maintenance (O&M) expenditure also formed a significant part, constituting nearly 28% of revenue income, indicating AMC's emphasis on sustaining essential urban services and infrastructure upkeep. Administrative expenses were relatively low, maintaining a modest share of around 3% of revenue income. Additionally, 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.

2.4. Municipal Borrowings

2.4.1 Need for Municipal Borrowings

Urban areas in India contributed an estimated 65% of GDP by 2011, creating the need for sustainable investments in urban infrastructure. The resource requirements for cities to provide essential services such as water supply, sanitation, and transportation far exceed the fiscal capacities of urban local bodies (ULBs). Municipal governments continue to face significant funding gaps, as budget estimates and actual estimates of revenue and expenditure reveal a disparity in the fiscal planning of Indian cities. Traditional sources, including property taxes and intergovernmental transfers, have proven inadequate which municipal borrowing. The significant gap between revenue generation and expenditure requirements can be bridged by effective municipal borrowing. (World Bank, 2011). Table 22 discusses about the financial performance of AMC from FY 2017-18 to FY 22-23.

Table 22: Financial performance compared to budgeted projection of AMC

City	Average 2017-18 to 2022-23	Revenue income (Rs In lakh)	Capital income (Rs In lakh)	Total income (Rs In lakh)
Ahmedabad	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%

Source: Compiled by study team.

According to the data, AMC experienced a severe financial performance gap compared to their planned projections. AMC's 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. The financial shortfalls in revenue and capital income observed in AMC highlight serious concerns about their ability to secure future market borrowings. AMC is heavily dependent on grants accounting for 48.81% share of grants in municipal income.

Significant discrepancies between anticipated and actual data, particularly in capital income, and a large reliance on grants indicate problems with financial management, project execution, and revenue generation. Without resolving these issues, these communities may face higher borrowing costs, limited access to finance markets, and difficulties financing critical infrastructure projects. In order to preserve financial stability and secure future funding, local administrations must enhance their capital management, revenue collection, and fiscal planning strategies.

2.4.2 Municipal Bonds

Until the 1980s, municipal securities in India, backed by state government guarantees, qualified as Statutory Liquidity Ratio (SLR) investments. However, after the 1991 fiscal crisis, states became reluctant to guarantee municipal borrowings, leading to the rise of municipal bonds. This allowed municipalities to access capital markets without state guarantees. The concept, widely used in the U.S. for financing infrastructure, was introduced in India in 1995 through a USAID-FIRE (D) seminar. In the U.S., municipal bonds fund large infrastructure projects, supported by local taxes and user charges. In 1996, Ahmedabad became the first Indian city to obtain a credit rating for a municipal bond, followed by Bengaluru in 1997 and Ahmedabad's own bond for a water and sewerage project in 1998. Table 23 discusses about the legislative arrangement regarding borrowings of Ahmedabad.

Table 23: Legislative arrangements regarding borrowings

City	Is borrowing permitted?	What kind of borrowing?	Whether state government approval is required for borrowings?	Are there any limits on borrowing prescribed?	Is any maximum loan repayment period prescribed?
Ahmedabad	Yes	Loans and debentures	Yes	Not mentioned	Yes

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

The AMC has been active in borrowing from the market, which is allowed under Section 109, Chapter X of the Gujarat Provincial Municipal Corporations Act, 1949. The AMC has exercised this right six times till date (Table 24); the latest being the Municipal Green Bond issued in February 2024. First of its kind in India, the AMC raised Rs 200 crore through this Green Bond. The issue of this Green Bond was highly successful as it was oversubscribed by 13.6%, with bids totalling about Rs 415 crore.

Table 24: Municipal bonds issued by AMC till date

Year	Amount (in Rs)	Purpose
1998	100 Crores	Water Supply and Sewage
2002	100 Crores	Water Supply and Sewage
2004	58 Crores	Water Supply, Storm Water Drainage, Road, Bridges, and Flyovers
2005	100 Crores	Roads and Water Supply
2019	200 Crores	Development Projects under AMRUT
2024	200 Crores	Green Projects

Source: AMC Website

The success of the Green Bond basically stems from two facts:

- The AMC enjoys a rating of AA+/Stable issued by CRISIL, a premier credit rating agency in the country. The rating AA+ demonstrates AMC's strong financial credibility.
- The AMC has put in place an escrow mechanism for municipal borrowings.

The coupon rate for this green bond was pegged at 7.9%, with a tenure of 5 years. With the incentive of Rs 20 crore received from the Ministry of Housing and Urban Affairs (Union Government), the AMC will be effectively shouldering an interest rate of 5.9%. The amount raised will be used for green projects identified under AMRUT 2.0 scheme. The green initiatives include sewage water purification for industrial use, green energy production, and implementation of zero-liquid discharge systems. SBI and Tipsons Consultancy Pvt. Ltd served as merchant bankers for AMC's green bonds.

2.4.3 Challenges and Opportunities

Municipal bonds provide long-term capital and diversify funding sources for municipalities, improving governance and financial management as ULBs prepare to be 'capital market ready'. Increased oversight by rating agencies and investors further strengthens these practices. To encourage AMC to become market-ready, key improvements are needed in:

- **Data Transparency**

The 15th Finance Commission has pointed out data gaps, inconsistencies, and the lack of timely, audited accounts in urban municipalities. Challenges due to non-standardised accounting codes complicate financial data analysis. Addressing these issues could help improve municipal financing. 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.

- **Municipal Creditworthiness**

467 ULBs under the AMRUT programme 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)

- **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.

- **Institutional Capacity**

A key constraint on municipal bond issuances is the lack of institutional capacity at the ULB level to prepare for bond market access. ULBs struggle to develop bankable, commercially viable projects and lack project management skills, affecting timely execution. 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.

Improving Bankability of Municipal Projects:

- ULBs should focus on levying user charges and developing additional revenue streams (e.g., commercial real estate) 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, minimizing 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.
- **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-based targeting for subsidies to ensure sustainable financing for services.
- **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.
- **Strengthening Municipal Accounting Systems and Cadre:**

Address skill gaps accounting systems through NMAM and in urban planning, finance, and other functions to improve overall managerial efficiency and governance at the ULB level.

- **AMRUT Incentives:**

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

- **Establishing 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 projects (RBI , 2020).

2.5. Gender Responsive Budgeting and Climate Financing

2.5.1 Importance of Gender Responsiveness in Municipal Finance

Urban areas are key drivers of political, economic, and social change, and vulnerable groups such as women, children, and the elderly are most affected by climate change and disasters. SDG 5 under Agenda 2030 focuses on gender equality and empowering women and girls, emphasizing the need for gender-responsive budgeting (GRB) and climate-resilient financing to address these challenges. GRB has gained global attention as a strategy to reduce gender disparities, with countries like Spain and Canada leading the way in implementing tools like gender budgeting reports and Gender-Based Analysis Plus (GBA+). Initiatives by organisations such as OECD, UN Women, and IMF stress the importance of integrating gender and climate action in fiscal policies.

City governments, like Barcelona, are adopting gender-sensitive budgeting to address the needs of women and vulnerable groups in areas like infrastructure and social services. In India, gender-inclusive urban planning is growing, with cities like Pune, Chennai, and Ahmedabad incorporating gender-focused policies and climate action plans. The Tamil Nadu government's 2024 State Policy for Women and the Greater Chennai Corporation's Gender and Policy Lab are examples of this progress. The need for holistic, gender-responsive, and climate-resilient solutions is critical for sustainable, inclusive urban development, and empowering women's leadership in climate action is essential for achieving this goal.

2.5.2 Gender Responsiveness

The United Nations (UN) has set 17 goals as sustainable development goals (SDGs) for nations to achieve by 2030. In alignment with these SDGs, India has commitment towards achieving these goals, including SDG 5, which mandates 'gender equality and empowerment of women and girls' by 2030. To achieve these goals and to address the systemic barriers that exist in the power structures, it calls for comprehensive policy reforms at all the levels of governance. Gender equality being a cross-cutting issue, it must be addressed through various national policies, budgets, and institutional reforms.

In the case of AMC, it has its own programmes or projects focusing on women. For instance, AMC implements several projects for women Self-Help Groups and conducts training programmes under the National Urban Livelihood Mission.

Although AMC does not publish separate gender budget, it provides services related to women such as health checkup program, distributes 'Mamta' kits, sanitary napkins, free mammography test, etc. AMC is working on She-Lounge. It can be used by working women when they are outside their home. There are plans to install sanitary pad vending machine, incineration unit, etc. in She-Lounges.

AMC plans to build hostels for working and studying women in the East/West area, with the grant from the state government. It also plans to build a gym exclusively for women in each of the seven zones.

As per GPMC Act 1949, there is no reservation for women in the committees of AMC. However, there are 3 women members in the Standing Committee of AMC. There are 11 special committees and most of the committees have 50% or more women members. The Women Empowerment and Children Committee is made up entirely of women members. This reflects AMC's ongoing efforts to integrate gender equity into its governance and services.

The details of women's participation in AMC is provided in Table 25 below, based on the Urban Outcomes Framework 2022, an initiative by MoHUA.

Table 25: Details of women participation in AMC

Sector	Data point	Unit of measurement	Ahmedabad (AMC)
Governance & ICT	Total staff sanctioned in the ULB (permanent)	Number	45,708
	Number of women working in the ULB (permanent)	Number	10,053
	Percentage of women officials in the ULB	Percentage(%)	50

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. AMC have very low representation of women in their workforce. This shows a serious lack of women in the workforce with a clear gap in recruitment and retention efforts for women.

A few other specific initiatives focusing on women are listed below.

- The AMC has prioritised improving urban infrastructure for women's safety by upgrading street lighting, especially in poorly lit areas, and creating well-monitored public spaces. This aligns with broader goals under urban safety programmes to make the city more inclusive for women.
- The AMC supports Integrated Child Development Services (ICDS), which focus on health, nutrition, and education for women and children. Anganwadi centres across Ahmedabad provide maternal healthcare, immunisation, and early childhood education.
- Through self-help groups (SHGs), the AMC empowers women by providing skill development, microfinance support, and opportunities in areas like tailoring, catering, and handicrafts. These initiatives are part of urban poverty alleviation schemes.
- The AMC runs campaigns focusing on maternal and reproductive health, including awareness drives for preventing anaemia and ensuring access to maternity benefits under national health programmes.

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 programs 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 programs. 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, programs 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 emphasises 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.

The Urban Local Bodies (ULBs) should publish a separate gender budget 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 should 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 and <https://www.cmavision.in/>

2.5.3. Importance of Climate Financing in Municipal Finance

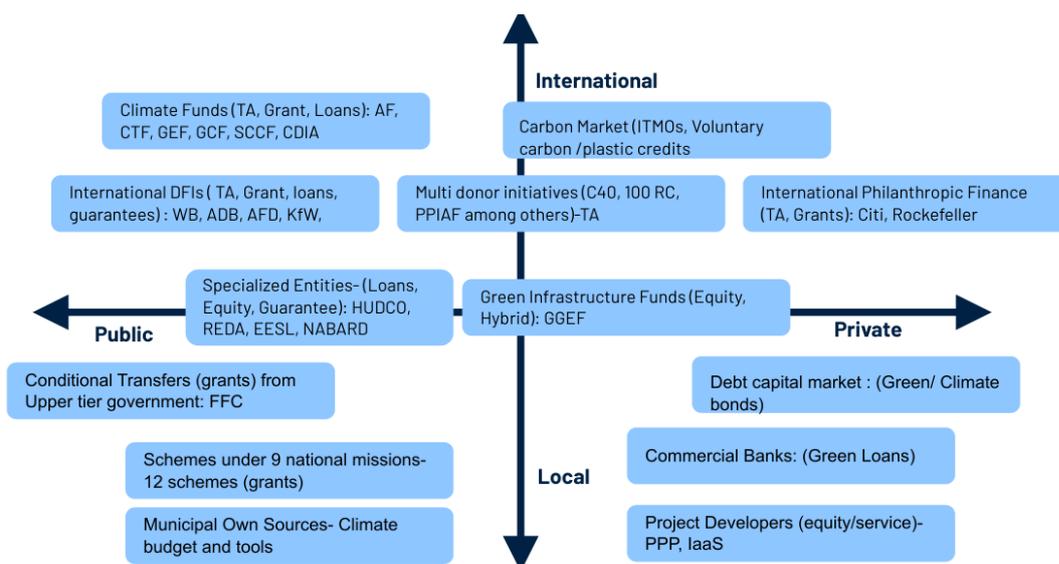
The cities contribute nearly 70% of global carbon emissions despite covering just 2% of the Earth's surface. Rapid urbanisation drives energy consumption and emissions, necessitating investments in green infrastructure. Climate financing supports activities that reduce emissions (mitigation) and build resilience to climate impacts (adaptation), essential for achieving the 1.5°C target and minimizing economic losses. (UN-Habitat, 2021).

Key Challenges and Strategies for Enhancing Climate Financing in Cities:

- **Urgency and Investment Gaps:** Cities face growing climate risks and infrastructure demands but struggle with limited funding and creditworthiness.
- **Innovative Solutions:** Green bonds, PPPs, and climate funds can mobilise investments, while state and national programs like NAPCC and SAPCC provide frameworks and incentives.
- **Strengthening ULB Capacity:** Municipalities need robust financial management, climate-responsive budgeting, and localised Climate Action Plans to utilise funds effectively.
- **Leveraging National and International Support:** Programs like the Green Climate Fund, Smart Cities Mission, and multilateral financing enable cities to align urban projects with climate goals.
- **Public-Private Collaboration:** Partnerships can finance renewable energy, transport, and waste management, boosting private sector involvement in sustainable development.

Empowering ULBs with resources and innovative financing tools is critical for advancing climate action and creating resilient urban environments. The resultant impact of a majority of the investment obtained through climate/green finance will be realised at the level of urban local bodies (ULBs). The ULBs will have to implement climate mitigation and adaptation programmes and schemes through effective and localised use of investments and finance. This will, in turn, require the ULBs to budget for climate mitigation and adaptation programmes and plan their implementation through instruments such as city-level Climate Action Plans. Figure 15 shows the various sources of urban climate finance in India.

Figure 15: Sources of urban climate finance



Source: CB Module: Mapping

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.

2.5.4. Climate Financing at AMC

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) 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 26: Salient features of the Ahmedabad Climate Resilient City Action Plan 2023

SECTOR/THEMATIC AREA	ESTIMATED COST OF MITIGATION ACTIONS^v (2070) (MILLION INR)	ESTIMATED COST OF ADAPTATION ACTIONS^v (MILLION INR)	TOTAL
Built Environment and Energy	2,963,087	Not estimated	2,963,087
Transport	649,500	Not estimated	649,500
Water	9,925	4,85,538	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.		
Total	3,650,362	756,247	4,406,608

Source: Ahmedabad Climate Resilient City Action Plan 2023: AMC-CRCAP-EXEC SUMMARY_06JULY2023_compressed.pdf (iclei.org)

The CRCAP gives the city very real, detailed and well-conceived actions to move towards a climate-resilient future, in line with the Government of India's 'Net Zero by 2070' goal. Guided by Prime Minister Narendra Modi's 'Panchamrit' (five elixirs) plan, the CRCAP's key objectives include: (a) making all buildings green and energy efficient by 2050; (b) renewable energy powering 85% of commercial and industrial energy by 2070; (c) 100% circular waste management by 2030; and (d) 90% of the vehicles being electrified by 2070. The Plan has also proposed various strategies to achieve the above objectives.

The GHG Emissions Tool, developed by ICLEI South Asia, incorporates local data, population growth projections, economic growth patterns, and sector-specific assumptions. It allows for exploring different scenarios and helps identify specific emissions reduction targets and strategies.

Guided by the Climate Resilient Cities (CRC) methodology, Ahmedabad conducted an in-depth vulnerability assessment, analysing key sectors such as water resources, storm water management, waste management, urban greening and biodiversity, and public health. This assessment will enable policymakers to prioritise actions and allocate resources efficiently.

The city’s climate action plan aligns with Gujarat’s State Action Plan for Climate Change and global commitments under the Paris Agreement and the Sustainable Development Goals.

In fact, the heat action plan of Ahmedabad was the first comprehensive early warning system and preparedness plan for extreme heat events in India. This plan was launched in 2013 and updated in 2016. Besides, AMC also formulated an Air Information and Response plan in 2017.

As per NIUA’s Climate Smart Cities Assessment framework 2.0 released in 2021, Ahmedabad is assigned an overall score of Four Stars ranking out of five.

Table 27: Status of climate finance in Ahmedabad

City	Legislative provision for climate budget	Climate budget	City-level climate action plan
Ahmedabad (AMC)	No	No	Yes

Source: Compiled by study team.

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. 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 public-private partnerships. Establishing climate budgets could help cities quantify funding needs and align urban development projects with broader climate finance opportunities.

Jodhpur's Heat Action Plan

The preparation of Jodhpur's Heat Action Plan (Jodhpur Heat Action Plan , 2023), 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.

2.5.5. City Level Opportunities

1. Municipal Budgeting and Own Source Revenue:

- a) 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.
- b) Municipalities can utilise their revenue streams to escrow funds for securing loans or issuing bonds for climate-resilient infrastructure.

2. Integrating Climate Considerations into Municipal Budgeting:

- a) 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.
- b) 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

2.6. Key Findings, Suggestions and Recommendations

2.6.1. Key Findings

Strengths	Weakness
<ul style="list-style-type: none"> The AMC has 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. 	<ul style="list-style-type: none"> AMC does not prepare or publish outcome or performance Budget.
<ul style="list-style-type: none"> The AMC can independently approve the municipal budget. 	<ul style="list-style-type: none"> AMC does not publish its credit rating on the official website.
<ul style="list-style-type: none"> Ahmedabad includes a section for Climate, Gender, Poverty and Ward wise Budget in its Municipal Budget. 	<ul style="list-style-type: none"> Gujarat State Finance commission has not published the SFC and ATR Report on the official website.
<ul style="list-style-type: none"> The AMC has an official website where the taxpayer can opt for a self-assessment option to calculate tax for each assessment year. 	<ul style="list-style-type: none"> The AMC does not publish separate gender budget.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> GPMC Act 1949 does not mandate publishing of budget. The AMC does not publish its credit rating on the official website.
<ul style="list-style-type: none"> The AMC sends alerts to the taxpayers via email. The AMC also sends an SMS to each registered number. 	<ul style="list-style-type: none"> The Annual Growth of Non-Tax Revenue is low for AMC.
<ul style="list-style-type: none"> The AMC has introduced a service charge of INR 1/Per day for residents of Ahmedabad on Door-to-Door waste collection and 2% Environment Improvement Charge in 2019-20. Both charges are included in the Property Tax bill along with water tax and education se cess. 	<ul style="list-style-type: none"> The property tax assessment is carried out based on the data mapped with GIS in 2014-15.
<ul style="list-style-type: none"> AMC recently issued 6th municipal green bonds worth INR 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. 	<ul style="list-style-type: none"> The Percentage Share of Own Source Revenue to Municipal Receipts is less than the share to Revenue receipts.

<ul style="list-style-type: none"> •AMC is working on She-Lounge. It can be used by working women outside the home. In which sanitary pad vending machine, 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 Govt. AMC is also building women's gym per zone, totalling 07 Gyms. 	<ul style="list-style-type: none"> •The Percentage Share of State Transfers to Municipal Receipts are more than the Percentage Share of Central Transfers to Municipal Receipts.
<ul style="list-style-type: none"> •AMC has launched the Ahmedabad Climate Resilient City Action Plan 2023. 	
Opportunities	Threats
<ul style="list-style-type: none"> • The AMC can introduce new User Charges or Fees to increase the Non-Tax Revenue. 	<ul style="list-style-type: none"> • The non-availability of SFC and ATR for Gujarat State
<ul style="list-style-type: none"> • The AMC should prepare and publish Performance, Outcome and Gender Budgets. 	<ul style="list-style-type: none"> • Low Annual Growth of Non-Tax Revenue.
<ul style="list-style-type: none"> •An updated GIS data portal to ensure maximum property tax collection. 	<ul style="list-style-type: none"> • High Percentage Share of State Transfers to Municipal Receipts.
<ul style="list-style-type: none"> • The successful implementation of the Climate Action Plan can be set as an example for other cities. 	

The Ahmedabad Municipal Corporation (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 INR 3,000 crore loan from the World Bank for infrastructure projects. AMC is focused on sustainable urban development, with several green projects and riverfront development initiatives underway. 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 growth and sustainability.

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. Also, the council should have independent authority to frame byelaws and regulations for functions under the City Government. By devolving sanctioning authority, ensuring regular training for officials, and devolution of functions to the City Government overall urban governance structure of AMC can be improved, boosting the city's growth.

2.6.2. Suggestions and Recommendations: a Roadmap for Enhancing Revenue

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

Chapter 3: Bengaluru

3.1. City Profile

Bengaluru is the capital of the state of Karnataka which is a major commercial hub for trade and commerce in the region with a large information technology (IT) portfolio. Due to the vast spread of IT software businesses, the city is also referred to as the IT Capital of India, Tech Capital of India, and the Silicon Valley of India.

As per Census of India, Bengaluru has a population of 84,43,675 as per Census 2011 and it is currently estimated at around 12,352,000 in 2025.

Bengaluru was ranked 125 among 446 cities with a population of over 1 lakh as per Swachh Survekshan 2023 rankings released by the Ministry of Housing and Urban Affairs (MoHUA) (Swatch Sarvection , 2023). Bengaluru ranked 31 with a score of 45.01 among 51 cities with a population of over 10 lakh (Municipal Performance Index , 2020). However, Bengaluru was ranked first among 49 Indian cities in the more-than-10 lakhs-population category as per the Ease of Living Index 2020 report published by the Government of India (Ease of Living Index , 2020).

Geography and Climate

Bengaluru is situated at an elevation of approximately 900 metres (3000 feet) above sea level. Bengaluru lies on the Deccan Plateau, which gives the city its relatively moderate climate compared to many other cities in India. Its geographic coordinates are 12.9716° N latitude and 77.5946° E longitude.

Bengaluru is surrounded by a mix of gently rolling hills, valleys, and lakes, with the city's landscape characterised by a blend of natural terrain and urban development. The city is interspersed with a number of man-made and natural lakes, though many of these have been reduced in size due to urbanisation. The area is also crisscrossed by several small rivers and streams, the most notable being the Arkavathi and the Kumudvathi rivers, though they are not as prominent today due to changing land-use patterns and environmental degradation.

Bengaluru enjoys a tropical savanna climate, with distinct dry and wet seasons. The city is known for its moderate weather throughout the year, which is largely due to its elevation and topography.

- **Summer (March to May):** The temperature during the summer months can range from 20 °C to 35 °C (68 °F to 95 °F). While summers are warm, the heat is usually not as intense as other parts of India due to the altitude and the city's relative distance from the coast.
- **Monsoon (June to September):** Bengaluru receives a significant amount of rainfall during the southwest monsoon, with the wettest months typically being July and August. The rainfall is usually moderate but persistent, which contributes to the lush greenery surrounding the city. The average annual rainfall is about 800–1000 mm (31–39 inches), though this can vary.
- **Winter (November to February):** The winter season is one of the most pleasant times in Bengaluru, with temperatures ranging from 15 °C to 28 °C (59 °F to 82 °F). Nights can be cool, and the weather is generally clear and dry. The city enjoys a high level of sunshine during the winter months, making it a comfortable time for outdoor activities.

Bengaluru's unique geography and moderate climate combine to create a relatively mild environment, which contrasts with many other parts of India that experience more extreme temperatures. This has played a significant role in the city's growth and its reputation as a liveable urban centre. This has also contributed to its rapid urbanisation, economic development, and status as a major IT hub.

Bruhat Bengaluru Mahanagara Palike (BBMP)

BBMP is the civic body responsible for the administration of Bengaluru. It is one of the largest municipal corporations in India and plays a central role in managing the city's infrastructure, services, and overall urban development.

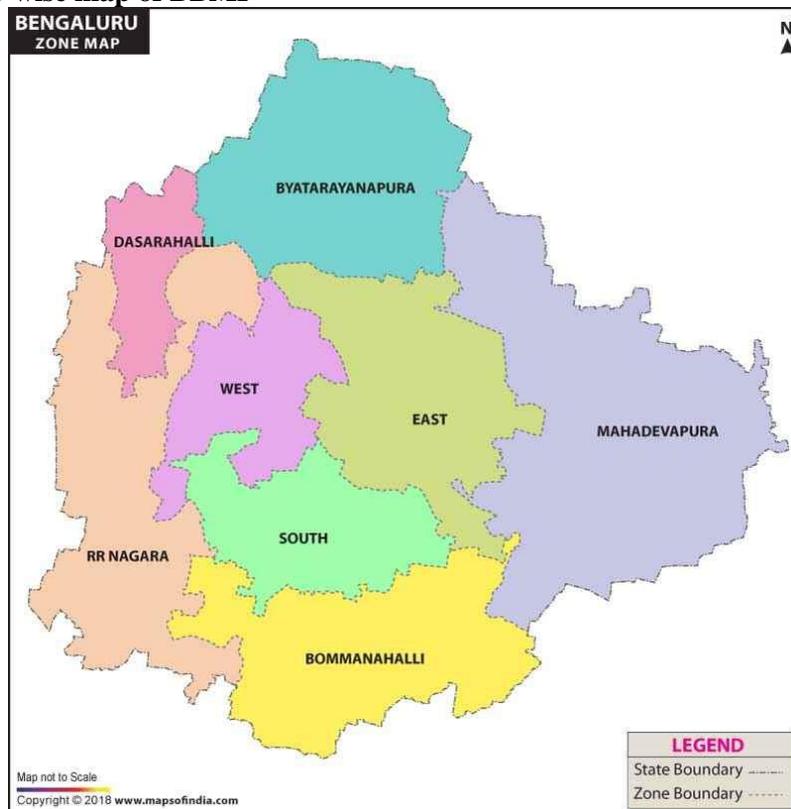
BBMP was originally formed as the Bengaluru City Municipal Corporation (BCCM) in 1949 and was later restructured and renamed Bruhat Bengaluru Mahanagara Palike in 2007, with expanded jurisdiction and powers. The term 'Bruhat' in BBMP refers to its expanded form, meaning 'Greater', highlighting its large geographic and administrative responsibilities.

BBMP is tasked with providing essential services to Bengaluru's citizens, including waste management, water supply, public health, road maintenance, street lighting, and much more. It also plays a pivotal role in urban planning, land management, and facilitating civic development.

Bengaluru is divided into several administrative zones for easier management. Under BBMP, there are 198 wards, each of which elects a councillor. These wards are grouped into 8 zones for operational purposes. Each zone is managed by a Zonal Commissioner. The 8 BBMP zones with a map (Figure 16) are as listed below.

1. West Zone
2. East Zone
3. South Zone
4. Byatarayanapura Zone
5. Rajarajeshwari Nagar (RR Nagar) Zone
6. Dasarahalli Zone
7. Bommanahalli Zone
8. Mahadevapura Zone

Figure 16: Zone-wise map of BBMP



Source: BBMP Website

The mayor is the head of the BBMP and is elected by the members of the BBMP council from among the councillors. The administrative head of BBMP is the Commissioner, who is appointed by the state government. The commissioner is responsible for the day-to-day operations and implementation of policies formulated by the elected council. Table 28 gives a snapshot of BBMP’s profile.

Table 28: City profile of BBMP

SI No.	Details of the Municipal Corporation	
1	Name of the City Corporation	Bruhat Bengaluru Mahanagara Palika (BBMP)
2	Population	84,43,675 (Census 2011) 12,352,000 (Current estimate, Census of India)
3	No. of municipal wards and Administrative Zones	198 wards 8 Zones for operational purposes
4	No. of councillors /Councillors - Elected	198 (Elections are due)
5	No. of sanctioned vs filled posts	Sanctioned: 12,923; Working- 6818, Vacant: 6105; Vacancy %; 47.24%
6	Finance Department Human Resource Data	Sanctioned: 1374; Vacant: 346; Vacancy %: 25.18%
7	Credit rating	[ICRA]B+ (February 2024)
8	Schedule of council meetings	The Corporation shall meet at least once in every month. Elections are due in BBMP.
9	If Smart city, is there a special purpose vehicle in place?	Yes; Bengaluru Smart City Limited
10	Other details	BBMP has a Climate Action and Resilience Plan (BCAP)

Source: Current Estimated population - <https://www.census2011.co.in/census/city/448-bangalore.html>.

* HR Data: As per data collected during Field Visit in March 2024, Source: Compiled by study team

Administrative Divisions and Wards

Functions of BBMP

BBMP is involved in a wide array of functions related to urban development, some of which include:

- **Urban Planning:** Designing and implementing long-term development plans for the city, including new residential colonies, roads, parks, and public spaces.
- **Public Health:** Ensuring sanitation, cleanliness, and disease control within the city.
- **Traffic and Transportation:** Managing Road infrastructure, traffic signals, and public transport systems.
- **Education:** Overseeing the functioning of municipal schools and educational initiatives.
- **Water Supply and Sewerage:** Ensuring the provision of clean drinking water and managing sewage systems.
- **Waste Management:** Overseeing the collection, disposal, and recycling of solid waste.
- **Building Permissions:** Issuing building permits and ensuring that construction adheres to the city’s zoning and safety norms.
- **Public Amenities:** Maintaining parks, recreational areas, community centers, and public markets.

Literacy profile

The literacy rates in Bengaluru, especially within the BBMP (Bruhat Bengaluru Mahanagara Palike) jurisdiction, reflect its growing urbanisation, educational infrastructure, and the presence of a thriving knowledge economy.

As per the **2011 Census**, the literacy rate 89.38% in Bengaluru city (which includes BBMP limits) is quite high compared to the national average, which was around 74%. The male literacy rate in Bengaluru is approximately **92.9%** (based on the 2011 Census). This is significantly higher than the national male literacy rate, which was around 82.1% in 2011.

The female literacy rate in Bengaluru is around **85.3%** (according to the 2011 Census), which is also higher than the national average for women (65.5% in 2011).

The gap between male and female literacy in Bengaluru, though present, is narrower than in many other parts of India. The male literacy rate is slightly higher than the female literacy rate, with a difference of around 7%–8% based on the 2011 Census data. However, the literacy rate of people living in slums and migrant population tends to be lower, particularly among women and children.

Bengaluru being a global technology hub, digital literacy is also quite high compared to other cities. However, the gender gaps still exist. The gender disparity is more pronounced among slum dwellers and migrant population.

Budget Preparation Process

The budget preparation process of BBMP is a multi-step process that aims to plan the city's development effectively. This process has evolved to include more transparency and accountability, with steps designed to involve various stakeholders and align resources to Bengaluru's urban development goals. Broadly, the process covers the following steps.

1. Revenue and Expenditure Estimation

- **Revenue forecasting:** BBMP begins by estimating expected revenue for the upcoming financial year. This includes analysing past revenue from property tax, license fees, grants from the state government, and other sources.
- **Expenditure projection:** Estimating essential and committed expenditures, such as employee salaries, infrastructure maintenance, and debt servicing. This step includes analysing ongoing projects and assessing required funds for their completion.

2. Engagement with Stakeholders

- **Local consultations:** Engaging with ward representatives, citizens, resident welfare associations (RWAs), NGOs, and other stakeholders to gather input on local needs and priorities. This helps identify key areas that require immediate attention, like road repairs, water supply improvements, and waste management.
- **Coordination with other departments:** Working closely with departments such as Urban Development, Health, Water Supply, and Public Works to ensure that budget allocations align with broader city development goals and policies.

3. Drafting the Budget Proposal

- **Setting priorities:** Based on consultations, BBMP sets its budget priorities, balancing funds between critical infrastructure projects, social programmes, and routine maintenance.
- **Allocations by sector:** Dividing allocations across sectors like health, education, infrastructure development, waste management, water supply, and transportation.
- **Special initiatives:** Allocating funds for new or strategic initiatives, which may include smart city projects, green infrastructure, and gender-responsive initiatives.

4. Incorporating Gender and Climate Aspects

- **Gender-responsive budgeting:** Allocating funds to address gender-specific needs, such as public safety initiatives, sanitation facilities for women, and maternal health programmes.
- **Climate-responsive budgeting:** Budgeting for climate resilience, including initiatives for storm water management, flood prevention, renewable energy projects, and other environmentally sustainable practices.

5. Approval Process

- **Submission to Urban Development Department:** The draft budget is submitted to the Karnataka State Urban Development Department for review and approval. This department assesses whether the budget aligns with state policies and financial guidelines.
- **Review by Standing Committees and Council:** BBMP's budget is then reviewed by relevant standing committees and eventually presented to the BBMP Council, where elected representatives discuss, amend, and finalise the budget after 15th January.
- The approval of the budget for printing is given by Chief Commissioner by 1st February.

6. Public Presentation and Feedback

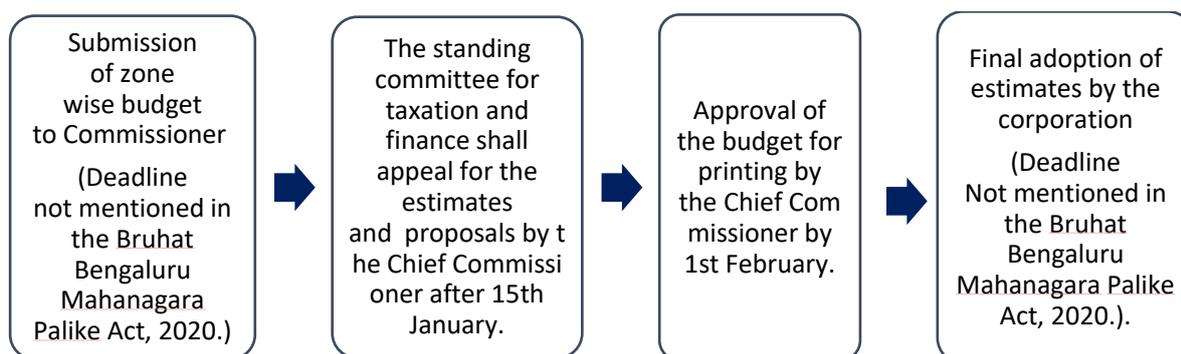
- **Public accessibility:** Once approved, the budget is made accessible to the public through the BBMP's official website, enabling transparency.
- **Community feedback mechanism:** BBMP may invite feedback from citizens on the allocated budget, especially if adjustments are required for specific programmes or emergency situations.

7. Monitoring and Evaluation

- **Performance tracking:** BBMP monitors the expenditure against the budget throughout the financial year, using regular audits and evaluations to track the progress of projects and programmes.
- **Reporting and accountability:** Quarterly and annual reports provide updates on budget utilisation, helping identify areas for improvement in future budgets.

Figure 17 captures the timeline followed by BBMP for preparation of the budget. The process is purely administrative. This structured process typically takes 4–6 months from initiation to final publication

Figure 17: Timeline of budget preparation process in BBMP



Source: Compiled by study team

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 availability of relevant financial information/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 perspective of accountability and transparency to enable borrowing from private sector as well as attract investments in long term. Tables 29 and 30 give details on the parameter of 'data availability'.

Table 29: 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
Karnataka	Bengaluru	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Source: Fiscal Empowerment of City Governments Report 2024

Table 30: Availability of audit reports

State	City	Audit reports available on the corporation website					
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Karnataka	Bengaluru	No	No	Yes	Yes	No	No

Source: Fiscal Empowerment of City Governments Report 2024

- BBMP has published budget documents in Kannada language from 2009 to 2020 and audit report are only available for two years i.e. 2019-20 and 2020-21 on the website.

Table 26: Details of types of budgets

State	City	Does the City government publish the following budgets:				
		Outcome	Gender	Poverty	Ward	Climate
Karnataka	Bengaluru	No	Yes	Yes	No	Yes

Source: Fiscal Empowerment of City Governments Report 2024

- BBMP municipal budget includes sections for gender, urban poverty alleviation, and climate budget.
- BBMP municipal budget does not include section for outcome and ward wise budget.

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 32: Details of devolution of fiscal powers of the corporation 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
Karnataka	Bengaluru	Yes	Yes	No

Source: Fiscal Empowerment of City Governments Report 2024

- BBMP has the independent authority to introduce new tax/ charges and revise the tax rates/charges as per the assigned list in the Municipal Act.
- BBMP does not have the authority to allocate its financial resources and approve budget.

Systemic Fiscal Transfers

As for systemic fiscal transfers, the latest SFC and ATR reports were studied for the corporation and their availability were analysed.

Table 33: Details of availability of SFC and ATR of the corporation

State	City	Latest SFC report published on official website.	Action Taken Report of latest SFC published on the official website.
Karnataka	Bengaluru	5 th SFC (2024-25)	Not available

Source: Fiscal Empowerment of City Governments Report 2024

- Bengaluru (Karnataka) has published 5th SFC report for year 2024-25, on the official website while the Action Taken Report (ATR) is not published by the state government.

The CFCs and SFCs play an important role in strengthening Indian municipal finance. While the CFC offers larger, national-level support and incentives to municipalities, the SFC concentrates on state-specific concerns and assures a more focused approach to resource allocation. Together, they seek to enhance municipalities' autonomy, governance, and financial stability in order to support sustainable urban development.

Data for 5th State Finance Commission (SFC) is available for Bengaluru (Karnataka) while the Action Taken Report (ATR) is not available, as the state government has not published it on official website. By publishing the data, Bengaluru would be benefited from adopting the mechanisms to bridge gaps in infrastructure and service delivery, ensuring sustainable urban growth and demonstrate focused and strategic urban governance.

Financial Transparency and Accountability

Financial transparency and accountability are key governance parameter. Citizens should know how public money is being used and operationalised for the development. Hence, City Government should ensure financial transparency through publishing of annual budget and accounts. Literature review and field study have captured the scenario that exists. Table 34 throws light budget & account, external audit, credit rating and tenders being published by the corporation.

Table 34: Details of financial transparency and accountability of the corporation

State	City	State Municipal Act makes it mandatory to publish the budget & accounts	State Municipal Act has provision on external audit of Municipal accounts	City Government publishes its Credit Rating on the website	Contracts & tenders dealt by City Government published on website
Karnataka	Bengaluru	Yes	Yes	No	Yes

Source: Compiled by study team

- The Act has a mandatory provision to publish the budget & accounts and contracts & tenders of municipal accounts on BBMP website.
- The act has provision to conduct external audit of municipal accounts on the website of BBMP.
- The act does not have provision to publish its Credit Rating on the website.

Analysis of Municipal Acts, budget documents, audit reports, SFC reports and ATR, provided details of current practices, trends, opportunities, challenges, and good practices in BBMP. Also, the qualitative

analysis also involved primary research through a field study. For the field study, the study team designed a detailed questionnaire, which focused on the municipal finance situation of Bengaluru, gender responsiveness, and climate-resilient approaches. This comprehensive questionnaire enabled the study team to systematically gather insights from all the stakeholders concerned. Several stakeholders were interviewed using this questionnaire, non-structured discussions. The key stakeholders included the Municipal Secretary of BBMP, the Special Commissioner of Finance, the Special Commissioner of Revenue, the Special Commissioner of Environment, Climate and Education, the Revenue and Finance Officer, the Accountant Superintendent, the former Mayor of Bengaluru and representatives from the Karnataka Urban Development Department, domain experts from within the country.

These direct engagements helped gather deeper insights and perspectives from key decision-makers and experts to enrich understanding about the existing situation and various dynamics of municipal finance, gender responsiveness, and climate-resilient approaches being adopted by BBMP.

3.1. Municipal Income

3.1.1 Municipal Revenue

The financial status of the BBMP has been a matter of concern given its significant role in managing Bengaluru's urban infrastructure and services. BBMP has faced financial challenges over the years, stemming from factors like limited revenue generation, outstanding debts, and high expenditures on essential urban services.

BBMP's main own source revenue comes from the following key sources.

- **Property tax:** The largest revenue source, but collection efficiency varies across wards. Efforts are underway to improve tax collection, including initiatives like online payments and digitised records.
- **Grants from the state and central governments:** BBMP receives substantial grants under state and central schemes, such as the Smart Cities Mission, Swachh Bharat Abhiyan, and the Urban Development Grant.
- **Non-tax revenue:** This includes revenue from trade licenses, advertisement fees, building plan approvals, and fines.
- **Loans and bonds:** BBMP occasionally raises funds through loans and municipal bonds, though the reliance on borrowed funds has led to an increase in debt servicing costs.

BBMP has the independent authority to levy new taxes or revise the existing tax/charges rates as per the BBMP Act 2020. At the same time, it cannot independently approve the municipal budget as it needs the approval of the state government. Table 35 captures all the major sources of revenue of BBMP.

Table 35: Main sources of revenue for BBMP

Tax revenue sources	Non-tax revenue sources	Transfers/Grants
Property tax	Improvement charges	Stamp duty
Revenue from advertisements	Market fee	Entertainment tax
Health cess	Rent from corporation land/plot	Development Fund and other grants by state and central governments
Solid waste management cess	License fees	
	Building permit fees	
	Other sanitation charges	
	Sewer charges	
	User charges	
	Katha transfer fees	

Source: Compiled by study team

The functions performed by the ULBs as per the 12th Schedule of the 74th Constitutional Amendment Act (CAA) and the population of cities vary across the cities; therefore, a financial cross-comparison among them is not possible. 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 36).

Table 36: Details of population of study city and comparison cities

Population	City	Comparison done with cities	
Above 30 Lakh	Bengaluru	Chennai	Hyderabad

Source: Fiscal Empowerment of City Governments Report 2024

Among the devolved functions performed by corporation, function 1: Urban planning including town planning, function (Urban Planning) 2: Regulation of land-use and construction of buildings, function (Land use Regulation) 5: Water supply for domestic, industrial and commercial purposes, function (WS-Dom.,Ind.,Comm.) 6a: Public health, sanitation conservancy and function (PH & Sanitation) 6b: Solid Waste Management (SWM), have been compared across the cities for analysis as major taxes collected by cities are for these functions.

Table 37: Details of devolution of functions for study city and comparison cities

	Devolved functions compared across the cities for analysis				
	1 Urban planning	2 Land-use Regulation	5 WS -Dom., Ind. & Com.	6a PH, Sanitation	6b SWM
Bengaluru (BBMP)					
Chennai (GCC)					
Hyderabad (GHMC)					

Source: UGI Index 2024, Praja Foundation. Compiled by study team

State govt.
 Functions under multiple agencies
 Functions under city govt.

Note: The highlighted city is the study city

For comparison, the municipal budgets of Bengaluru (BBMP) – Bruhat Bengaluru Mahanagara Palike, Chennai (GCC) – Greater Chennai Corporation and Hyderabad (GHMC) – Greater Hyderabad Municipal Corporation are used.

Among the five functions being compared, all three corporations have similar devolution of four functions i.e. function 1 urban planning; function 2: Regulation of land-use and construction of buildings, function (Land use Regulation); function 6a: public health, sanitation, and conservancy; and function 6b: solid waste management.

In the city of Bengaluru, Urban planning and town planning function and regulation of land-use and construction of buildings function is performed by Bengaluru Development Authority (BDA), Town & Country Planning Department, and Bruhat Bengaluru Mahanagara Palike (BBMP). Water supply for domestic, industrial and commercial purpose’s function is performed by Bangalore Water Supply and Sewerage Board. Public health, sanitation conservancy function is performed by multiple agencies i.e. Hospitals: Health Department (Karnataka Govt.), Primary Health Centres, Spraying & Fogging, Bruhat Bengaluru Mahanagara Palike Health Department. The solid waste management function is performed by Bengaluru Solid Waste Management Limited; working on behalf of BBMP.

Tax Revenue

The analysis of the budget documents from FY 2017-18 to FY 2022-23 pertaining to tax revenue of BBMP has been captured in Figure 18.

Figure 18: Annual growth in tax revenue of BBMP from 2017-18 to 2022-23 (%)

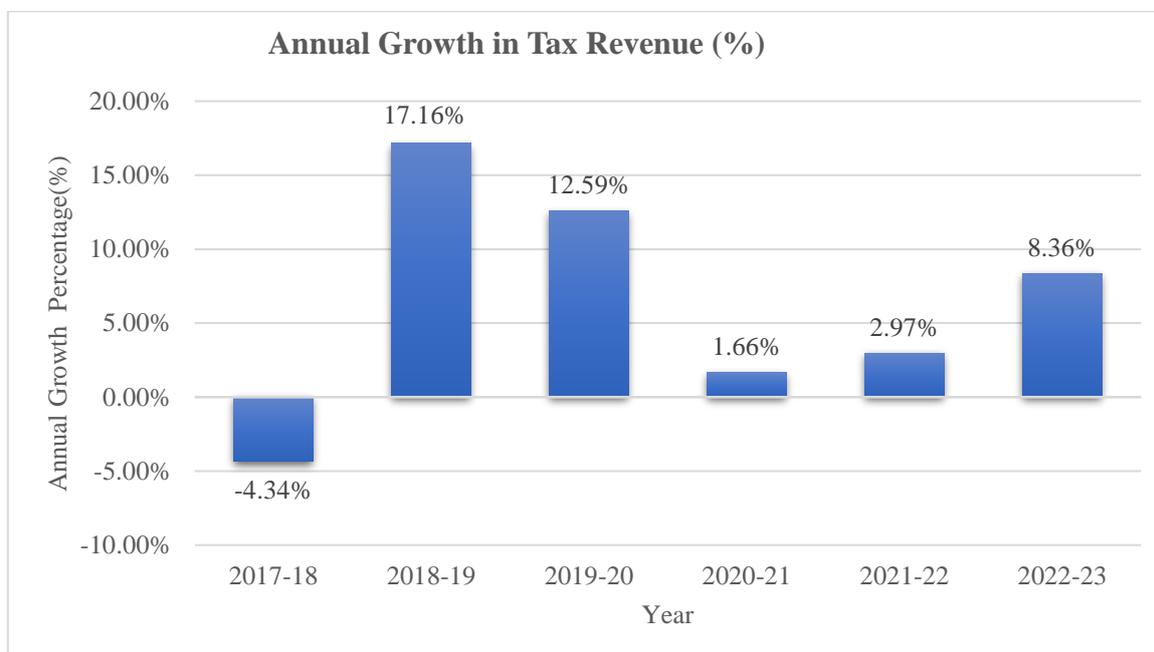


Table 38: Tax revenue of BBMP from 2017-18 to 2022-23 (Rs in lakh)

Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue (Rs in lakh)	1,79,383	2,10,164	2,36,626	2,40,560	2,47,701	2,68,420

Source: Compiled by study team

- BBMP's average tax revenue growth (FY 2017-23) is 6.40%, with a CAGR of 6.16% i.e. lower than the national ULB CAGR of 8.93% (ICRIER, 2019) indicating BBMP's slower tax revenue growth compared to the national average.
- The Annual Growth of Tax Revenue of Bengaluru for FY 2017-18 to FY 2021-22 is 6.01% which is higher than Chennai (4.15%) and Hyderabad (4.52%).
- The steep positive annual growth of Tax revenue of 17.16% in the 2018-19 was resulted due to high revenue generated from Penalties and fines on Property Tax, Katha Transfer fee. It declined to 2.97% in 2021-22 as the growth rate returned to the base year continuing the previous trend.

Figure 19: Percentage share of tax revenue to total income from 2016-17 to 2022-23

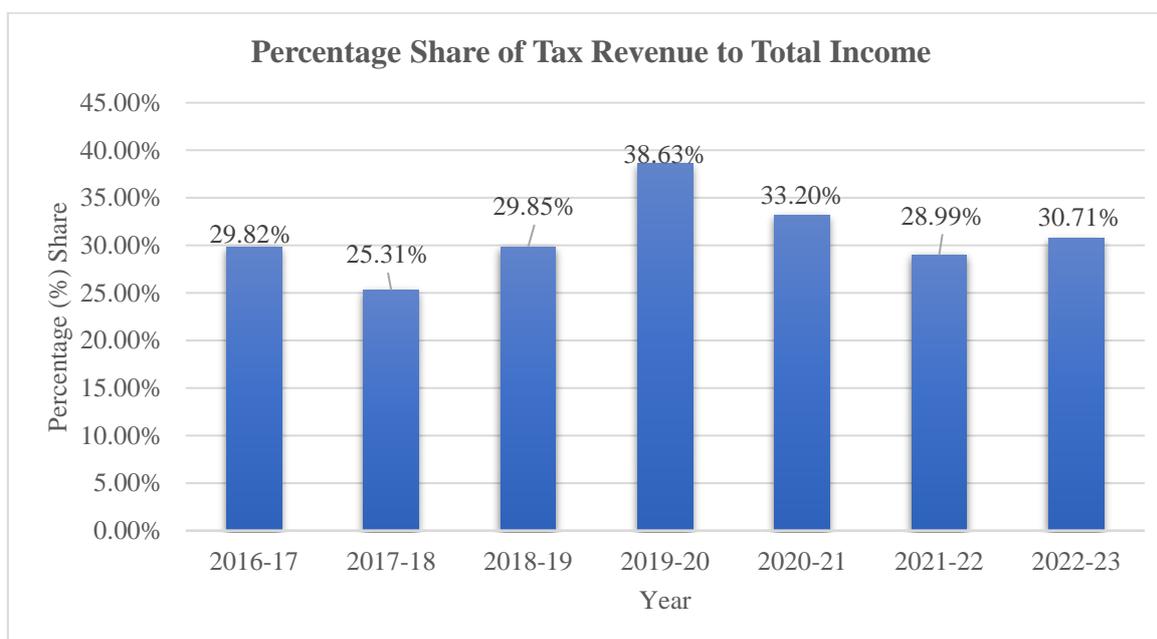


Table 39: Tax revenue to total income from 2016-17 to 2022-23 (Rs in lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	6,57,238	7,32,132	7,29,640	6,34,532	7,47,873	8,86,459	9,17,262
Tax Revenue	1,87,516	1,79,383	2,10,164	2,36,626	2,40,560	2,47,701	2,68,420

Source: Compiled by study team

- BBMP's average percentage share of tax revenue to total income for FY 2016-17 to FY 2021-22 is 30.40%, exceeding the 25% national average for ULBs, indicating BBMP has higher percentage share of tax revenue to its total income than the national average (ICRIER, 2019).
- The Average Percentage Share of Tax Revenue to Total Income for FY 2016-17 to FY 2021-22 of Bengaluru is 30.40% i.e. lower than Chennai (30.77%) and Hyderabad (36.06%). BBMP has a low percentage share of Tax Revenue.

Non-tax Revenue

Figure 20: Annual growth rate in non-tax revenue: 2017-18 to 2022-23 (%)

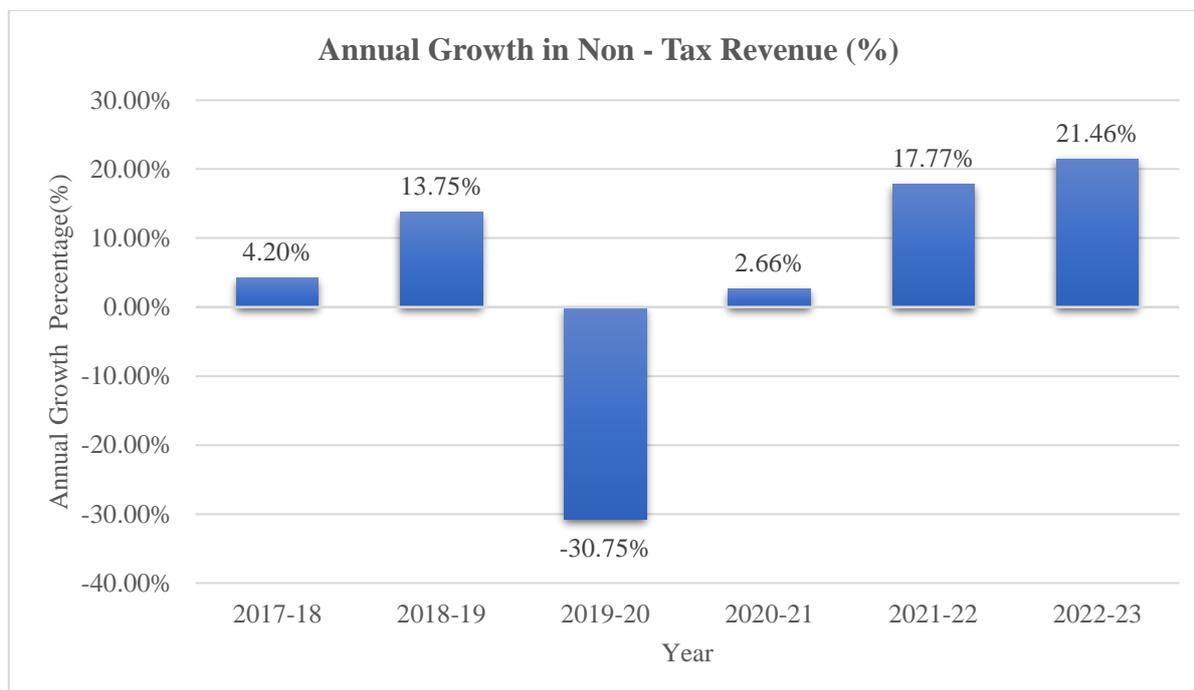


Table 40: Annual growth rate in non-tax revenue: 2017-18 to 2022-23 (Rs in lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Non-tax revenue	1,20,542	1,25,602	1,42,825	98,929	1,01,522	1,19,523	1,45,176

Source: Compiled by study team

- Bengaluru's non-tax revenue for FY 2017-18 to FY 2021-22 has an average annual growth rate of 4.83% and CAGR of 3.15% i.e. lower than the 12.05% CAGR observed for all urban local bodies (ULBs) during 2012-17, highlighting slower growth compared to other cities. (ICRIER, 2019).
- The Annual Growth of Non-Tax Revenue of Bengaluru for FY 2017-18 to FY 2021-22 is 1.51% which is lower than Chennai (12.26%) and Hyderabad (9.46%). BBMP has low growth rate of non-tax revenue than Chennai and Hyderabad.
- 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 2019-20 and it has drastically increased to 17.73% in the year 2021-22 on account of COVID-19 pandemic.

Figure 21: Share of the non-tax revenue to total income: 2016-17 to 2022-23 (%)

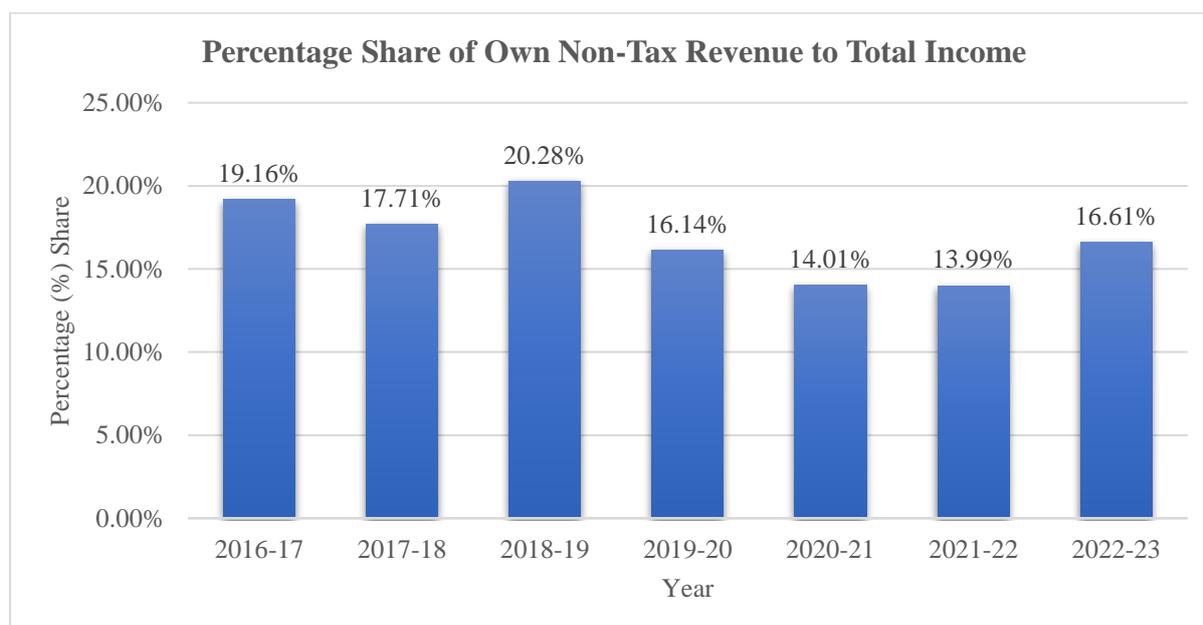


Table 41: Non-tax revenue to total income: 2016-17 to 2022-23 (Rs in lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	6,57,238	7,32,132	7,29,640	6,34,532	7,47,873	8,86,459	9,17,262
Non-Tax Revenue	1,20,542	1,25,602	1,42,825	98,929	1,01,522	1,19,523	1,45,176

Source: Compiled by study team

- The average percentage share of non-tax revenue to total income for seven years is 16.22% which is lower than the percentage share of non-tax revenue for all ULBs during 2012-17 was 18% (ICRIER, 2019) highlighting BBMP's lower reliance on non-tax revenue compared to the national trend.
- 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 Chennai (9.95%) and lower than Hyderabad (25.57%). The percentage share of Non-Tax Revenue BBMP is low if compared to Hyderabad and is high if compared to Chennai, due to the difference in the assigned taxes the cities can collect according to their Municipal Acts.

Property Tax

Property tax is the main primary source of revenue, among other sources, for BBMP as it accounts for a substantial portion of its annual revenue. The city government relies heavily on property tax to fund essential civic services and infrastructure projects in Bengaluru. BBMP has implemented various systems and methodologies to optimise property tax collection, including guidance-value-based assessments, cess collection, and advanced mapping technologies.

Property tax is levied on residential, commercial, and industrial properties within BBMP's jurisdiction. Tax collection is carried out twice a year, and citizens are encouraged to pay either online or at designated BBMP offices. Incentives like early payment discounts (about 5%) help encourage timely payments. Despite the significant revenue potential, property tax collection efficiency is often impacted by issues such as tax evasion, under-assessment, and inaccurate property records.

In 2016, BBMP had revised the property tax system. Further, in 2024, it introduced the guidance-value-based property tax system in 2024. Guidance values represent the minimum value of a property as prescribed by the state government. They vary by location, reflecting factors like proximity to business centres, market rates, and local amenities. The tax is calculated considering the property's built-up area, usage (residential or commercial), zone, and the guidance value. This system helps ensure that property taxes reflect the property's market value, improving fairness and revenue potential. BBMP holds the right to revise the guidance values periodically based on the development of the areas and increase in services.

BBMP collects additional cesses as part of property tax to fund specific civic initiatives. The four main types of cesses collected are (a) Health cess of 15%; (b) Library cess of 6%; (c) Beggary cess of 3%; and (d) Urban land transport of 2%. In addition, BBMP levies solid waste management cess also as part of property tax.

BBMP uses Geographic Information System (GIS) mapping tool to improve property tax administration. GIS mapping helps create accurate property records by mapping each property's geographic location and its attributes. The use of GIS mapping technology has enabled BBMP to identify previously unassessed or under-assessed properties, thus expanding the tax base.

Along with GIS mapping, BBMP has also introduced property mapping and digitisation of property records. While property mapping helps BBMP in creating a detailed inventory of all properties within BBMP's jurisdiction, digitisation of property records allows for easy retrieval, updates, and integration with GIS data.

BBMP has also launched online portals to facilitate easy payments, mobile apps, and awareness campaigns to enhance tax collection efficiency. Further, to enhance accountability and make the tax system robust, BBMP has proposed to integrate property tax collection with Aadhaar and geo-tagging.

Figure 22: Annual growth of property tax: 2017-18 to 2022-23 (%)

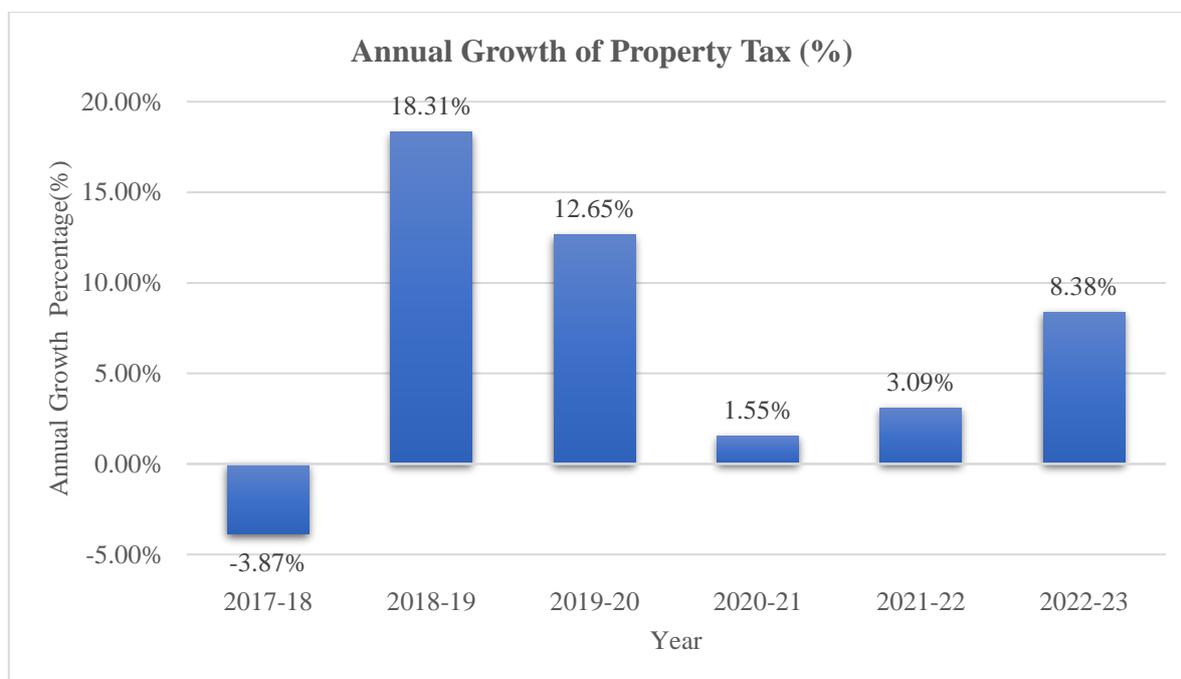


Table 42: Annual growth of property tax in actual terms: 2017-18 to 2022-23 (Rs in lakh)

Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Property tax (Actual) (Rs in lakh)	1,77,528	2,10,029	2,36,592	2,40,248	2,47,676	2,68,420

Source: Compiled by study team

- Bengaluru's property tax revenue shows an average annual growth of 6.68% and a CAGR of 6.43%, i.e. significantly lower than the 13.06% CAGR for all ULBs during 2012-17. (ICRIER, 2019) This indicates that Bengaluru's property tax collection has been lower than the national average.
- The Annual Growth of Property Tax Revenue of BBMP for FY 2017-18 to FY 2021-22 is 6.35% which is higher than Chennai (2.62%) and Hyderabad (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 2018-19 than the previous years. Hence, the Annual Growth of Property Tax peaked in 2018-19 at 18.31%, the same decreased in the next years resulting in a decline to 3.09% in 2021-22.

Figure 23: Snapshot of a property tax bill of BBMP

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2022-2023 ಆರ್ಜಿ ಸಂಖ್ಯೆ Application No :	1601179834	ಅಯ್ಯಿ ವಾರ್ಡ್ ವಾರ್ಡ್ ಸಂಖ್ಯೆ ಮತ್ತು ಹೆಸರು Ward No & Name as declared	110- Sampangiramnagar	ಪಾವತಿಸಿದ ಸ್ಥಳ : Payment Location :		NEFT/IMPS/RTGS					
ಆಸ್ತಿ ತರಿಗೆ ದಾಖಲೆ PROPERTY TAX RECEIPT (ಎಂ.ಎ.ಆರ್. 31ಎ ನಿಯಮ 73 M.A.R. 31A Rule 73)											
ದಾಖಲೆ ಸಂಖ್ಯೆ Receipt No.	23243787121	ದಿನಾಂಕ: Date:	16-03-2023	ವಸತಿ ವಲಯ ವರ್ಗೀಕರಣ Residential zone classification declared by tax payer		ವಸತಿಹೊರ ವಲಯ ವರ್ಗೀಕರಣ Non Residential zone classification declared by tax payer					
ಮಾಲೀಕರ ಹೆಸರು : Owner's Name :	COMMISSIONER OF POLICE		ಸ್ಥಳೀಯ ವಿಳಾಸ : Property Address :	1/1 INFANTRY ROAD, .		Old PID No / Khatha / Survey No :	78-1-1/1				
Mode of payment Online / Cheque / DD / PO / Cash		Cash	ಪಾವತಿ ವಿವರ Payment Details:	Full Payment	ಪಾವತಿ ವ್ಯವಹಾರ ಸಂಖ್ಯೆ Payment Transaction Number :						
1	2	3	4	5	6	7	8	9	10	11	12
ತರಿಗೆ ವಾರ್ಷಿಕ ವಾರ್ಷಿಕ Tax Paid Year	ಆಸ್ತಿ ತರಿಗೆ Property Tax	ಅನುಬಂಧಗಳು Cesses	ಒಟ್ಟು ತರಿಗೆ Total Tax	ಪರಿಹಾರ ರಿವಾರ್ಡ್ Rebate Availed	ದಂಡ Penalty	ಬಡ್ಡಿ Interest	ಶಿಸ್ತು ತ್ಯಾಜ್ಯ ಅನುಬಂಧ SWM Cess	ಪಾವತಿಸಬೇಕಾದ ನಿವ್ವಳ ತರಿಗೆ ಮೊತ್ತ Net Tax to be Paid	ಮುಂಗಡ ತರಿಗೆ Advance Tax	ಪಾವತಿಸಲಾಗದ ತರಿಗೆ ತರಿಗೆ ಮೊತ್ತ Balance Tax Paid	ಹೊಂದಾಣಿಕೆ ಮಾಡಬೇಕಾದ ಮೊತ್ತ Excess amount to be adjusted
2022-2023	592031.25	153928.13	745959.38	0.00	100.00	39162.87	2400.00	787622.00	0.00	787622.00	0.00
Amount in Words		Rupees Seven Lakhs Eighty Seven Thousand Six Hundred And Twenty Two only									
<p>Please Note : This payment is accepted subject to verification of accounts. If payment instrument is dishonored, then action as per Negotiable Instruments Act will be initiated. Further this payment is accepted subject to verification of the property by the BBMP. If the above declaration made under SAS is found to be false action as per BBMP Act 2020 will be initiated. If the tax-reassessed is more than 5 % than the tax remitted under self-declaration, the evaded tax shall be payable together with a penalty not less than twice the tax payable along with interest for the difference amount payable calculated @ 9% p.a. (Note: interest @ 9% p.a. shall be applicable from the AY 2021-22 on wards).</p> <p>Terms and conditions : This computation of property tax capping the increase to 20%-25% is subject to verification of property and verification of previous property tax returns filed. The tax payer is liable to pay the balance property tax as per rules in all cases of discrepancies. Submitted date: 16-03-2023</p> <p>This is a computer generated receipt and does not require a seal and signature.</p>											

Figure 24: Share of property tax to (a) total income and (b) own source income: 2016-17 to 2022-23 (%)

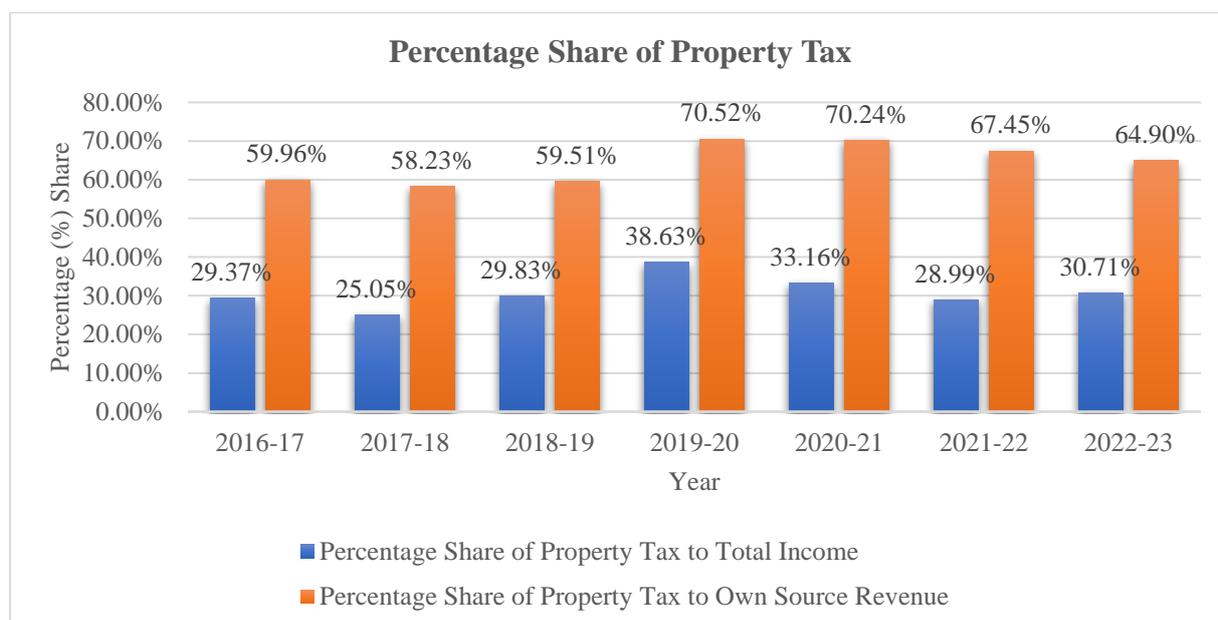


Table 43: Actual share of property tax to (a) total income and (b) own source income: 2016-17 to 2022-23 (Rs in lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	6,57,238	7,32,132	7,29,640	6,34,532	7,47,873	8,86,459	9,17,262
Own Source Revenue	3,08,058	3,04,985	3,52,988	3,35,555	3,42,083	3,67,224	413,596
Property Tax	1,84,669	1,77,528	2,10,029	2,36,592	2,40,248	2,47,676	2,68,420

Source: Compiled by study team

- The average percentage share of property tax to total income for FY 2016-17 to FY 2021-22 is 29.68% which is higher 15% national average for ULBs during 2012-17 (ICRIER, 2019), indicating BBMP's percentage share of property tax is higher than the national average.
- The percentage share of property tax to BBMP's own source revenue is 64.39%, i.e. significantly higher than the national average of 21.77% indicating that property tax is a critical source of revenue for BBMP compared to other municipalities in India. (Report on Municipal Finances, 2022).
- 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 Chennai (22.26%) and lower than Hyderabad (36.06%). Whereas, the Average Percentage Share of Property Tax to Own Source Revenue for Bengaluru 64.31% which is higher than Chennai (54.25%) and Hyderabad (58.90%). This indicates that property tax contributes more in Own Source Revenue of BBMP than the Total Income.

- The implementation of GIS mapping, physical property inspections, and integration with BESCOM meters has enhanced property coverage and accuracy in Bengaluru. Online and offline payment options, coupled with incentives like a 5% early bird discount, have further improved property tax collection. Stringent penalties for tax evasion, along with transparency initiatives such as detailed property mapping and citizen participation in budget-making, have strengthened accountability and boosted revenue collection for BBMP.

Views shared by a Councilor during city level consultation:

The Self-Assessment System for property tax collection should be shifted to Capital Based system to ensure maximum mapping, coverage and collection efficiency. BBMP should use GIS and other Drone surveys to minimise the leakages in the collection.

Own Source Revenue

Figure 25: Share of own source income to (a) the total income and (b) the revenue income (%)

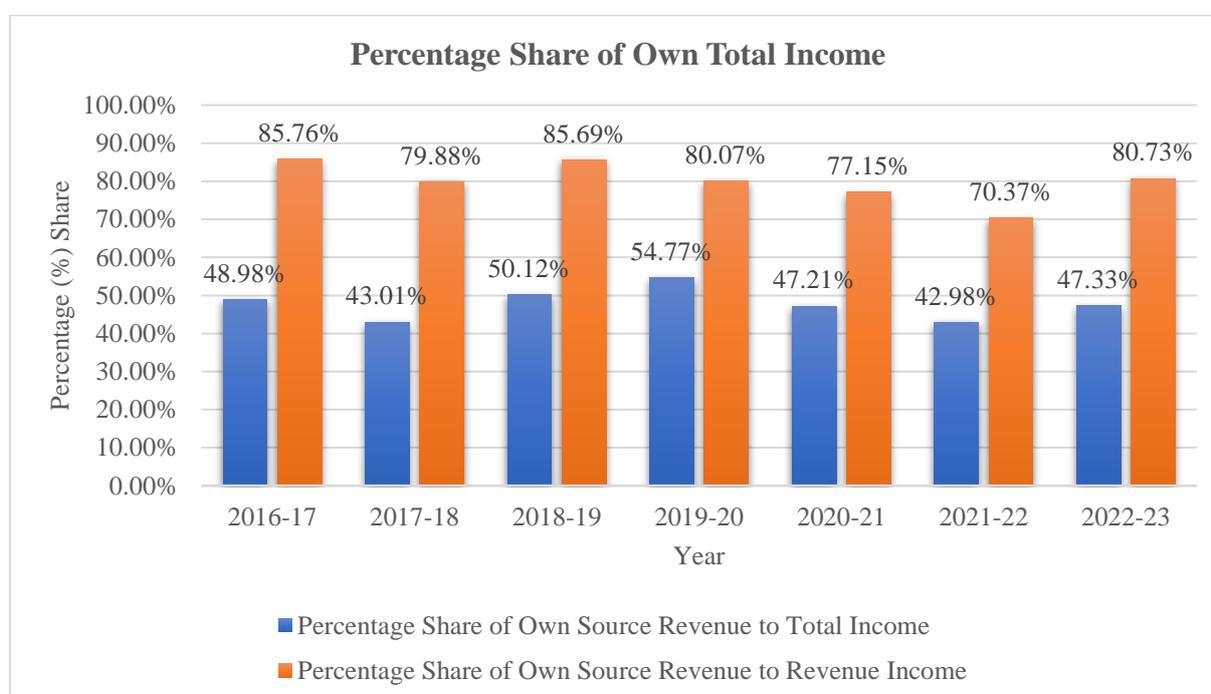


Table 44: Actual share of own source income to (a) the total income and (b) the revenue income (Rs in lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	6,57,238	7,32,132	7,29,640	6,34,532	7,47,873	8,86,459	9,17,262
Own Source Revenue	3,08,058	3,04,985	3,52,988	3,35,555	3,42,083	3,67,224	413,596
Revenue Income	3,77,696	3,80,852	4,41,314	4,18,994	4,43,353	5,21,834	5,12,335

Source: Compiled by study team

- BBMP's percentage share of own source revenue constitutes 78.57% of its total revenue, i.e. higher than the national average of 64.46% for all ULBs. This highlights that BBMP relies more on its own revenue compared to the national average (Report on Municipal Finances, 2022).
- The Average Percentage Share of OSR to Total Income of Bengaluru for FY 2016-17 to FY 2021-22 is 47.03% which is higher than Chennai (40.72%) and lower than Hyderabad (61.63%). Whereas, the Average Percentage Share of OSR to Revenue Income of Bengaluru for FY 2016-17 to FY 2021-22 is 79.84% which is higher than Chennai (64.81%) and lower than Hyderabad (88.02%). The BBMP primarily relies on property tax as its revenue source, resulting in a higher share of Own Source Revenue.

Grants and Transfer

Figure 26: Share of grants/transfers from CFC and SFC to total income of BBMP (%)

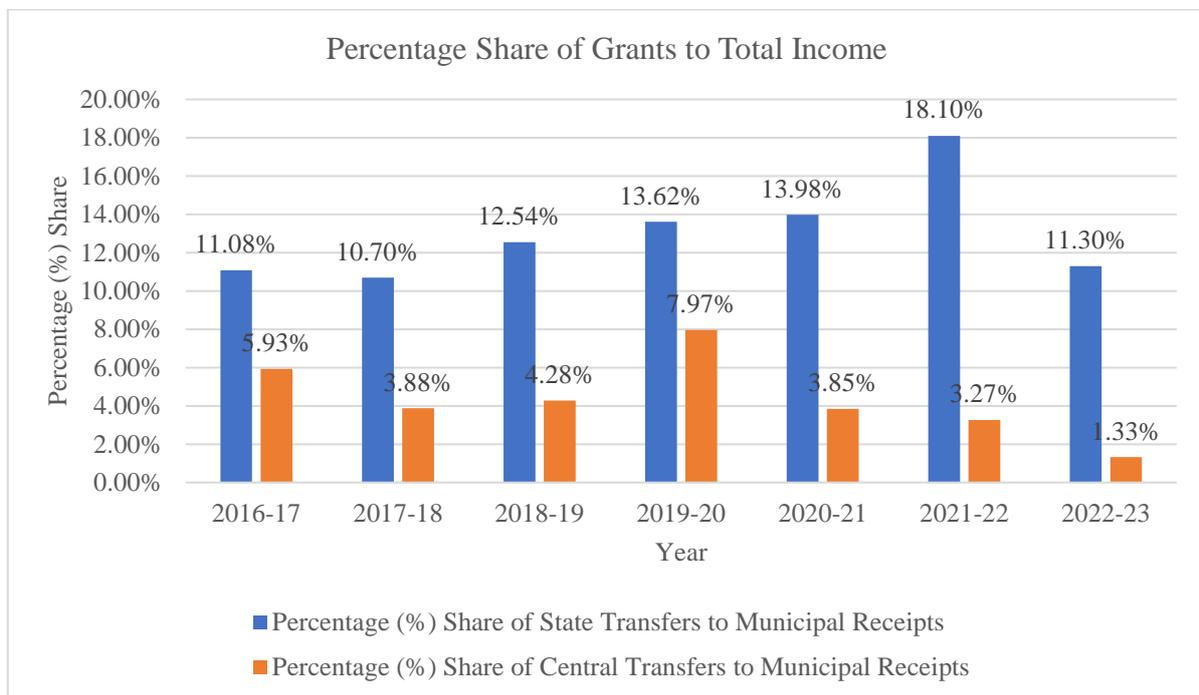


Table 45: Actual share of grants/transfers from CFC and SFC to total income of BBMP (Rs in lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	6,57,238	7,32,132	7,29,640	6,34,532	7,47,873	8,86,459	9,17,262
State Transfer	69,638	75,868	88,326	83,439	1,01,271	1,54,610	98,739
Central Transfer	2,50,302	3,27,130	2,70,252	1,93,492	281,228	332,495	361,610

Source: Compiled by study team

- Bengaluru's percentage share of state transfer to total income averages 12.57%, i.e. lower than the national average of 33.33%. In contrast, the percentage share of central transfer to total

income is 37.83%, i.e. significantly higher than the national average of 12%, indicating that BBMP receives more central transfers than state transfers.

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

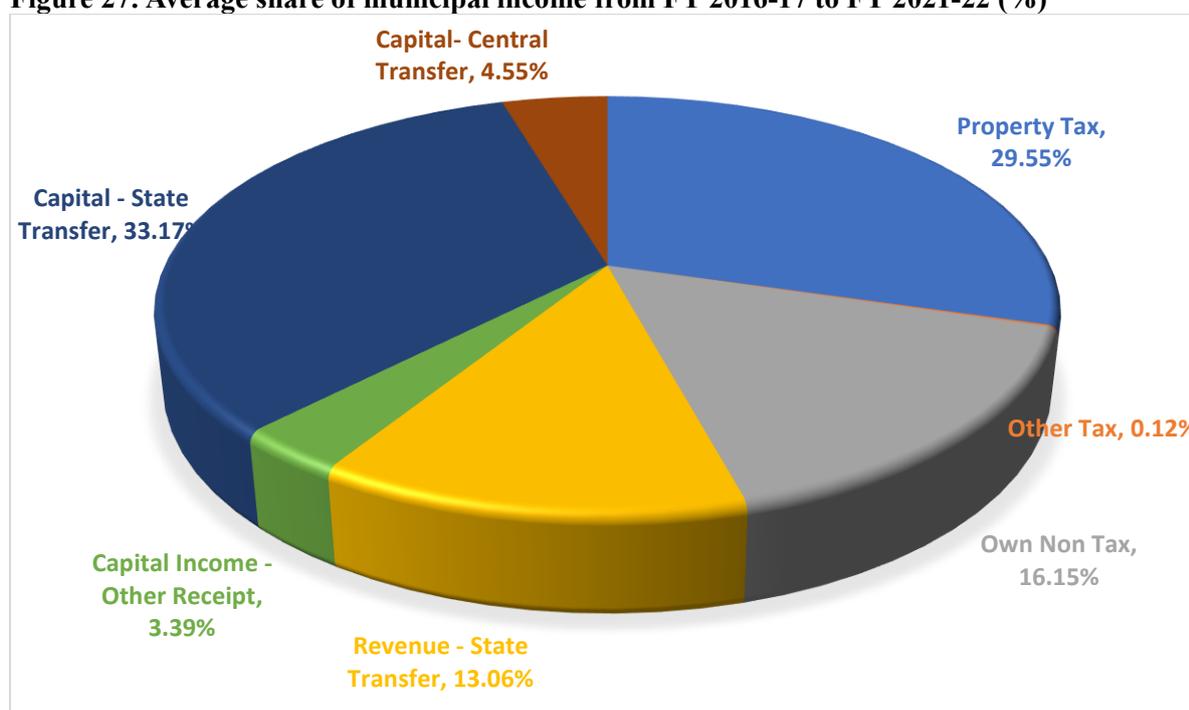
3.1.2 Summary of Municipal Revenue

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 Own Source Revenue forms 47.85% of total income, with a per capita average of ₹3,377.56 and a CAGR of 5.04%. Tax Revenue contributes 30.97% of total income, driven largely by Property Tax, which accounts for 30.84% of total income and 64.31% of Own Source Revenue. Property Tax has a strong growth rate (CAGR 6.43%) and a high per capita contribution of ₹2,172.92. Non-Tax Revenue, despite a lower CAGR of 3.15%, contributes 16.88% to total income, with a per capita value of ₹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 27: Average share of municipal income from FY 2016-17 to FY 2021-22 (%)



Source: Compiled by study team

Bengaluru demonstrates robust tax revenue growth of 6.01% annually, with a notable 17.16% increase in 2018-19 due to penalties and fees, contributing 30.40% to total income, higher than the national average of 25% (ICRIER I. C., 2019). Non-tax revenue growth remains modest at 1.51%, driven by declining collections of rent, fees, and fines, contributing 16.64% to total income, below the national average of 18%. Property tax accounts for 30.27% of total income and 64.31% of its own source revenue, reflecting its importance in the city's revenue structure. Own source revenue contributes 47.03% to total income, with grants and transfers from state (13.08%) and central (4.78%) governments remaining lower than comparable cities like Chennai and Hyderabad. Bengaluru benefits from a robust property tax system, supporting its higher OSR share.

3.2. Municipal Expenditure

Components of Municipal Expenditure

Revenue Expenditure:

- Establishment Expenditure: Day-to-day expenses required to maintain municipal services, including salaries of employees, utility bills, and maintenance of facilities.
- Administrative Expenses: Costs associated with running municipal offices, including stationery, office supplies, and other administrative functions.
- Operations and Maintenance: Expenditure on services such as street cleaning, garbage collection, public health programs, and maintenance of parks and open spaces.
- 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:

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

3.2.1. Average Per Capita Expenditure

Table 47: Average per capita expenditure of Bengaluru (Rs)

City	Revenue expenditure (Nominal)	Revenue expenditure (Real)	Capital expenditure (Nominal)	Capital expenditure (Real)	Total expenditure (Nominal)	Total expenditure (Real)
Bengaluru	3,047.60	2,206.37	4,083.88	2,988.90	7,131.48	5,195.28
Chennai	5,681.36	4,133.19	2,714.89	2,007.22	8,396.25	6,140.41
Hyderabad	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 ₹3,047.60, highlighting the spending on operational services, while the capital expenditure is higher at ₹4,083.88, indicating a strong investment in infrastructure. When adjusted for inflation, the per capita revenue expenditure drops to ₹2,206.37, and capital expenditure to ₹2,988.90.

3.2.2. Expenditure Ratios

Table 48: Average expenditure, percentage share of expenditure to total income and revenue income for Bengaluru (FY 2016-17 to FY 2021-22)

Municipal Expenditure	Average (Rs lakh)	Percentage Share to total income (%)	Percentage Share to revenue income (%)
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 & Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	13,190	1.86%	4.63%
Total Revenue Expenditure	2,85,126	40.25%	-
Total Capital Expenditure	4,23,247	59.75%	-
Total Municipal Expenditure	7,08,373	100.00%	-

Source: Compiled by study team.

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

3.2.3. Key Findings

From 2016-17 to 2021-22, Bruhat Bengaluru Mahanagara Palike (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 Operation & Maintenance (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 income although BBMP reported 47% vacancy. Administrative and program expenditures were relatively low, the city has prioritised building infrastructure and city services to support Bengaluru's rapid growth.

3.4. Municipal Borrowings

3.4.1 Need for Municipal Borrowings

Urban areas in India contributed an estimated 65% of GDP by 2011, creating the need for sustainable investments in urban infrastructure. The resource requirements for cities to provide essential services such as water supply, sanitation, and transportation far exceed the fiscal capacities of urban local bodies (ULBs). Municipal governments continue to face significant funding gaps, as budget estimates and actual estimates of revenue and expenditure reveal a disparity in the fiscal planning of Indian cities. Traditional sources, including property taxes and intergovernmental transfers, have proven inadequate which municipal borrowing. The significant gap between revenue generation and expenditure requirements can be bridged by effective municipal borrowing (World Bank, 2011). Table 49 discusses about the financial performance of BBMP from FY 2017-18 to FY 2022-23.

Table 49: Financial performance compared to budgeted projection of BBMP

City Name	Average 2017-18 to 2022-23	Revenue Income (Rs lakh)	Capital Income (Rs lakh)	Total Income (Rs lakh)
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%

Source: Compiled by study team

According to the data, BBMP experienced a severe financial performance gap compared to their planned projections. BBMP's 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. The financial shortfalls in revenue and capital income observed in BBMP highlight serious concerns about their ability to secure future market borrowings. BBMP is heavily dependent on grants accounting for 50.78% share of grants in municipal income.

Significant discrepancies between anticipated and actual data, particularly in capital income, and a large reliance on grants indicate problems with financial management, project execution, and revenue generation. Without resolving these issues, these communities may face higher borrowing costs, limited access to finance markets, and difficulties financing critical infrastructure projects. In order to preserve financial stability and secure future funding, local administrations must enhance their capital management, revenue collection, and fiscal planning strategies.

3.4.2 Municipal Bonds

Until the 1980s, municipal securities in India, backed by state government guarantees, qualified as Statutory Liquidity Ratio (SLR) investments. However, after the 1991 fiscal crisis, states became reluctant to guarantee municipal borrowings, leading to the rise of municipal bonds. This allowed municipalities to access capital markets without state guarantees. The concept, widely used in the US for financing infrastructure, was introduced in India in 1995 through a USAID-FIRE (D) seminar. In the U.S., municipal bonds fund large infrastructure projects, supported by local taxes and user charges. In 1996, Ahmedabad became the first Indian city to obtain a credit rating for a municipal bond, followed by Bengaluru in 1997 and Ahmedabad's own bond for a water and sewerage project in 1998. Table 50 discusses about the legislative arrangement regarding borrowings of Bengaluru.

Table 50: Legislative arrangements regarding borrowings

City	Is borrowing permitted?	What Kind of borrowing?	Whether state government approval is required for borrowings?	Are there any limits on borrowing prescribed?	Is any maximum loan repayment period prescribed?
Bengaluru	Yes	Loans and Debentures	Yes	Yes	Yes

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

As per Section 154 of the KMC Act 1964, BBMP can access market borrowings. Although the provision was there, BBMP introduced municipal bonds only in 1997 to fund the city roads and drains projects, amounting to Rs 125 crore. BBMP in the process to create an escrow account. Higher credit rating is also critical for market borrowings. In this regard, ICRA's credit rating for BBMP has marginally come down from A+ (Stable) rating in 2021 to B+ (Stable) rating in February 2024.

ICRA's credit rating is only an opinion by a third party on the general creditworthiness of the rated entity and not specific to any particular debt instrument. However, a higher credit rating does generate 'goodwill' to attract borrowing from the market.

3.4.3 Challenges and Opportunities

Municipal bonds provide long-term capital and diversify funding sources for municipalities, improving governance and financial management as ULBs prepare to be 'capital market ready'. Increased oversight by rating agencies and investors further strengthens these practices. To encourage BBMP to become market-ready, key improvements are needed in:

- **Data Transparency**

The 15th Finance Commission has pointed out data gaps, inconsistencies, and the lack of timely, audited accounts in urban municipalities. Challenges due to non-standardised accounting codes complicate financial data analysis. Addressing these issues could help improve municipal financing. 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.

- **Municipal creditworthiness**

467 ULBs under the AMRUT programme 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)

- **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.

- **Institutional Capacity**

A key constraint on municipal bond issuances is the lack of institutional capacity at the ULB level to prepare for bond market access. ULBs struggle to develop bankable, commercially

viable projects and lack project management skills, affecting timely execution. 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.

Improving Bankability of Municipal Projects:

- ULBs should focus on levying user charges and developing additional revenue streams (e.g., commercial real estate) 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, minimizing 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.
- **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-based targeting for subsidies to ensure sustainable financing for services.
- **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.
- **Strengthening Municipal Accounting Systems and Cadre:**
Address skill gaps accounting systems through NMAM and in urban planning, finance, and other functions to improve overall managerial efficiency and governance at the ULB level.
- **AMRUT Incentives:**
Continue offering incentives under AMRUT for municipal bond market development and increase funding limits to encourage larger ULBs to issue bonds and deepen the market.
- **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 projects (RBI, 2020).*

3.5. Gender Responsive Budgeting and Climate Financing

3.5.1 Importance of gender responsiveness in municipal finance

Urban areas are key drivers of political, economic, and social change, and vulnerable groups such as women, children, and the elderly are most affected by climate change and disasters. SDG 5 under Agenda 2030 focuses on gender equality and empowering women and girls, emphasizing the need for gender-responsive budgeting (GRB) and climate-resilient financing to address these challenges. GRB has gained global attention as a strategy to reduce gender disparities, with countries like Spain and Canada leading the way in implementing tools like gender budgeting reports and Gender-Based Analysis Plus (GBA+). Initiatives by organisations such as OECD, UN Women, and IMF stress the importance of integrating gender and climate action in fiscal policies.

City governments, like Barcelona, are adopting gender-sensitive budgeting to address the needs of women and vulnerable groups in areas like infrastructure and social services. In India, gender-inclusive urban planning is growing, with cities like Pune, Chennai, and Ahmedabad incorporating gender-focused policies and climate action plans. The Tamil Nadu government's 2024 State Policy for Women and the Greater Chennai Corporation's Gender and Policy Lab are examples of this progress. The need for holistic, gender-responsive, and climate-resilient solutions is critical for sustainable, inclusive urban development, and empowering women's leadership in climate action is essential for achieving this goal.

3.5.2 Gender Responsiveness

The United Nations (UN) has set 17 goals as sustainable development goals (SDGs) for nations to achieve by 2030. In alignment with these SDGs, India has commitment towards achieving these goals, including SDG 5, which mandates 'gender equality and empowerment of women and girls' by 2030. To achieve these goals and to address the systemic barriers that exist in the power structures, it calls for comprehensive policy reforms at all the levels of governance. Gender equality being a cross-cutting issue, it must be addressed through various national policies, budgets, and institutional reforms.

In the case of BBMP, although there is no gender budget specifically, the city government allocates funds for women-centred initiatives and services under the department's budget for welfare. For instance, in 2023-24, BBMP allocated a budget of Rs 1100 lakh in the main budget. In FY 2024-25, the amount increased to Rs 1,700 lakh, which is 0.14% of the total budget.

The details of women's participation in BBMP are provided in Table 51, based on the Urban Outcomes Framework 2022, an initiative by MoHUA.

Table 51: Details of women participation in BBMP

Sector	Data point	Unit of measurement	Bengaluru (BBMP)
Governance & ICT	Total staff sanctioned in the ULB (permanent)	Number	18,000
	Number of women working in the ULB (permanent)	Number	1,285
	Percentage of women officials in the ULB	Percentage (%)	33

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, BBMP has 7.13% women staff. BBMP have very low representation of women in their

workforce. This shows a serious lack of women in the workforce with a clear gap in recruitment and retention efforts for women.

While BBMP's generic investments in infrastructure and services do directly or indirectly benefit women, some of the specific initiatives need special mention.

- 'Pink Rooms' in malls, bus stations, and toilets, for making sanitary napkins and rest rooms available to women during menstruation.
- 'e-Sarathy' scheme for the welfare of women, scheduled castes and scheduled tribes, backward minorities and transgender community, which provides financial assistance to purchase about 250 electric autos/goods e-autos.
- Free distribution of electric two-wheelers to working women and Pourakarmikas coming under all zones of the BBMP and electric two-wheelers with extra wheels to the especially abled persons.
- For economic development of the transgender community and other economically backward classes, BBMP reserves 50% of the project cost or a maximum of Rs.1.50 lakhs as a helping hand to establish small enterprises.
- 'Savitri Vasathi Hostels' in the name of Savitri Bai Phule for working women employees in 8 zones of the BBMP with registered voluntary organisations.
- A night shelter for the benefit of transgenders is being planned.
- Dislocated street vendors (women and transgenders) to get a maximum subsidy of Rs 1.50 lakh and for others maximum subsidy of Rs 1 lakh for the purchase of e-vending rickshaws.

3.5.3. Importance of Climate Financing in Municipal Finance

The cities contribute nearly 70% of global carbon emissions despite covering just 2% of the Earth's surface. Rapid urbanisation drives energy consumption and emissions, necessitating investments in green infrastructure. Climate financing supports activities that reduce emissions (mitigation) and build resilience to climate impacts (adaptation), essential for achieving the 1.5°C target and minimizing economic losses (UN-Habitat, 2021).

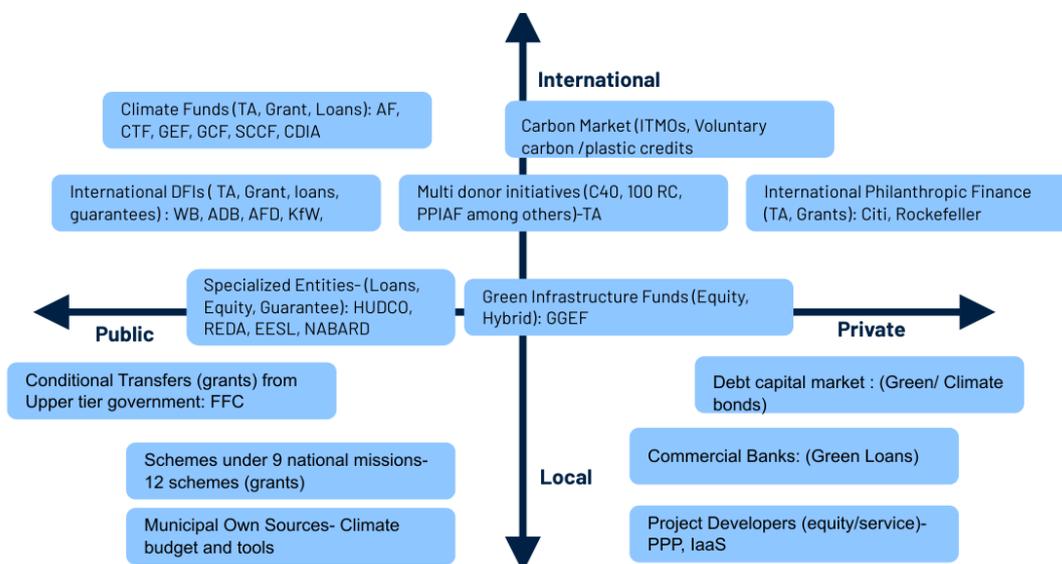
Key Challenges and Strategies for Enhancing Climate Financing in Cities:

- **Urgency and Investment Gaps:** Cities face growing climate risks and infrastructure demands but struggle with limited funding and creditworthiness.
- **Innovative Solutions:** Green bonds, PPPs, and climate funds can mobilise investments, while state and national programs like NAPCC and SAPCC provide frameworks and incentives.
- **Strengthening ULB Capacity:** Municipalities need robust financial management, climate-responsive budgeting, and localised Climate Action Plans to utilise funds effectively.
- **Leveraging National and International Support:** Programs like the Green Climate Fund, Smart Cities Mission, and multilateral financing enable cities to align urban projects with climate goals.
- **Public-Private Collaboration:** Partnerships can finance renewable energy, transport, and waste management, boosting private sector involvement in sustainable development.

Empowering ULBs with resources and innovative financing tools is critical for advancing climate action and creating resilient urban environments. The resultant impact of a majority of the investment obtained through climate/green finance will be realised at the level of urban local bodies (ULBs). The ULBs will have to implement climate mitigation and adaptation programmes and schemes through effective and localised use of investments and finance. This will, in turn, require the ULBs to budget for climate mitigation and adaptation programmes and plan their implementation through instruments

such as city-level Climate Action Plans. Figure 28 shows the various sources of urban climate finance in India.

Figure 28: Sources of urban climate finance



Source: CB Module: Mapping

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).

3.5.4. Climate Financing at BBMP

The Bengaluru Climate Action Plan (BCAP) marks an ambitious effort to guide Bengaluru towards net-zero emissions by 2050. Released in 2023, BCAP outlines strategies to address the city’s unique environmental challenges through data-driven and multi-sectoral approaches involving various government departments, research organisations, civil society, and community groups. This initiative makes Bengaluru only the third city in India to implement a climate action plan aligned with international standards.

Key features of BCAP include the Climate Action Cell within BBMP, tasked with coordinating the city’s climate resilience and adaptation projects across sectors, such as energy, transportation, waste management, floods, urban heat, water scarcity, and air pollution. BCAP has formulated short, medium and long-term strategies and actions in seven key sectors in consultation with all relevant stakeholder agencies.

The 'BluGreenUru' campaign is a unique initiative that encourages citizens and organisations to actively participate in conserving and restoring Bengaluru's green and blue infrastructure, including lakes, parks, and urban forests, which are vital to the city's resilience against climate impacts like flooding and heat waves. The CAC has also recently launched an app called 'Hasiru Rakshak' to sensitise school/college students on the importance of plants and trees. 'Hasiru Mitra' (Park Monitoring System) is another initiative recently launched.

As per NIUA's Climate Smart Cities Assessment framework 2.0 released in 2021, Bengaluru was assigned an overall score of three stars out of five.

Bengaluru 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. 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 public-private partnerships. Establishing climate budgets could help cities quantify funding needs and align urban development projects with broader climate finance opportunities.

3.5.5. City Level Opportunities

8. Municipal Budgeting and Own Source Revenue:

- c) 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.
- d) Municipalities can utilise their revenue streams to escrow funds for securing loans or issuing bonds for climate-resilient infrastructure.

9. Integrating Climate Considerations into Municipal Budgeting:

- c) 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.
- d) 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.

10. Capacity Building and Project Design:

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

11. 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.

12. Blended Finance Models:

- c) 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.
- d) Climate funds like the Green Climate Fund and Global Environment Facility provide grants and concessional loans, reducing the financial burden on ULBs.

13. Innovative Financing Instruments:

- c) 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.
- d) 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.

14. Focus on Adaptation and Mitigation:

- c) Investments in climate-resilient infrastructure, including urban transport, renewable energy, and water management, address both mitigation and adaptation needs.
- d) 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.

3.6. Key Findings, Suggestions, and Recommendations

3.6.1. Key Findings

Strengths	Weaknesses
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • BBMP does not prepare or publish performance, outcome and ward budget.
<ul style="list-style-type: none"> • BBMP does have independent authority to levy new taxes or revise the existing tax/charge rates as per the list mentioned in the BBMP Act 2020. 	<ul style="list-style-type: none"> • BBMP cannot independently approve the municipal budget, needs an approval from the State Government.
<ul style="list-style-type: none"> • BBMP has GIS mapping for properties. The citizens can pay the property tax through online portal or at the banks. 	<ul style="list-style-type: none"> • Audit reports are not available on the BBMP website.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • BBMP does not publish Gender budget, allocates fund under Welfare department.
<ul style="list-style-type: none"> • Karnataka State Government has published the 5th SFC and ATR on their website. 	<ul style="list-style-type: none"> • Low annual growth rate of Non-Tax Revenue.
	<ul style="list-style-type: none"> • Low annual growth rate of Property Tax Revenue.
	<ul style="list-style-type: none"> • BBMP is understaffed (47.20%).
Opportunities	Threats
<ul style="list-style-type: none"> • BBMP can prepare and publish performance, outcome and ward budget. 	<ul style="list-style-type: none"> • BBMP do not publish its credit rating on the official website.
<ul style="list-style-type: none"> • BBMP can issue Municipal Bonds as it has B+ (Stable) rating by ICPA. 	<ul style="list-style-type: none"> • BBMP does not provide water supply to the citizens.
<ul style="list-style-type: none"> • BBMP can prepare and publish gender budget. 	<ul style="list-style-type: none"> • Currently there is no elected body for BMMP.
<ul style="list-style-type: none"> • Strict enforcement of rules regarding building plans, permissions for maximum property tax coverage. 	<ul style="list-style-type: none"> • An incorrect mapping of properties. The properties are not mapped properly based on their usage.
<ul style="list-style-type: none"> • The use of advance technology for property tax coverage. 	<ul style="list-style-type: none"> • The Percentage Share of Property Tax to Municipal Receipts and to Revenue Receipts is stagnant over the years.
<ul style="list-style-type: none"> • A transportation plan for sustainable transportation. 	<ul style="list-style-type: none"> • There is water and electricity shortage.
	<ul style="list-style-type: none"> • There is a lot of road congestion.

The Bruhat Bengaluru Mahanagar Palike (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 practicing participatory budgeting to engage citizens in financial planning.

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. To improve fiscal empowerment of city government, Karnataka should empower its city governments to approve their own budget. By devolving sanctioning authority, and devolution of functions to the City Government overall urban governance structure of BBMP can be improved, boosting the city's growth

3.6.2. Suggestions and Recommendations: a 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 of 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 Rs 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 Rs 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 annual increase of 11%–12% 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 underassessed.
- 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.

Chapter 4: Guwahati

4.1. City Profile

Guwahati is the largest city of Assam and one of the fastest-growing cities in Northeast India. The city serves as an important cultural, political, educational, and economic hub for the region. The city has a humid subtropical climate with hot summers, a monsoon season from June to September, and mild winters. The Brahmaputra River's presence influences the weather, contributing to the city's relatively high humidity.

As per Census of India, Guwahati had a population of roughly about 10 lakhs as per 2011 data, and it is currently estimated at around 13.5 lakh, with a geographical spread of about 219.06 sq. km.

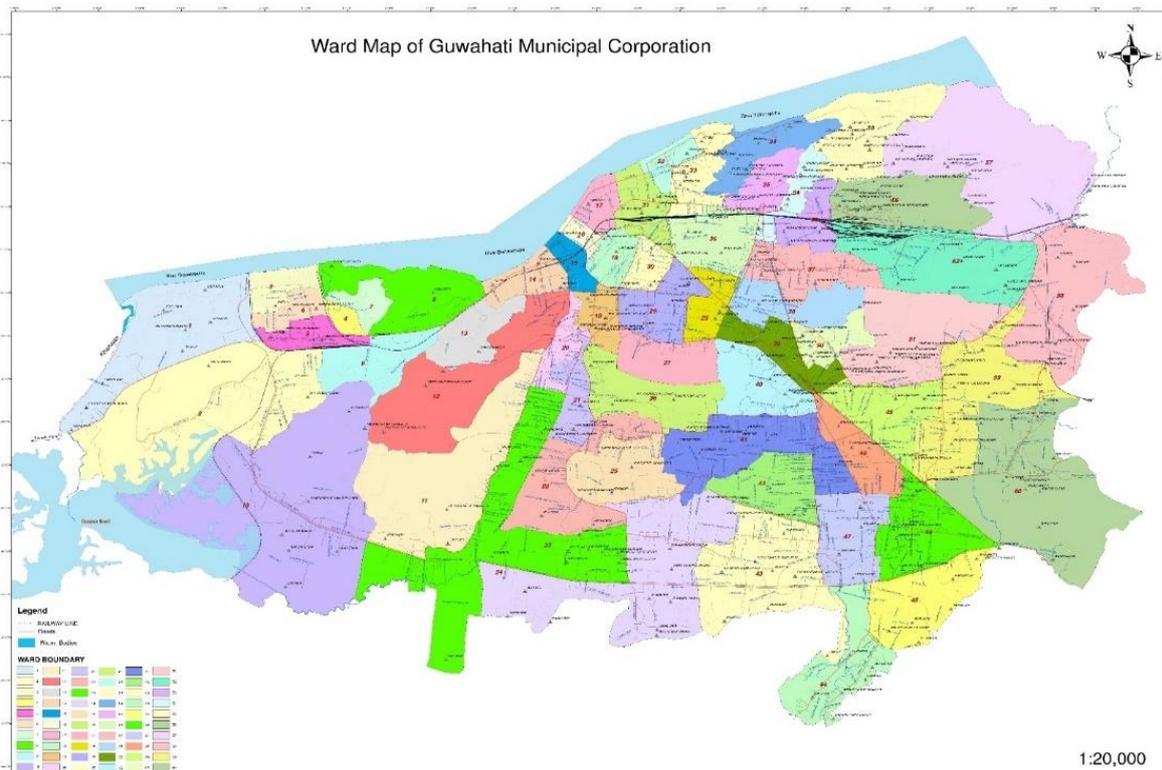
In the 2020 Municipal Performance Index (MPI), out of 51 municipalities assessed based on several parameters such as health and education, GMC was ranked 51st scoring 18.14 on a 100-point scale (Municipal Performance Index , 2020). In the case of ELI 2020, Guwahati city was ranked 46th among 49 Indian cities in the more-than-10 lakh-population category (Ease of Living Index , 2020). In the Swachh Survekshan 2023 ranking of cities released by the Ministry of Housing and Urban Affairs (MoHUA), Guwahati had a poor ranking of 402 out of 446 urban local bodies in the 1–10 lakh population category (Swatcch Sarvection, 2023).

Guwahati Municipal Corporation (GMC)

The Guwahati Municipal Corporation (GMC) constituted in the year 1974 after the promulgation of the Guwahati Municipal Corporation Act 1971. The GMC is the primary urban local government body responsible for the administration and development of Guwahati city. Established to manage civic amenities, GMC oversees a range of services aimed at improving the quality of life for residents.

GMC is governed by elected representatives (councillors) and is headed by a Mayor and a Deputy Mayor, with a Commissioner overseeing day-to-day operations. GMC is divided into 6 revenue zones (Central, East, South, West, Dispur and Lokhra) for trade license, property tax and assessment, that has 60 wards (Figure 30). Each revenue zone is headed by Deputy Commissioner. The Corporation works in collaboration with the state government and other agencies for large-scale infrastructure and urban development projects. Table 52 captures the brief city profile of GMC.

Figure 29: Administrative map of GMC



Source: https://gmc.assam.gov.in/sites/default/files/swf_utility_folder/departments/gmc_webcomindia_org_oid_5/this_comm/ward_map_23012022_1.pdf

Table 52: City profile: Guwahati Municipal Corporation

SI No.	Basic statistics of Guwahati Municipal Corporation	
1	Name of the city corporation	Guwahati Municipal Corporation (GMC)
2	Population	9,57,352 (Census 2011) 13,58,000 (Current estimate, Census of India)
3	No. of municipal wards and administrative zones	60 wards 06 revenue zones (for trade license, property tax and assessment)
4	Term duration of current elected representatives	2022-2027
5	No. of councillors / councillors - elected	60
6	No. of councillors / councillors - nominated (if not actual, based on Act)	2
7	No. of sanctioned vs filled posts	Sanctioned posts - 2644, Filled post - 997, On contract - 1281, Vacant posts - 366, Vacancy with contract staff - 13.84% Vacancy without contract staff - 62.29% Women working - 254

8	Finance department human resource data	Sanctioned - 105, Vacant - 57, Vacancy - 54.29%
9	Credit rating	'IND BB' by Ind-Ra (2014)
10	Schedule of council meetings	The Corporation shall meet at least once in three months (The Guwahati Municipal Corporation Act, 1971)
11	If Smart city, is there a special purpose vehicle in place?	Yes. Guwahati Smart City Limited
12	Have ward/s committees been created?	Not constituted

Source: Current estimated population

<https://www.census2011.co.in/census/city/191guwahati.html#:~:text=The%20current%20estimate%20population%20of,based%20on%20past%20growth%20rate,>

HR Data: As per data collected during Field Visit in March 2024, Compiled by study team

The key functions performed by GMC

The key functions of GMC are as listed below.

1. Urban Infrastructure Development

- Roads and transportation: Developing, maintaining, and repairing city roads, bridges, and traffic management infrastructure.
- Drainage and flood control: Building and maintaining drainage systems to manage rainwater and prevent flooding.
- Street lighting: Installation and maintenance of streetlights to ensure safety in public spaces.

2. Solid Waste Management

- Waste collection and disposal: Organizing regular garbage collection from households and commercial areas and managing waste disposal.
- Sanitation: Promoting cleanliness in public spaces, controlling littering, and organizing waste segregation and recycling.

3. Water Supply and Management

- Providing and maintaining water supply infrastructure to ensure access to clean and safe drinking water.
- Monitoring water quality and managing water resources, including bore wells and water tanks.

4. Public Health and Sanitation

- Ensuring public health by managing sanitation facilities, public toilets, and controlling vector-borne diseases (e.g., malaria, dengue).
- Conducting health awareness programmes and supporting vaccination drives in collaboration with the health department.

5. Building and Construction Regulations

- Granting building permits and enforcing guidelines for construction within the city.
- Monitoring building activities to ensure compliance with safety and zoning regulations.

6. Urban Planning and Development

- Planning land use and development to ensure organised growth, reduce congestion, and improve city layout.
- Identifying and managing land resources, zoning, and green spaces within city limits.

7. Licensing and Permits

- Issuing licenses for businesses, trades, and commercial activities within city limits.
- Regulating and inspecting establishments to ensure compliance with safety, health, and sanitation standards.

8. Environmental Protection

- Initiating programmes for environmental protection, like tree plantation drives, maintaining parks, and reducing pollution.
- Monitoring and regulating activities that impact the city's air and water quality.

9. Tax Collection and Revenue Generation

- Collecting property tax, professional tax, and other municipal taxes to fund the corporation's activities.
- Generating revenue through advertisement fees, licenses, and other municipal services.

10. Community Services

- Maintaining public amenities such as parks, playgrounds, community halls, and libraries.
- Supporting social welfare programs, educational initiatives, and skill development programs.

11. Disaster Management and Emergency Services

- Assisting in disaster preparedness and providing support in emergencies like floods, earthquakes, and fire incidents.
- Coordinating with state disaster management agencies for rescue and relief operations.

Literacy Profile

According to the 2011 Census of India, the overall literacy rate in Guwahati, particularly in the GMC with total area covered of 219.06 sq. km, was reported at 91.47%. This was higher than the national average of 74.04% at the time and the state average of Assam (72.19%). The male literacy rate in Guwahati stood at 94.24%, whereas the female literacy rate was 88.73%. The female literacy rate in Guwahati is higher than in many other parts of Assam. Although there is a gender gap of about 5.51% in literacy, it is much lower as compared to many rural areas of Assam.

The primary reason for this high literacy rate is the presence of numerous educational institutions, right from primary schools and colleges to universities.

Budget Preparation Process

The budget preparation process of GMC is a multi-step process that aims to plan the city's development effectively. In the process, GMC involves various stakeholders and aligns resources to meet the development goals of areas within the jurisdiction of GMC. Broadly, the process covers the following steps.

The budget preparation process of the Guwahati Municipal Corporation (GMC) involves careful planning and assessment to allocate funds effectively for the development and maintenance of urban services and infrastructure within its limits. The process generally includes several stages of evaluation, discussion, and approval, aligning with government guidelines and municipal needs. The usual budget preparation process of GMC takes into account the following key areas.

1. Assessment of Revenue and Expenditure

- Assessment of the revenue and expenditure of previous year to understand financial trends and project revenue for the upcoming year.
- Revenue sources include property taxes, fees for licenses and permits, government grants, and other municipal charges.
- Expenditure assessment includes ongoing maintenance costs, personnel expenses, development projects, and potential emergency funds.

2. Setting Priorities and Identifying Projects

- GMC sets budgetary priorities based on the city's development needs, infrastructure requirements, and public feedback.
- Projects related to sanitation, water supply, solid waste management, road infrastructure, drainage, and public health services are identified as high-priority areas.
- Special focus is also given to urban development, including transportation, street lighting, and environmental initiatives.

3. Consultation and Data Collection

- GMC conducts consultations with various stakeholders, including department heads, elected representatives, and local community leaders, to gather inputs on budget requirements and project priorities.
- Surveys, public feedback, and discussions with council members are incorporated to ensure that the budget reflects the needs and aspirations of Guwahati's citizens.
- Data on population growth, urban expansion, and economic changes are analysed to make informed budget projections.

4. Draft Budget Preparation

- Each department within GMC submits its budget proposal, outlining estimated costs and expected expenditures for planned activities.
- Based on these departmental proposals, revenue projections and priority assessments, a preliminary budget is drafted by the municipal commissioner, detailing the estimated revenue, proposed allocations for each department, and planned projects for the financial year.
- This draft budget is reviewed internally by GMC officials to ensure it is realistic, balanced, and adheres to financial regulations.

5. Review and Discussion by the Standing Finance Committee

- The draft budget is presented by the municipal commissioner in consultation with the Mayor, to the Standing Finance Committees of GMC, which include elected representatives and senior officials, for review and recommendations, on or before the 15th day of December each year.
- These committees analyse the allocations, ensuring that funds are adequately distributed across critical services and projects, and propose adjustments where necessary.

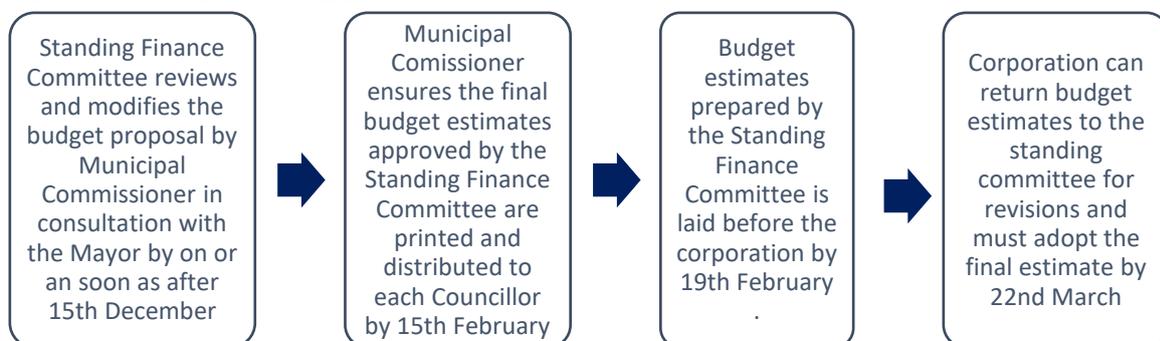
6. Approval by the General Body

- Once reviewed, the revised budget is presented to the GMC General Body, which includes elected council members, for final discussions and approval by 15th February.
- The General Body discusses each aspect of the budget and may recommend further changes or reallocations to meet specific goals or address pressing needs 19th February.
- Upon approval by the General Body, the budget is finalised by 22nd March and becomes the official plan for the fiscal year.

7. Submission to the State Government

- The approved budget is submitted to the Assam state government for their record and any required sanction or feedback, especially if the GMC seeks additional state funds or grants.
- The state government reviews the budget to ensure it aligns with state policies and may provide additional funds or make recommendations.

Figure 30: Budget making process of GMC



Source: Compiled by study team

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 availability of relevant financial information/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 perspective of accountability and transparency to enable borrowing from private sector as well as attract investments in long term. Tables 53 and 54 give details on the parameter of ‘data availability’.

Table 53: 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
Assam	Guwahati	Yes	No	No	No	No	No	No

Source: Fiscal Empowerment of City Governments Report 2024

Table 54: Availability of audit reports

State	City	Audit reports available on the corporation website					
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Assam	Guwahati	No	No	No	No	No	No

Source: Fiscal Empowerment of City Governments Report 2024

- GMC has published budget document in English language, only for two years i.e. FY 2015-16 and 2017-18 but no audit reports are published on the city government’s website.

Table 55: Details of types of budgets

State	City	Does the city government publish the following budgets				
		Outcome	Gender	Poverty	Ward	Climate
Assam	Guwahati	No	No	No	No	No

Source: Fiscal Empowerment of City Governments Report 2024

- Guwahati municipal budget does not include sections for outcome, gender, poverty alleviation, ward-wise or climate budget.

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 56: Details of devolution of fiscal powers of the corporation 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
Assam	Guwahati	No	No	Yes

Source: Fiscal Empowerment of City Governments Report 2024

- GMC has the independent authority to allocate its financial resources and approve budget.
- GMC does not hold the authority to introduce new taxes/charges or revise the taxes/charges as per State Municipal Act.

Systemic Fiscal Transfers

As for systemic fiscal transfers, the latest SFC and ATR reports were studied and their availability were analysed.

Table 57: Details of availability of SFC and ATR of the corporation

State	City	Latest SFC report published on official website	Action Taken Report of latest SFC published on the official website
Assam	Guwahati	6 th SFC (2020-25)	5 th ATR (2016-20)

Source: Fiscal Empowerment of City Governments Report 2024

SFC report:

https://assambidhansabha.org/assets/uploads/reports/Final%20Report_%206th%20Assam%20State%20Finance%20Commission%20Vol-%20I%20%20II%20%20and%20III.pdf

ATR report: <https://sfcassam.nic.in/reports.html>

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

The CFCs and SFCs play an important role in strengthening Indian municipal finance. While the CFC offers larger, national-level support and incentives to municipalities, the SFC concentrates on state-specific concerns and assures a more focused approach to resource allocation. Together, they seek to enhance municipalities' autonomy, governance, and financial stability in order to support sustainable urban development.

Guwahati (Assam) has published its respective latest SFC and ATR report on the official website. The Fifth Action Taken Report (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.

Financial Transparency and Accountability

Financial transparency and accountability are key governance parameter. Citizens should know how public money is being used and operationalised for the development. Hence, City Government should ensure financial transparency through publishing of annual budget and accounts. Literature review and field study have captured the scenario that exists. Table 58 throws light on the budget & account, external audit, credit rating and tenders being published by the corporation.

Table 58: Details of financial transparency and accountability of the corporation

State	City	State Municipal Act makes it mandatory to publish the budget & accounts	State Municipal Act has provision on external audit of Municipal accounts	City Government publishes its Credit Rating on the website	Contracts & tenders dealt by City Governments published on website
Assam	Guwahati	No	Yes	No	Yes

Source: Compiled by Authors

- GMC has provisions for external audit of municipal accounts and publish contracts & tenders dealt by city government on corporation website.
- GMC does not publish its Credit Rating on the website. Also, the Act does not make it mandatory to publish the budget and accounts.

Analysis of Municipal Acts, budget documents, audit reports, SFC reports and ATR, provided details of current practices, trends, opportunities, challenges, and good practices in GMC. Also, the qualitative analysis also involved primary research through a field study. For the field study, the study team designed a detailed questionnaire, which focused on the municipal finance situation of Guwahati, gender responsiveness, and climate-resilient approaches. This comprehensive questionnaire enabled the study team to systematically gather insights from all the concerned stakeholders. Several stakeholders were interviewed using this questionnaire, The key stakeholders included the Municipal Commissioner, Accounts Assistant- Grants (SFC/CFC), Accounts Officer, Upper Division Assistant- Revenue domain experts from within the country. In all, 19 structured interviews were conducted.

These direct engagements helped gather deeper insights and perspectives from key decision-makers and experts to enrich understanding about the existing situation and various dynamics of municipal finance, gender responsiveness, and climate-resilient approaches being adopted by GMC.

4.2: Municipal Income

4.2.1 Municipal Revenue

Municipal own revenue is vital for GMC's financial autonomy, as it enables the Corporation to provide essential services, undertake urban development projects, and respond to emergencies without depending solely on external grants. Although GMC does not have independent authority to levy new taxes or revise the existing tax/charges rates as it needs the approval of the state government, it retains the right to approve the municipal budget independently.

GMC's own source revenue comes from the following key sources:

- 1. Property tax:** Property tax is one of the major sources of revenue for GMC, levied on residential, commercial, and industrial properties within the municipal area.
- 2. Professional tax:** GMC imposes a professional tax on individuals and businesses operating within Guwahati, including salaried employees, business owners, and self-employed professionals.
- 3. Trade and business licenses:** The corporation issues licenses to various businesses and commercial establishments, such as shops, hotels, restaurants, and industries collects a licensing fee for this purpose. Renewal of licenses annually also contributes to GMC's revenue.
- 4. Building plan approval fees:** GMC levies fees for building plan approvals on new construction projects, modifications, and expansions, providing an important revenue stream.
- 5. Advertisement fees:** GMC collects fees from advertisers for placing hoardings, billboards, and other forms of outdoor advertising on public or private property within city limits.
- 6. Water supply charges:** Revenue is generated from water supply charges collected from households, businesses, and industries that are connected to the municipal water supply.
- 7. Solid waste management fees:** GMC levies fees on households, commercial establishments, and institutions for solid waste management services, including garbage collection and disposal.
- 8. Rental income from municipal properties:** GMC owns various properties, markets, and commercial spaces that are leased out to private businesses and vendors. Rental income from these properties, including market stalls and community halls, contributes to the corporation's revenue.
- 9. Parking fees:** GMC generates revenue by managing designated parking areas in commercial and busy zones of the city and charging parking fees from vehicle owners.
- 10. Development fees and other charges:** Development fees are collected from property developers and builders undertaking large construction projects to fund infrastructure and civic amenities. GMC also collects miscellaneous fees and charges, such as penalties for violating municipal regulations, fines for unauthorised constructions, and charges for services like property mutation.

Table 59: Main sources of revenue for GMC

Tax revenue sources	Non-tax revenue sources	Transfers/Grants
Property tax	Slaughtering fee	State Finance Commission
Revenue from advertisements	Market fee	Conservancy and electricity
Vacant land urban	Rent from corporation land/plot	Development fund and other grants by state and central governments
Animal tax	License fee	
Vehicle tax	Building permit fee	
Trade license tax	Sanitation tax	
Lighting tax	Sewer charges	
	User charges	
	Other sanitation charges	

Source: Compiled by study team

The functions performed by the ULBs as per the 12th Schedule of the 74th Constitutional Amendment Act (CAA) and the population of cities vary across the cities; therefore, a financial cross-comparison among them is not possible. 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 (Tables 60 and 61).

Table 60: Details of population of study city and comparison cities

Population	City	Comparison done with cities	
Below 10 lakhs	Guwahati	Gandhinagar	Panaji

Source: Fiscal Empowerment of City Governments Report 2024

Among the devolved functions performed by corporation, function 1: Urban planning including town planning, function (Urban Planning) 2: Regulation of land-use and construction of buildings, function (Land use Regulation) 5: Water supply for domestic, industrial and commercial purposes, function (WS-Dom.,Ind.,Comm.) 6a: Public health, sanitation conservancy and function (PH & Sanitation) 6b: Solid Waste Management (SWM), have been compared across the cities for analysis as major taxes collected by cities are for these functions.

Table 61: Details of devolution of functions for study city and comparison cities

	Devolved functions compared across the cities for analysis				
	1 Urban planning	2 Land-use Regulation	5 WS -Dom., Ind. & Com.	6a PH, Sanitation	6b SWM
Guwahati (GMC)					
Gandhinagar (GaMC)					
Panaji (PMC)					

Source: UGI Index 2024, Praja Foundation. Compiled by study team

■ State govt.
■ Functions under multiple agencies
■ Functions under city govt.

Note: The highlighted city is the study city

For comparison, the municipal budgets of Guwahati (GMC) – Guwahati Municipal Corporation, Gandhinagar (GaMC) – Gandhinagar Municipal Corporation and Panaji (PMC) – Panaji Municipal Corporation are used.

Among the five functions being compared, all three corporations have similar devolution of four functions i.e. function 1 urban planning; function 5: Water supply for domestic, industrial, and commercial purposes; function 6a: public health, sanitation, and conservancy; and function 6b: solid waste management.

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

Tax Revenue

The analysis of the budget documents from FY 2017-18 to FY 2022-23 pertaining to tax revenue of GMC has been captured in Figure 31.

Figure 31: Annual growth in tax revenue of GMC from 2017-18 to 2022-23 (%)

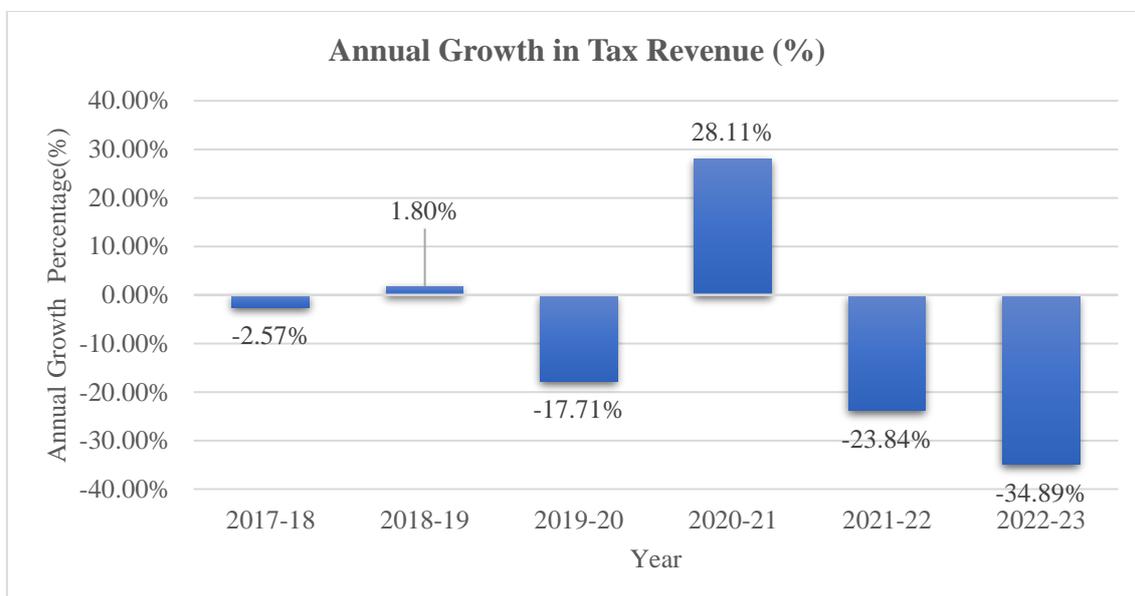


Table 62: Annual growth in tax revenue of GMC from 2017-18 to 2022-23 (Rs lakh)

Actual	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenue (Rs in lakh)	7342	7475	6151	7879	6001	3907

Source: Compiled by study team

- The annual tax revenue growth has been consistently low over five years, however it registered a rise in FY 2020-21 to 28.11%, as the collection of tax by the authorities was done efficiently by mapping the properties and trade licence fees.
- The Covid-19 pandemic and post-pandemic issues resulted in the decline in tax revenues in 2021-22 and 2022-23.
- The Annual Growth of Tax Revenue of Guwahati for FY 2017-18 to FY 2021-22 is -2.84% which is way lower than 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% (ICRIER, 2019).

Views shared by a Councilor during city level consultation

GMC does not provide water, it is supplied by Guwahati Jal Board a state-run water utility company. Some areas in jurisdiction of GMC also lack electricity supply and daily collection of solid waste. According to the attendee, GMC fail to efficiently deliver such basic services. Hence GMC cannot threaten the property tax defaulters to cut their water or electricity supply. It was suggested that the Guwahati Jal Board and GMC should work together and prepare a set of rules for property tax defaulters. This may result to increase the property tax collection of GMC.

Figure 32: Share of tax revenue to total income from 2016-17 to 2022-23 (%)

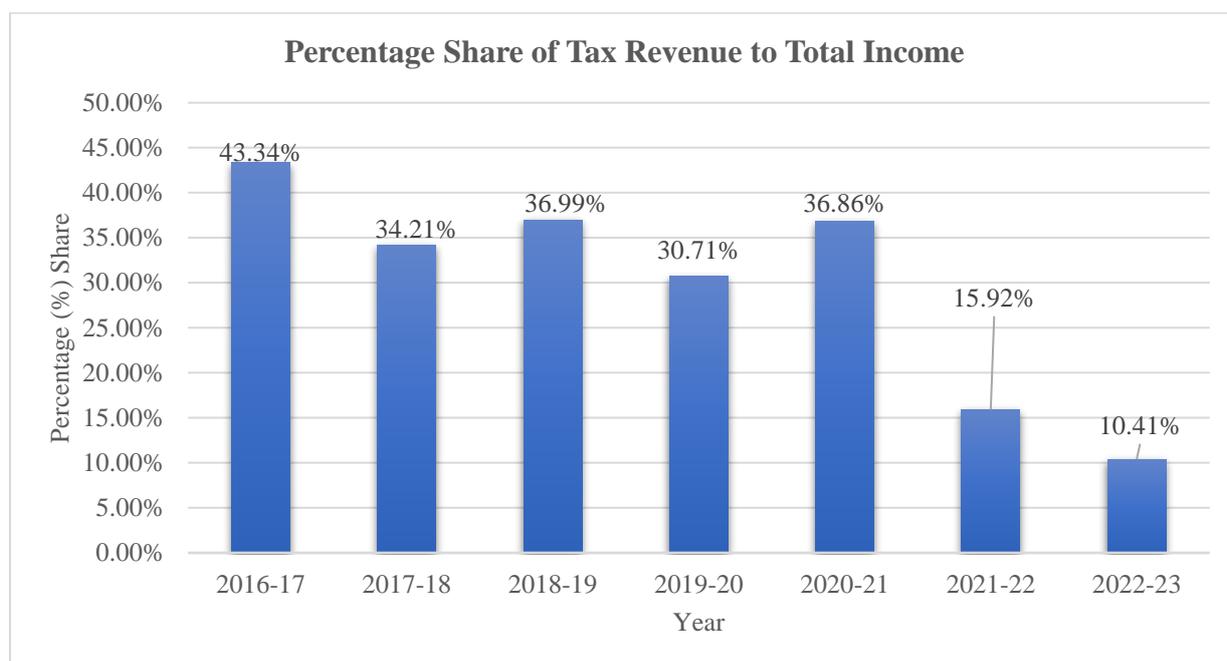


Table 63: Share of tax revenue to total income from 2016-17 to 2022-23 (Rs lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	17,389	21,465	20,207	20,025	21,374	37,703	37,520
Tax Revenue	7,536	7,342	7,475	6,151	7,879	6,001	3,907

Source: Compiled by study team

- The average tax revenue percentage share of total income over seven years is 33.01% which is higher than the 25% national average for ULBs (ICRIER, 2019), indicating GMC exceeds the national benchmark and has a higher share of tax revenue than the national average.
- 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 Gandhinagar (32.48%) and slightly lower than Panaji (32.08%).
- The Percentage share of Tax Revenue to Total Income has decreased over six years, it declined from 43.34% in 2016-17 to 10.41% in 2022-23. The decreasing trend from 2016 (43%) to 2022-23 (10%) in Guwahati is observed due to increased central and state borrowings.

Non-tax Revenue

The non-tax revenue of GMC has been an important component of its overall revenue base, generated from various services and municipal assets that GMC provides to the public.

Figure 33: Annual growth rate in non-tax revenue: 2017-18 to 2022-23 (%)

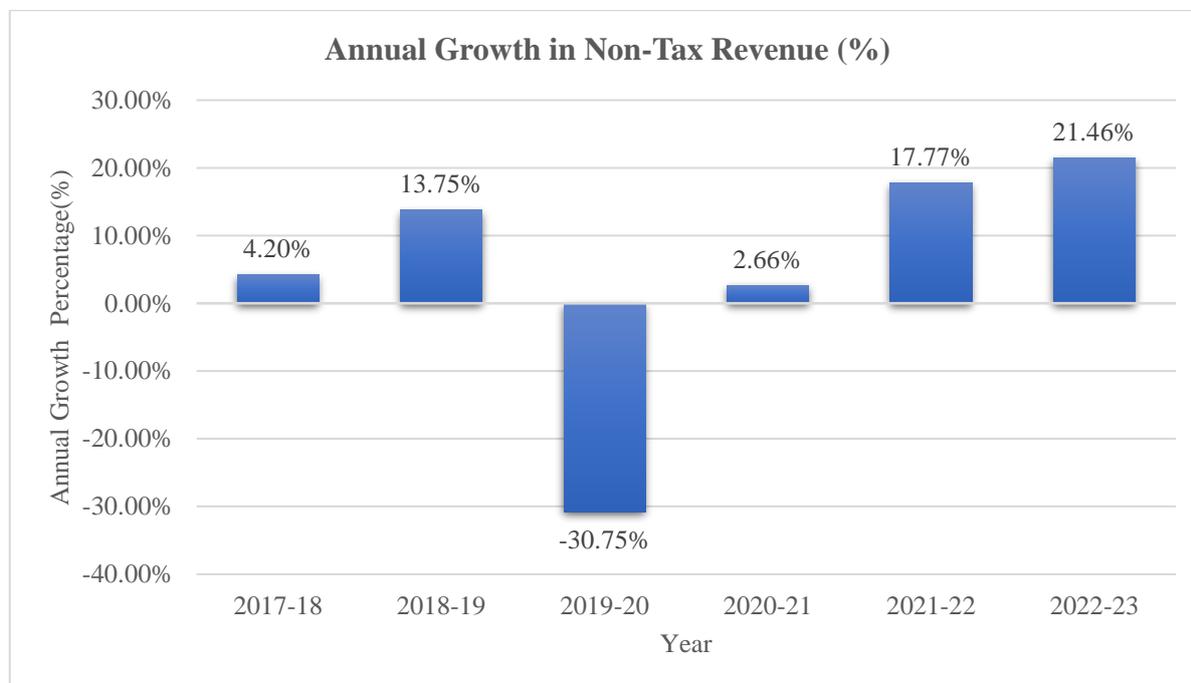


Table 64: Annual growth rate in non-tax revenue: 2017-18 to 2022-23 (Rs lakh)

Actual (Rs in lakh)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Non-tax Revenue	1239	2032	2246	2335	3385	2592

Source: Compiled by study team

- The CAGR of GMC's non-tax revenue is 3.67%, which is lower than the national average CAGR of 12.05% for ULBs (ICRIER, 2019), 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 2019-20 but it drastically increased in the year 2021-22. The Fee for banners, hoarding and arrears in 2017-18 was higher than the previous year due to revenue collection from various services provided.

Figure 34: Share of non-tax revenue to total income and tax revenue: 2016-17 to 2022-23 (%)

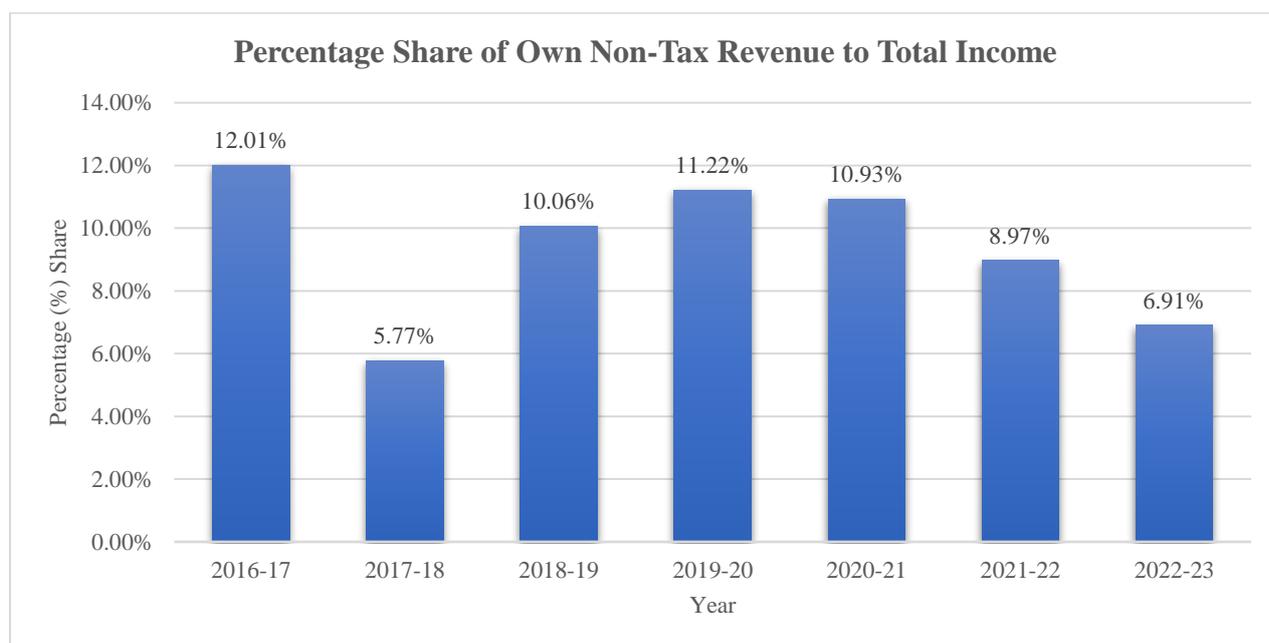


Table 65: Share of non-tax revenue to total income: 2016-17 to 2022-23 (Rs lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	17,389	21,465	20,207	20,025	21,374	37,703	37,520
Non-Tax Revenue	2,088	1,239	2,032	2,246	2,335	3,385	2,592

Source: Compiled by study team

- Over seven years, GMC's average percentage share of non-tax revenue is 9.41% of its total income, significantly below the national average of 18% for ULBs during 2012-17 (ICRIER, 2019) highlighting GMC's lower reliance on non-tax revenue compared to the national trend.
- The Average Percentage Share of Non-Tax Revenue to Total income of Guwahati for FY 2016-17 to FY 2021-22 is 9.95 % which is lower than Gandhinagar (21.25 %) and Panaji (38.80 %). The percentage share of Non-Tax Revenue GMC is very low if compared to Gandhinagar and Panaji.
- The percentage share of Non-Tax revenue is declining since 2019-20. It decreased from 11.22% in 2019-20 to 6.91% in 2022-23, due to low revenue collection from various services provided.

Property Tax

Property tax is a main source of revenue for the GMC. At present, there are 1,76,099 property holders under the municipal corporation. The city government relies heavily on property tax to fund essential civic services and infrastructure projects in Guwahati. Citizens can pay property tax online through GMC's portal. The tax collection method is based on Annual Rateable Value (ARV) and follows the self-assessment route.

The GMC adopted the ARV method for property tax in 2008, which has a direct impact on the construction cost of any property and the amount of vacant land. This taxation method has not seen

any revision since then. As per the circular issued by GMC, the property tax formula as per the ARV method is based on the rent acquired on the property.

Table 66: Components under property tax bill

Components under Property Tax Bill
Property Tax Amount
Urban Tax- 3% annually on A.R.V.
General Tax- Residential- @ 10% of A.R.V. Commercial-@ 15% of A.R.V.
Light tax @1% of A.R.V. (transfer to GUCL)
Scavenging tax @ 2.50% of A.R.V.
Water tax- 10% annually on ARV (pipe connection) 7.5% annually on ARV (without pipe connection)

Source: Compiled by study team

Using GIS technology, in 2019 GMC has mapped the electricity (APDCL) meter of around 2.4 lakh holding with geo-location tagging and a holding number for each holding. GMC has also ensured that all new properties come under the tax system by linking all new electricity (APDCL) connections to the holding numbers.

Besides making tax payment easier through the online system, GMC has also launched a door-to-door tax collection programme. There are plans to outsource collections to third parties, by employing women as tax collectors. They have roped in the local self-help group as ‘Poura-Sakhis’ under the National Urban Livelihood Mission (NULM) programme in urban areas of Guwahati.

Figure 35: Annual growth of property tax in percentage: 2017-18 to 2022-23 (%)

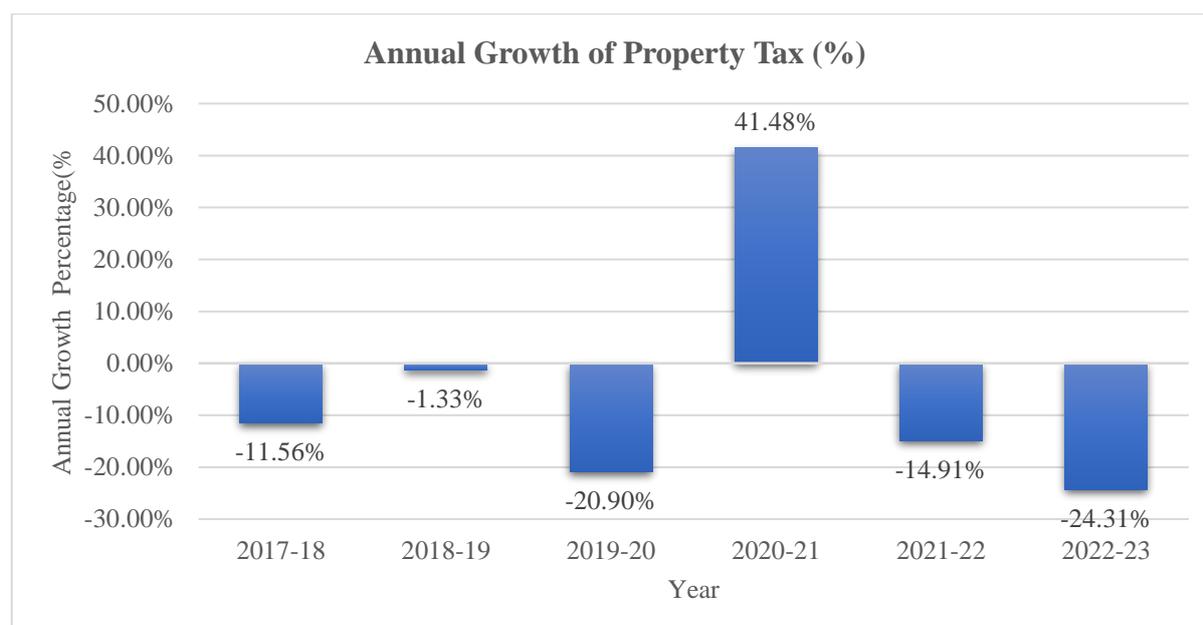


Table 67: Annual growth of property tax in actual terms: 2017-18 to 2022-23 (Rs lakh)

Actual	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Property Tax (Rs in lakh)	5123	5055	3998	5657	4813	3643

Source: Compiled by study team

- The Annual Growth of Property Tax Revenue for GMC for FY 2017-18 to FY 2022-23 has been in negative between -11.56% to -24.31% but it was highest i.e. 41.48 % in FY 2019-20 due to the efficient mapping of properties that year.
- The Annual Growth of Property Tax Revenue of GMC for FY 2017-18 to FY 2021-22 is -1.44% which is lower than GaMC (8.88%) and Panaji (11.01%).
- The arrears of property tax from private holdings were lower in 2017-18. The property tax collected in 2020-21 increased by 62.38% compared to the previous year but dropped to -24.31% in 2022-23.
- GMC's property tax revenue CAGR is -7.44%, far below the national average of 13.06% for ULBs indicating significantly lower growth.
- Although GMC's property tax CAGR is below the national average, its property tax makes up 21.59% of total income, higher than the 15% average for ULBs (ICRIER, 2019). Additionally, property tax accounts for 54.77% of GMC's own-source revenue, significantly above the 21.77% reported for other ULBs (Report on Municipal Finances, 2022), indicating property tax revenue contributes more in own source revenue of GMC than other ULBs.

Figure 36: Property tax bill of GMC

	
Payment Receipt / Acknowledgement for Property Tax Bill of the Financial Year:2023-24	
Owner Name:	RATNESWAR KATAKI
Holding No:	11556350
Assessment Key:	11-03-11556350
Bill No :	202324NS573006
Arrear Amount Due :	0
Arrear Penalty Amount Due:	0.00
Total Amount Paid :	5875
PaymentMode :	Online
Date of Payment:	13-03-2024
Paid upto :	M12
Note : Generation of holding number is not a proof of property ownership	

Source: Provided by GMC Officials

Figure 37: Share of property tax to (a) total income and (b) own source income: 2016-17 to 2022-23 (%)

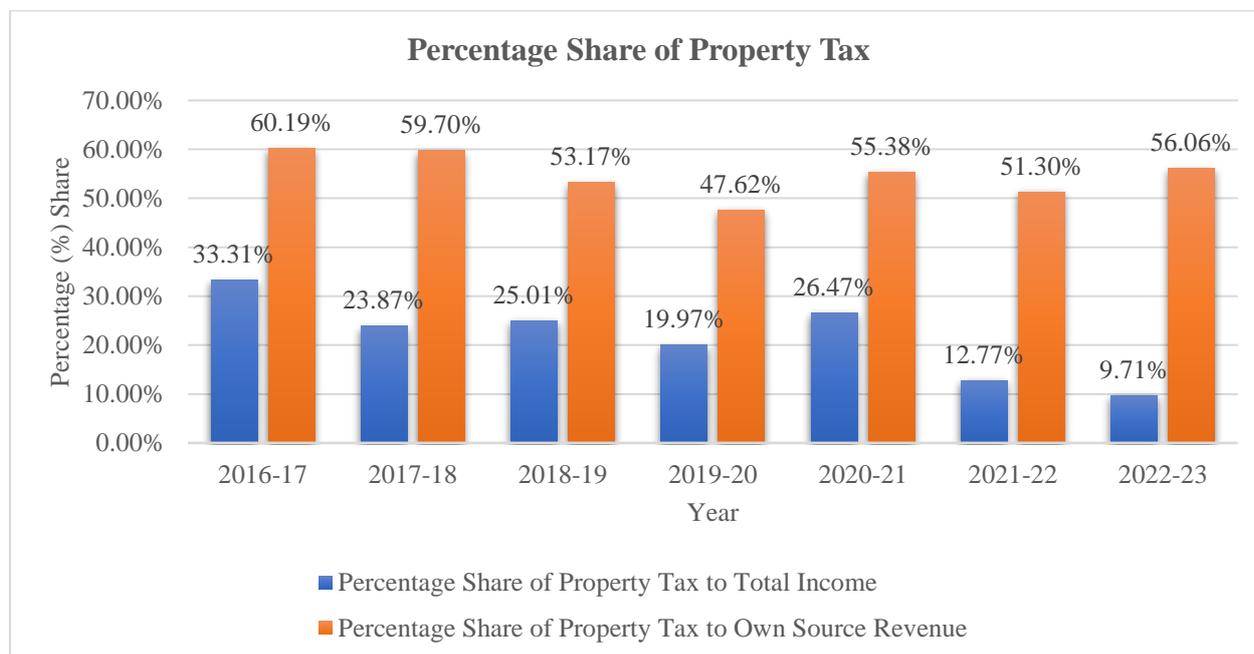


Table 68: Share of property tax to (a) total income and (b) own source income in actual terms: 2016-17 to 2022-23 (Rs lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Municipal Receipts	17,389	21,465	20,207	20,025	21,374	37,703	37,520
Own Source Revenue	9,624	8,581	9,507	8,397	10,215	9,383	6,500
Property Tax	5,739	5,123	5,055	3,998	5,657	4,813	3,643

Source: Compiled by study team

- The Average Percentage Share of Property Tax to Total Income of GMC for FY 2016-17 to FY 2021-22 is 23.57% which is higher than GaMC (19.57%) but lower than PMC (29.06%).
- Whereas, the Average Percentage Share of Property Tax to OSR of GMC for FY 2016-17 to FY 2021-22 is 54.56% which is higher than GaMC (38.60%) and PMC (40.59%) Property tax contributes more in OSR for Guwahati than the other sources.
- The percentage share of property tax in total income has decreased from 26.47% in 2020-21 to 9.71% in 2022-23, while its share in own-source revenue has remained steady around 54% in the same period.

Views shared by a Councilor during city level consultation (25th July 2024)

The revised property tax rate is very high in Guwahati. The payable amount has increased by 3 times than the earlier and this may be the reason for low property tax collection. As per the attendee's suggestion, lower the tax rate, higher would be the collection.

Own Source Revenue

Figure 38: Share of own source revenue to both total income and revenue income (%)



Table 69: Actual share of own source revenue to both total income and revenue income (Rs lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Municipal Receipts	17,389	21,465	20,207	20,025	21,374	37,703	37,520
Own Source Revenue	9,624	8,581	9,507	8,397	10,215	9,383	6,500
Revenue Income	17,384	21,465	20,207	19,866	21,374	37,703	37,520

Source: Compiled by study team

- GMC's average own-source revenue share to total income for FY 2016-17 to FY 2021-22 is 42.83%, which is lower than the national average of 53% for ULBs during 2012-17 (ICRIER, 2019), indicating that GMC relies less on its own revenue compared to other ULBs across the country.
- GMC's percentage share of own-source revenue for FY 2016-17 to FY 2021-22 makes up 42.89% of revenue income which is lower than the national average of 64.46% for ULBs (Report on

Municipal Finances, 2022) indicating that own source revenue contributes less in GMC’s revenue income as compared to other cities in the nation.

- The Average Percentage Share of OSR to Total Income of Guwahati for FY 2016-17 to FY 2021-22 is 42.83%, which is lower than Gandhinagar (53.73%) and Panaji (70.88%).
- The average Percentage Share of OSR to Revenue Income of Guwahati for FY 2016-17 to FY 2021-22 is 42.89%, which is considerably lower due to non-revision of tax and non-adoption of non-tax revenue sources, it is considerably lower than Gandhinagar (76.64%) and Panaji (90.25%). This indicates a higher reliance on grants and loans.

Grants and Transfer

The Government of Assam has published the 5th ATR (2016-20) and 6th SFC (2020-25) report on its official website. The 6th ATR on the 6th SFC recommendations is yet to be published. The 6th SFC covered the period from 2020-21 to 2024-25. The terms of reference and notification for constituting the 7th SFC is available on the website. It would be applicable from 1 April 2025 for 5 years. The study team had analysed both the 5th ATR and the 6th SFC Report.

Figure 39: Share of grants/transfers from the state and central governments to total income of GMC: 2016-17 to 2022-23 (%)

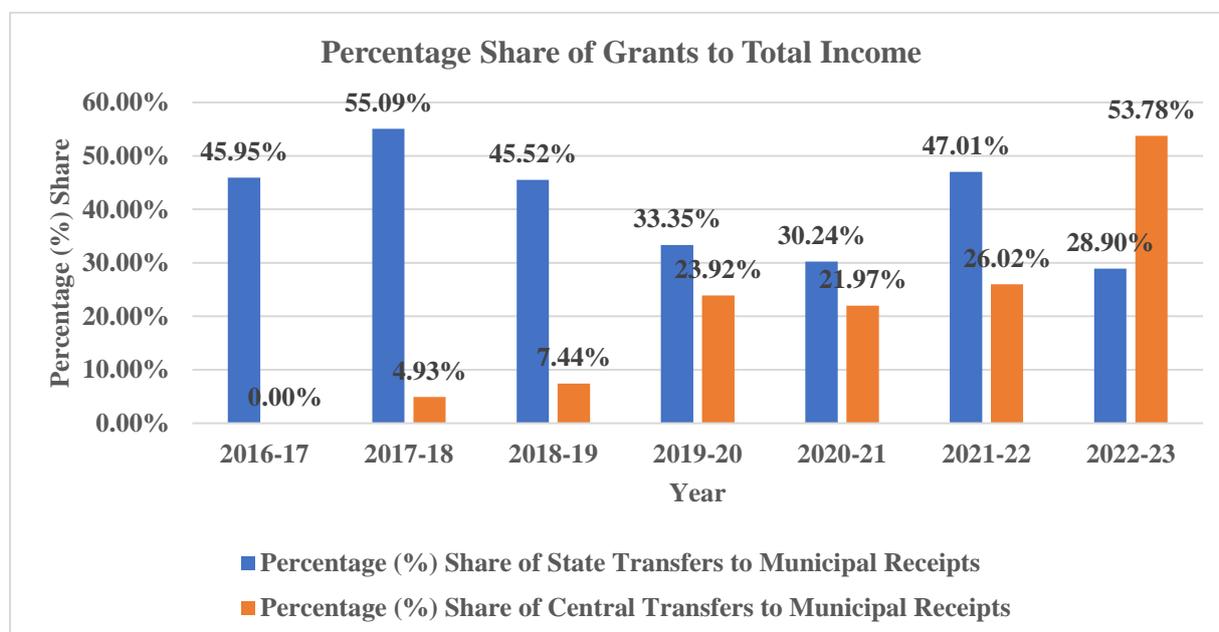


Table 70: Share of grants/transfers from the state and central governments to total income of GMC (Rs lakh)

Actual (Rs in lakh)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Municipal Receipts	17,389	21,465	20,207	20,025	21,374	37,703	37,520
State Transfer	7,991	11,824	9,198	6,679	6,463	17,724	10,843
Central Transfer	0	1,059	1,466	4,789	4,696	9,810	20,177

Source: Compiled by study team

- GMC's average percentage share of state transfers to total income is 40.87%, higher than the national average of 33.33%, and its central transfers make up 19.72%, higher than the national average of 12% (ICRIER, 2019). This indicates greater financial dependency on state and central government transfers.
- The percentage share of Central transfers to total income have surged from 4.92% in 2017-18 to 53.78% in 2022-23, while state transfers have decreased from 55.09% in 2017-18 to 28.90% over the same period.
- The Average Percentage Share of State Transfers to Total Income of Guwahati for FY 2016-17 to FY 2021-22 is 42.86% which is higher than Gandhinagar (14.19%) and Panaji (8.40%). Also, the Average Percentage Share of Central Transfers to Total Income of Guwahati for FY 2016-17 to FY 2021-22 is 14.05% which is higher than 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 view of these challenges to address the local and global commitments towards climate resilient and gender inclusive urban development.

Views shared by a Councilor

Guwahati has not published 6th ATR yet, as Guwahati is still considered as non-million plus city as per Census 2011 data.

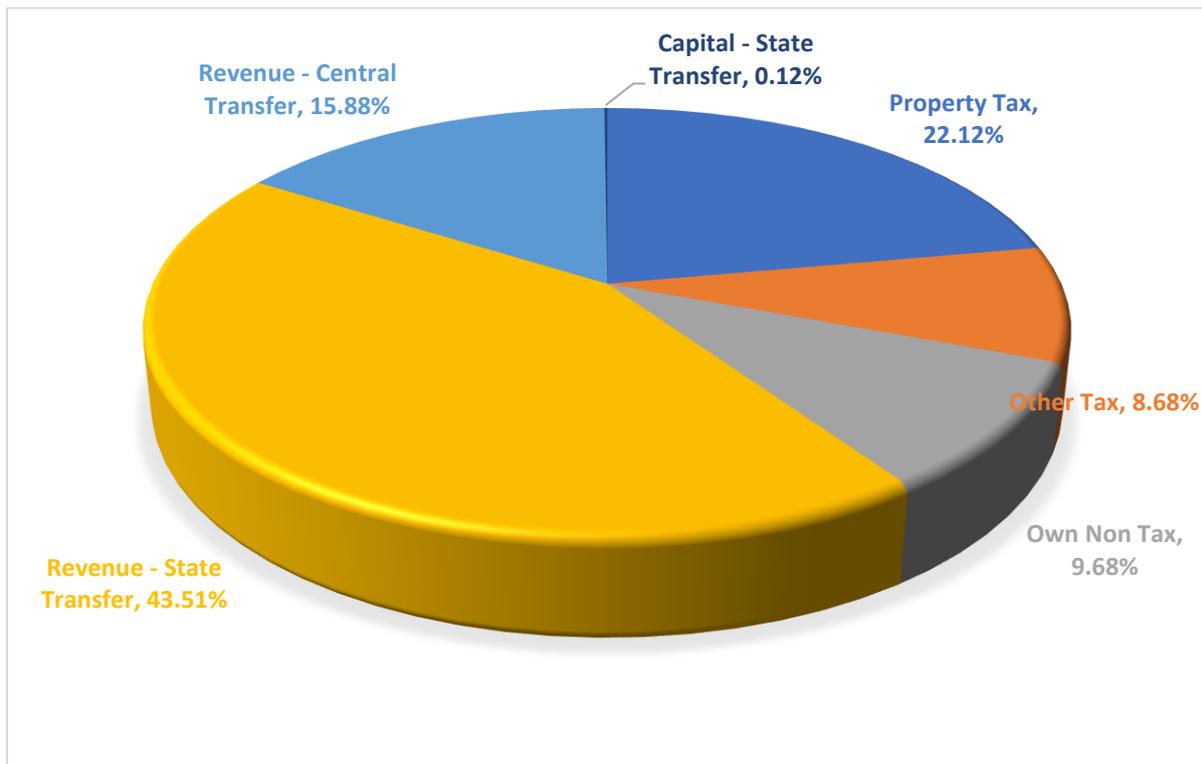
4.2.2 Summary of Municipal Revenue

Table 71: 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 Own Source Revenue constitutes 42.83% of total income, with a per capita average of ₹2,133.22 and a slight decline in growth (CAGR -0.51%). Tax Revenue, contributing 33.01% of total income, has witnessed a significant decrease (CAGR -4.45%), driven by a drop in Property Tax, which accounts for 23.57% of total income and 54.56% of Own Source Revenue, with a CAGR of -3.64%. In contrast, Non-Tax Revenue, though smaller at 9.82% of total income and ₹511.24 per capita, shows 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 share of municipal income from FY 2016-17 to 2021-22 (%)



Source: Compiled by study team

Guwahati's municipal revenue shows a declining trend in tax revenue, with annual growth at -2.84% (2017–2022) due to outdated property tax rates, except for a 28.11% increase in 2020–21 from unmapped property taxes. Tax revenue's contribution to total income fell from 43.34% in 2016–17 to 15.92% in 2021–22. Non-tax revenue, however, grew by 16.54%, driven by fines, penalties, and rental income, contributing 9.83% to total income, significantly below the national average of 18% (ICRIER I. C., 2019). Property tax comprises 23.57% of total income and 54.56% of own source revenue, outperforming comparable cities like Gandhinagar but lagging Panaji. Own source revenue contributes 42.83% to total income, while state transfers (46.86%) and central transfers (14.05%) dominate, reflecting Guwahati's heavy reliance on external funding.

4.3: Municipal Expenditure

Components of Municipal Expenditure

Revenue Expenditure:

- Establishment Expenditure: Day-to-day expenses required to maintain municipal services, including salaries of employees, utility bills, and maintenance of facilities.
- Administrative Expenses: Costs associated with running municipal offices, including stationery, office supplies, and other administrative functions.
- Operations and Maintenance: Expenditure on services such as street cleaning, garbage collection, public health programs, and maintenance of parks and open spaces.
- 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:

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

4.3.1. Average Per Capita Expenditure

Table 72: Average per capita expenditure of Guwahati (Rs)

City	Revenue expenditure (Nominal)	Revenue expenditure (Real)	Capital expenditure (Nominal)	Capital expenditure (Real)	Total expenditure (Nominal)	Total expenditure (Real)
Guwahati	1,740.98	1,258.86	258.62	182.39	1,999.60	1,441.25
Gandhinagar	4,150.67	2,965.83	5,827.95	4,245.95	9,978.62	7,211.69
Panaji	4,495.65	3,260.50	1,286.11	914.42	5,781.76	4,174.91

Source: Compiled by study team

GMC's average per capita expenditure reflects a stronger focus on operational services than infrastructure development. The nominal revenue expenditure is ₹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 ₹258.62, showing less investment in infrastructure. When adjusted for inflation, the real per capita expenditure drops to ₹1,258.86 for revenue and ₹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.

4.3.2 Expenditure Ratios

Table 73: Average expenditure, percentage share of expenditure to total income and revenue income for Guwahati (FY 2016-17 to FY 2021-22)

Municipal expenditure	Average (Rs lakh)	Share to total income (%)	Share to revenue income (%)
Establishment expenditure	10,483	54.24%	54.37%
Administrative expenditure	1,445	7.48%	7.50%
Operation and maintenance (O&M) expenditure	6,596	34.13%	34.21%
Loan interest and other finance charges paid	0	0.00%	0.00%
Programme expenditure	120	0.62%	0.62%
Other expenditure - Revenue Grants, Provisions & Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	637	3.30%	3.30%
Total Revenue Expenditure	19,281	99.75%	-
Total Capital Expenditure	2,261	11.70%	-
Total Municipal Expenditure	19,328	100.00%	-

Source: Compiled by study team.

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

4.3.3. Key Findings

The expenditure data of Guwahati Municipal Corporation from 2016-17 to 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. Operation & Maintenance (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. The majority 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.

4.4. Municipal Borrowings

4.4.1 Need for Municipal Borrowings

Urban areas in India contributed an estimated 65% of GDP by 2011, creating the need for sustainable investments in urban infrastructure. The resource requirements for cities to provide essential services such as water supply, sanitation, and transportation far exceed the fiscal capacities of urban local bodies (ULBs). Municipal governments continue to face significant funding gaps, as budget estimates and actual estimates of revenue and expenditure reveal a disparity in the fiscal planning of Indian cities. Traditional sources, including property taxes and intergovernmental transfers, have proven inadequate which municipal borrowing. The significant gap between revenue generation and expenditure requirements can be bridged by effective municipal borrowing (World Bank, 2011). Table 74 discusses about the financial performance of GMC from FY 2017-18 to FY 2022-23.

Table 74: Financial performance compared to budgeted projection of GMC

City	Average 2017-18 to 2022-23	Revenue income (Rs lakh)	Capital income (Rs lakh)	Total income (Rs lakh)
Guwahati	Budget Estimates (BE)	36,204	1,026	37,230
	Actuals	26,356	27	26,382
	% Change BE to Actuals	-27.20%	-97.41%	-29.14%

Source: Compiled by study team.

According to the data, GMC experienced a severe financial performance gap compared to their planned projections. Guwahati's capital income drop of 97.41% is alarming, indicating either a failure to secure expected capital funding or a serious misjudgement in project planning and execution. The financial shortfalls in revenue and capital income observed in Guwahati highlight serious concerns about their ability to secure future market borrowings. Guwahati is heavily dependent on grants accounting for 59.52% share in their municipal income.

Significant discrepancies between anticipated and actual data, particularly in capital income, and a large reliance on grants indicate problems with financial management, project execution, and revenue generation. Without resolving these issues, these communities may face higher borrowing costs, limited access to finance markets, and difficulties financing critical infrastructure projects. In order to preserve financial stability and secure future funding, local administrations must enhance their capital management, revenue collection, and fiscal planning strategies.

4.4.2 Municipal Bonds

Until the 1980s, municipal securities in India, backed by state government guarantees, qualified as Statutory Liquidity Ratio (SLR) investments. However, after the 1991 fiscal crisis, states became reluctant to guarantee municipal borrowings, leading to the rise of municipal bonds. This allowed municipalities to access capital markets without state guarantees. The concept, widely used in the U.S. for financing infrastructure, was introduced in India in 1995 through a USAID-FIRE (D) seminar. In the U.S., municipal bonds fund large infrastructure projects, supported by local taxes and user charges. In 1996, Ahmedabad became the first Indian city to obtain a credit rating from CRISIL for a municipal bond, followed by Bengaluru in 1997 and Ahmedabad's own bond for a water and sewerage project in 1998.

As per Section 124 of the Guwahati Municipal Corporation Act 1971, the GMC can access market borrowings. Although the provision is there to borrow money from the market, the GMC has not been able to use it effectively. One of the reasons for not being able to access capital from the market could be the absence of an escrow account. Also, the credit rating of 'IND BB' assigned by India Ratings & Research (Ind-Ra) for GMC in 2014 under the Jawaharlal Nehru National Urban Renewal Mission programme may not have generated enough enthusiasm from the market. This credit rating does not matter much now as it was withdrawn in June 2014 itself following the completion of the mandate of the Ministry of Urban Development. The fact remains that the GMC has not done any borrowings as on date. Table 75 discusses about the legislative arrangement regarding borrowings of Guwahati.

Table 75: Legislative arrangements regarding borrowings

City	Is borrowing permitted?	What kind of borrowing?	Whether state government approval is required for borrowings?	Are there any limits on borrowing prescribed?	Is any maximum loan repayment period prescribed?
Guwahati	Yes	Debentures	Yes	Not mentioned	Not mentioned

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

Government of Assam issued a notification last year that GMC should issue the municipal bond, however some key decisions about the ticket size of the bond and the projects which get financed through the bond are yet to be finalised by the GMC. The GMC is looking forward to the timeline of FY 2025-26 for Municipal Bond issue.

GMC has the Escrow account, however, a tripartite agreement for the Escrow accounting has not been finalised yet because the debenture trustee is not on boarded yet. The Escrow mechanism will be established before issuing of the bond, because it is a prerequisite for raising the bond. Inadequate disclosure of financial information has hindered GMC 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 very important step towards expanding the municipal bond market to a tier II cities like Guwahati.

4.4.3 Challenges and Opportunities

Municipal bonds provide long-term capital and diversify funding sources for municipalities, improving governance and financial management as ULBs prepare to be "capital market ready." Increased oversight by rating agencies and investors further strengthens these practices. To encourage Guwahati to become market-ready, key improvements are needed in:

- **Data Transparency**

The 15th Finance Commission has pointed out data gaps, inconsistencies, and the lack of timely, audited accounts in urban municipalities. Challenges due to non-standardised accounting codes complicate financial data analysis. Addressing these issues could help improve municipal financing. 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.

- **Municipal creditworthiness**

467 ULBs under the AMRUT programme 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).

- **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.

- **Institutional Capacity**

A key constraint on municipal bond issuances is the lack of institutional capacity at the ULB level to prepare for bond market access. ULBs struggle to develop bankable, commercially viable projects and lack project management skills, affecting timely execution. 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.

Improving Bankability of Municipal Projects:

- ULBs should focus on levying user charges and developing additional revenue streams (e.g., commercial real estate) 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.
- **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-based targeting for subsidies to ensure sustainable financing for services.
- **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.
- **Strengthening Municipal Accounting Systems and Cadre:**
Address skill gaps accounting systems through NMAM and in urban planning, finance, and other functions to improve overall managerial efficiency and governance at the ULB level.
- **AMRUT Incentives:**
Continue offering incentives under AMRUT for municipal bond market development and increase funding limits to encourage larger ULBs to issue bonds and deepen the market.
- **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. Negative 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 projects (RBI , 2020).

4.5. Gender Responsive Budgeting and Climate Financing

4.5.1 Importance of gender responsiveness in municipal finance

Urban areas are key drivers of political, economic, and social change, and vulnerable groups such as women, children, and the elderly are most affected by climate change and disasters. SDG 5 under Agenda 2030 focuses on gender equality and empowering women and girls, emphasizing the need for gender-responsive budgeting (GRB) and climate-resilient financing to address these challenges. GRB has gained global attention as a strategy to reduce gender disparities, with countries like Spain and Canada leading the way in implementing tools like gender budgeting reports and Gender-Based Analysis Plus (GBA+). Initiatives by organisations such as OECD, UN Women, and IMF stress the importance of integrating gender and climate action in fiscal policies.

City governments, like Barcelona, are adopting gender-sensitive budgeting to address the needs of women and vulnerable groups in areas like infrastructure and social services. In India, gender-inclusive urban planning is growing, with cities like Pune, Chennai, and Ahmedabad incorporating gender-focused policies and climate action plans. The Tamil Nadu government's 2024 State Policy for Women and the Greater Chennai Corporation's Gender and Policy Lab are examples of this progress. The need for holistic, gender-responsive, and climate-resilient solutions is critical for sustainable, inclusive urban development, and empowering women's leadership in climate action is essential for achieving this goal.

4.5.2 Gender Responsiveness

The United Nations (UN) has set 17 goals as sustainable development goals (SDGs) for nations to achieve by 2030. In alignment with these SDGs, India has commitment towards achieving these goals, including SDG 5, which mandates 'gender equality and empowerment of women and girls' by 2030. To achieve these goals and to address the systemic barriers that exist in the power structures, it calls for comprehensive policy reforms at all the levels of governance. Gender equality being a cross-cutting issue, it must be addressed through various national policies, budgets, and institutional reforms.

In the case of Guwahati, GMC does not have its own programmes or projects focusing on gender responsiveness. However, GMC does play a role in larger projects and programs of international development agencies such as the World Bank and Asian Development Bank that cover the entire state of Assam. These initiatives of international agencies are aimed at social, environmental, infrastructural upliftment of Assam and nearby states. Some of the initiatives pertain to roads and bridges, desilting of canals, schools, digital infrastructure, digital literacy, climate-resilient infrastructure, etc. For components specific to areas within the jurisdiction of GMC, such as improving the digital literacy of women in Guwahati, GMC has stepped up. In all such initiatives funded or loaned by international development agencies, empowerment of women is a critical component. In that respect, women and children of Guwahati have benefitted either directly or indirectly from these efforts with the involvement of GMC.

The details of women's participation in GMC is provided in Table 76 below, based on the Urban Outcomes Framework 2022, an initiative by MoHUA.

Table 76: Details of women participation in GMC

Sector	Data point	Unit of measurement	Guwahati (GMC)
Governance & ICT	Total staff sanctioned in the ULB (permanent)	Number	2,706
	Women working in the ULB (permanent)	Number	366
	Women officials in the ULB	Percentage	NA

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, Guwahati has 13.5% women staff. GMC have very low representation of women in their workforce. This shows a serious lack of women in the workforce with a clear gap in recruitment and retention efforts for women.

As per the GMC Act, there is no reservation for women in the committees of the GMC although, there is one woman in the Mayor-in-Council (MIC) and two women members on the Finance Committee. GMC does implement projects for Self-Help Groups (SHGs) and offers training programs under the National Urban Livelihood Mission. Although there is a lack of broader gender-focused initiatives, GMC launched 'Poura Sakhi 2.0', a women-led initiative to enhance women's participation in urban governance, focusing on sanitation, waste management, and community engagement, aiming to improve service delivery and promote inclusive development. 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 Mrigen Sarania, 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 facilitating various municipal services, thereby strengthening the connection between the corporation and the community. These women representative assist citizen with accessing digital services, lodging complaints and utilizing 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.

4.5.3. Importance of Climate Financing in Municipal Finance

The cities contribute nearly 70% of global carbon emissions despite covering just 2% of the Earth's surface. Rapid urbanisation drives energy consumption and emissions, necessitating investments in green infrastructure. Climate financing supports activities that reduce emissions (mitigation) and build resilience to climate impacts (adaptation), essential for achieving the 1.5°C target and minimizing economic losses (UN-Habitat, 2021).

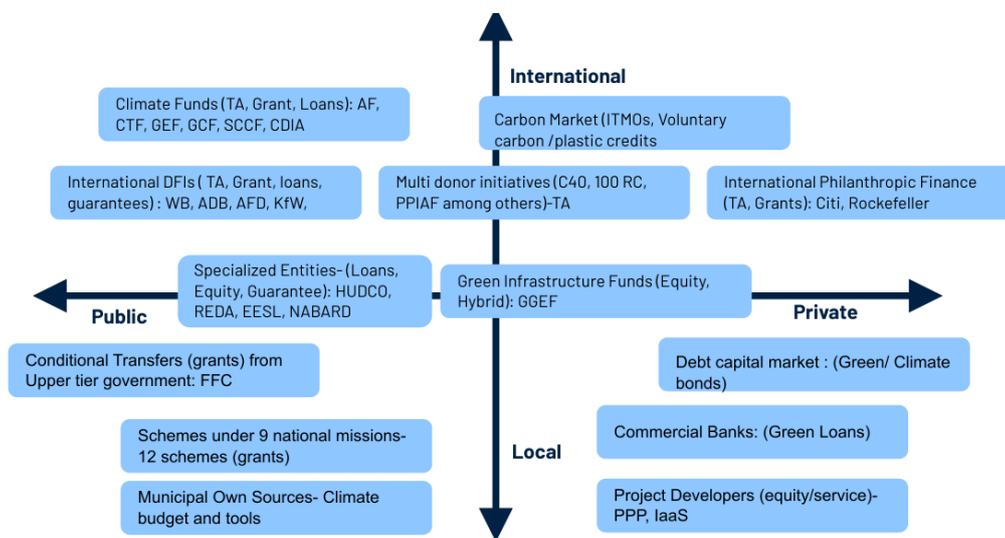
Key Challenges and Strategies for Enhancing Climate Financing in Cities:

- **Urgency and Investment Gaps:** Cities face growing climate risks and infrastructure demands but struggle with limited funding and creditworthiness.
- **Innovative Solutions:** Green bonds, PPPs, and climate funds can mobilise investments, while state and national programs like NAPCC and SAPCC provide frameworks and incentives.
- **Strengthening ULB Capacity:** Municipalities need robust financial management, climate-responsive budgeting, and localised Climate Action Plans to utilise funds effectively.
- **Leveraging National and International Support:** Programs like the Green Climate Fund, Smart Cities Mission, and multilateral financing enable cities to align urban projects with climate goals.

- **Public-Private Collaboration:** Partnerships can finance renewable energy, transport, and waste management, boosting private sector involvement in sustainable development.

Empowering ULBs with resources and innovative financing tools is critical for advancing climate action and creating resilient urban environments. The resultant impact of a majority of the investment obtained through climate/green finance will be realised at the level of urban local bodies (ULBs). The ULBs will have to implement climate mitigation and adaptation programmes and schemes through effective and localised use of investments and finance. This will, in turn, require the ULBs to budget for climate mitigation and adaptation programmes and plan their implementation through instruments such as city-level Climate Action Plans. Figure 41 shows the various sources of urban climate finance in India.

Figure 41: Sources of urban climate finance



Source: CB Module: Mapping

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 suggested 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).

4.5.4. Climate financing at GMC

In the case of Guwahati, the GMC follows the Assam State Action Plan on Climate Change 2015–20. Version 2.0 document is yet to be released by the state government. Guwahati receives performance grant for National Clean Air Programme and Municipal Waste Management Programme. As per NIUA’s Climate Smart Cities Assessment Framework 2.0, Guwahati is assigned an overall score of two stars, which is considered relatively poor.

The salient features of the Assam State Action Plan on Climate Change include addressing climate-related challenges related to such services as (a) sewerage treatment, (b) water availability, (c) solid waste management, and (d) road transportation. Some of the strategies to combat climate change include the ones listed below.

Water Availability

- Promote water use efficiency in industry
- Ensure potable water during floods
- Facilitate groundwater recharge even in extreme rainfall conditions

Wastewater Treatment

- Establish community waste management system in peri-urban areas
- Provide trailer-mounted community bio-toilets in flood-affected areas
- Build colony-based sewage treatment plants

Solid Waste Management

- Build integrated waste management plants

Road Transport

- Introduce tracks for non-motorised transport
- Retrofit public vehicles with CNG kit

Having said this, it is to be noted that Assam has been witnessing a lot of climate action. These efforts are pioneered by international development agencies such as the World Bank and Asian Development Bank in partnership with the institutions of the state government. The State Disaster Management Authority, with funding or loan from the above agencies, has been working with the GMC to develop climate-resilient infrastructure in Guwahati. Several such projects are still ongoing in Assam.

Assam being a flood-prone area, these international projects and programmes have given a lot of emphasis not only on developing climate-proof infrastructure but also on adaptation measures across Assam, including capacity building of institutions and individuals. The training programmes targeted at both men and women focus on actions under three basic scenarios: (a) before a disaster, (b) during a disaster, and (c) post disaster. In most such projects, GMC is actively involved in areas that come under the jurisdiction of its municipality.

4.5.5. City Level Opportunities

Municipal Budgeting and Own Source Revenue:

- a) 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.
- b) 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:

- a) 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.
- b) 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.

4.6. Key Findings, Suggestions and Recommendations

4.6.1. Key Findings

Strengths	Weaknesses
<ul style="list-style-type: none"> •GMC can independently approve the municipal budget. 	<ul style="list-style-type: none"> •Budget documents except for 2017-18 and Audit Reports and Annual Accounts are not available on GMC’s website.
<ul style="list-style-type: none"> •GMC has completely shifted to online property tax collecting through portal. GMC follows the self-assessment method. 	<ul style="list-style-type: none"> • GMC does not prepare or publish Performance, Outcome, Climate, Gender, Poverty and ward budget.
<ul style="list-style-type: none"> •Assam has constituted 6th State Finance Commission (SFC) 2021-22 to 2024-25. 	<ul style="list-style-type: none"> •GMC does not have its credit rating on the website.
<ul style="list-style-type: none"> •The TOR and notification for constituting 7th SFC is available on the website. It would be applicable from 1st April 2025 for 5 years 	<ul style="list-style-type: none"> •GMC does not have independent authority to levy new taxes or revise the existing tax/charges rates from the assigned list in GMC Act. Need State Government Approval
<ul style="list-style-type: none"> •Guwahati receives performance Grant for National Clean Air Programme and Municipal Waste Management Program. 	<ul style="list-style-type: none"> • The ARV method was introduced in 2008 after that it is not revised till date.
	<ul style="list-style-type: none"> •Assam State Government has published the 5th ATR and 6th SFC Report on the official website. But 6th ATR is not published yet
	<ul style="list-style-type: none"> • GMC has an Escrow account but is not active yet.
	<ul style="list-style-type: none"> • GMC does not have its own programmes or projects focusing on gender responsiveness.
	<ul style="list-style-type: none"> • Guwahati follows the Assam State Action Plan on Climate Change 2015-20. Version 2.0 document is yet to be public by State Government.
Opportunities	Threats
<ul style="list-style-type: none"> •To make tax collection more effective, GMC has launched a door-to-door tax collection program and plans to outsource collections to third parties, employing women as tax collector providing them employment opportunities by the assigning local self-help group as ‘Poura-Sakhis’ under the National Urban Livelihood Mission (NULM) programme in urban areas of Guwahati. 	<ul style="list-style-type: none"> • High percentage share of state transfers to total income.
<ul style="list-style-type: none"> • Issue Municipal Bond as per Section 124 of Guwahati Municipal Corporation Act, 1971. 	<ul style="list-style-type: none"> • No market borrowings.
<ul style="list-style-type: none"> • GMC should prepare a separate Climate Action Plan and should allocate dedicated funds for the same. 	<ul style="list-style-type: none"> •As per the Act, there is no reservation for women in the committees of the GMC. In practice, there is one women in MIC and two women member in Finance committee.

<ul style="list-style-type: none"> • Use of technology for maximum property mapping and to ensure availability of basic services in all areas. 	<ul style="list-style-type: none"> • Hilly areas lack in basic services.
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GMC generated a total revenue of INR 375.20 crore in 2021-22, with only INR 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 Sakhi” 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.

GMC should prioritise formalizing 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 to enhance 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 sustainable urban governance.

Despite ongoing efforts towards making Guwahati as plastic-free city, the impact is not visible in 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 underway. 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.

To improve the urban governance structure of GMC, the state needs to focus more on empowering City Administration by devolving sanctioning authority, ensuring regular training for officials, and devolution of functions to the City Government.

4.6.2. Suggestions and Recommendations: a 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 of GMC.

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 2644, 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.

Chapter 5: Raipur

5.1. City Profile

Raipur is the capital of the state of Chhattisgarh and is also the largest city in terms of population in the state. It is a major commercial hub for trade and commerce in the region with exponential industrial growth. Raipur is one of the biggest producers of iron and steel in the country with about 200 steel rolling mills, 195 sponge iron plants, and 6 steel plants. In addition, Raipur has 60 plywood factories, 35 ferro-alloy plants and 500 agro-industries, including 800 rice milling plants.

Raipur ranked 12th out of 4477 cities in zonal ranking list of cleanest cities in India as per Swachh Survekshan for the year 2023 (Swatch Sarvection, 2023). In the Municipal Performance Index 2020, Raipur ranked at the 7th position out of 51 million+ municipalities as it performed well on parameters of technology (2nd rank), finance (6th rank), governance (14th rank), planning (15th rank), and services (28th rank) (Municipal Performance Index, 2020). As per the Ease of Living Index 2020, Raipur ranked 18th out of 49 cities as it performed well on parameters of sustainability (6th rank), quality of life (18th rank), and economic ability (28th rank). (City Ranking, 2020)

Geography and Climate

Raipur can be roughly divided into two major physical divisions, namely, the Chhattisgarh Plain and the Hilly Areas. It occupies the south-eastern part of the upper Mahanadi valley and hills in the south and east. Raipur is situated between 22°33'N and 21°14'N latitude and 82°6'E to 81°38'E longitude. It is surrounded by Bilaspur in the north, Durg in the west, Bastar in the south and Raigarh in the east. The main river of Raipur is Mahanadi. It flows to the east of the city. Sendur, Paury, Sondur, Joan, Kharun and Shivnath are its tributaries. Raipur owes its fertile lands to these tributaries.

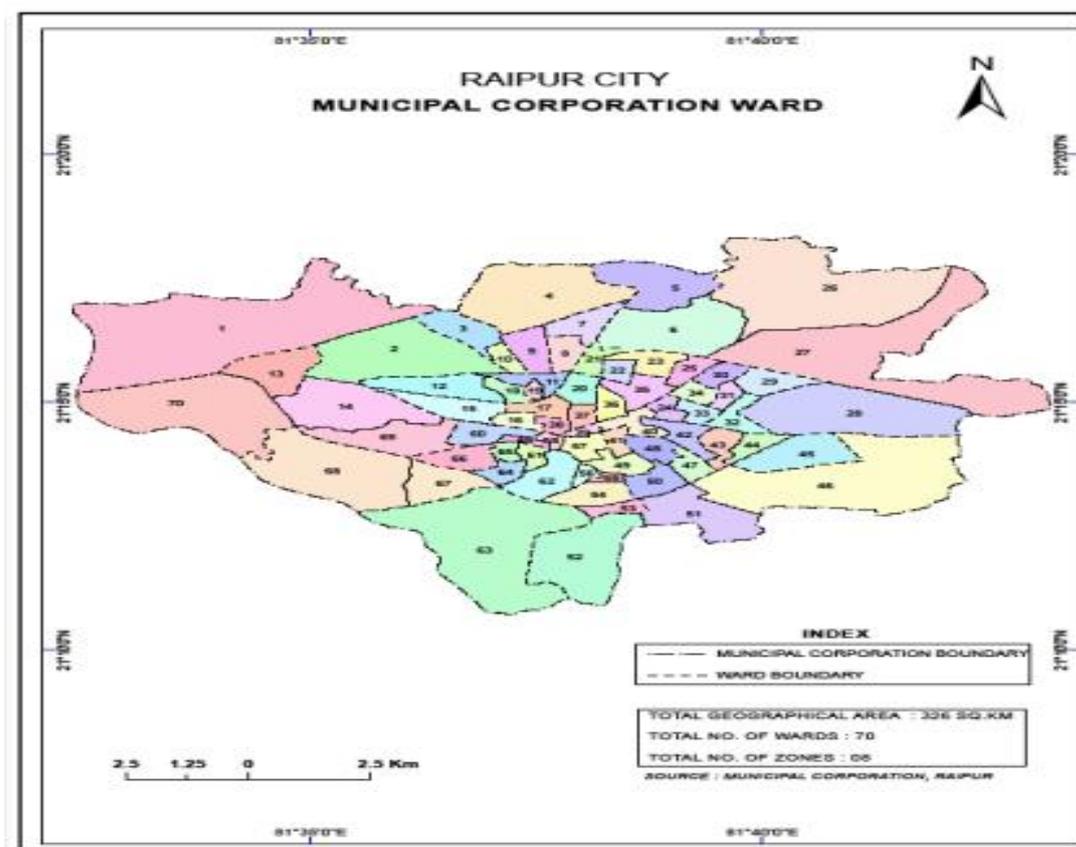
Raipur experiences tropical wet and dry climate. In the summer months of March to June, the temperature hovers around 48 °C and blows hot and dry winds. During monsoon (July to early October), Raipur gets about 1300 mm of rain from the South-West monsoon winds. During winter season (November to January), the minimum temperature can fall to 5 °C.

Raipur Municipal Corporation (RMC)

RMC was established in the early 1890s by the colonial government. The details of mayors and elections until 1980 are still unknown. The Cabinet of Arjun Singh, the then chief minister of United Madhya Pradesh, upgraded RMC to Nagar Palik Nigam. The first elections for 63 wards of RMC were held in the same year when Mr Swaroop Chand Jain became the first mayor of the city. Between 1985 and 1995, the municipal corporation was controlled by the Raipur administrator or district magistrate appointed by the chief minister. After the Madhya Pradesh Reorganisation Act, 2000, was passed by the Parliament of India, it became a part of Chhattisgarh and also the largest municipal corporation of the state. Tarun Prasad Chatterjee was the first mayor of the city following the creation of Chhattisgarh. In 2004, before local elections, the Raman Singh Cabinet approved the creation of seven more wards for RMC, and the number increased from 63 to 70. The first local body elections after the formation of the state were held in 2004, when Mr Sunil Soni became the first mayor of Raipur. There have been 11 elections held between 1930 and present and the current mayor of the city is Mr Aijaz Dhebar.

RMC comprises 70 wards divided into 10 zones (Figure 42). The Corporation is headed by the Municipal Commissioner (IAS Officer) as the administrative head and an elected Mayor and the councillors who are elected by voters of the city. The councillors elect the speaker (President) of the Corporation from among themselves. The Mayor and elected representatives are elected for a time period of 5 years.

Figure 42: Administrative map of RMC



Source: RMC website

As per Census of India, RMC had a population of 1,010,087 in 2011 and it is currently estimated at 14,75,000 in 2025. The literacy rate was 86.45% with male literacy at about 92.39% and female literacy at about 81.10%. Table 77 captures the brief city profile of RMC.

Table 77: City profile: Raipur Municipal Corporation

Sl No.	Basic statistics of the Municipal Corporation	
1	Name of the city corporation	Raipur Municipal Corporation (RMC)
2	Population	10,10,087 (Census 2011) 14,75,000 (Current estimate, Census of India)
3	No. of municipal wards and Administrative Zones	70 wards 10 zones
4	Term duration of current elected representatives	2020–25
5	No. of councillors / councillors - elected	70
6	No. of councillors / councillors - nominated (if not actual, based on Act)	10 Elderman
7	No. of sanctioned vs filled posts	Sanctioned - 1823, Working - 1397, Vacant - 426, Vacancy % - 23.37%
8	Finance department human resource data	Sanctioned - 266, Vacant - 127, Vacancy - 47.6%
9	Credit rating	I R triple B plus (ICRA – 2016)

10	Schedule of council meetings	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)
11	If Smart city, is there a special purpose vehicle in place?	Yes
12	Have ward/s committees been created?	Not constituted

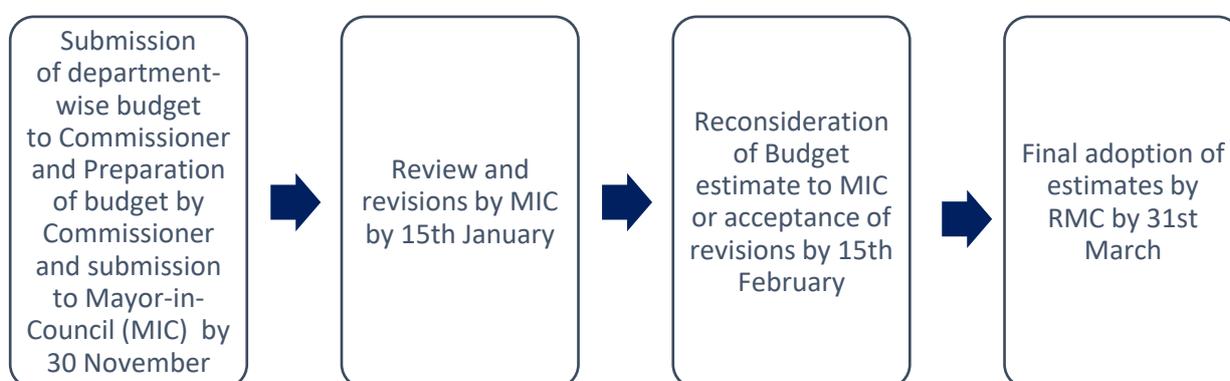
Source: Current Estimated population: <https://www.census2011.co.in/census/city/280-raipur.html>

HR Data: As per data collected during Field Visit in January 2023, Compiled by study team

Budget Preparation Process

The budget preparation process of RMC is a multi-step process that aims to plan the city's development effectively. In the process, RMC involves various stakeholders. Figure 43 captures the process followed by RMC for preparation of the budget, along with timeline.

Figure 43: Budget preparation process of RMC



Source: Compiled by study team

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 availability of relevant financial information/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 perspective of accountability and transparency to enable borrowing from private sector as well as attract investments in long term. Tables 78 and 79 give details on the parameter of 'data availability'.

Table 78: 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
Chhattisgarh	Raipur	Yes	Yes	Yes	Yes	Yes	Yes	No

Source: Fiscal Empowerment of City Governments Report 2024

Table 79: Availability of audit reports

State	City	Audit reports available on the corporation website					
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Chhattisgarh	Raipur	No	No	Yes	Yes	No	No

Source: Fiscal Empowerment of City Governments Report 2024

- RMC has published budget documents in Hindi language from 2013-14 to 2022-23 while audit reports are published only for four years, i.e. 2012-13, 2013-14, 2019-20 and 2020-21.

Table 80: Details of types of budgets

State	City	Does the city government publish the following budgets				
		Outcome	Gender	Poverty	Ward	Climate
Chhattisgarh	Raipur	No	Yes	Yes	Yes	No

Source: Fiscal Empowerment of City Governments Report 2024

- Raipur municipal budget include section for gender, urban poverty alleviation, and ward wise budget.
- Raipur municipal budget does not include section for outcome and climate budget.

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 81: Details of devolution of fiscal powers to the corporation 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
Chhattisgarh	Raipur	Yes	No	No

Source: Fiscal Empowerment of City Governments Report 2024

- RMC has the independent authority to introduce new tax/ charges, while it does not have the authority to revise rates of taxes and charges and also approve the budget.

Systemic Fiscal Transfers

As for systemic fiscal transfers, the latest SFC and ATR reports were studied for corporation and their availability was analysed.

Table 82: Details of availability of SFC and ATR of the corporation

State	City	Latest SFC report published on official website	Action Taken Report of latest SFC published on the official website
Chhattisgarh	Raipur	3 rd SFC (2017-2022)	3 rd ATR (2017-2022)

Source: Fiscal Empowerment of City Governments Report 2024

SFC Report: https://finance.cg.gov.in/state_finance_commission/main_SFC.asp?year1=3
https://finance.cg.gov.in/state_finance_commission/FourthSFC/TOR-Hin-Eng.pdf

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

The CFCs and SFCs play an important role in strengthening Indian municipal finance. While the CFC offers larger, national-level support and incentives to municipalities, the SFC concentrates on state-specific concerns and assures a more focused approach to resource allocation. Together, they seek to enhance municipalities' autonomy, governance, and financial stability in order to support sustainable urban development.

Raipur (Chhattisgarh) has published its respective latest SFC and ATR report on the official website. The Third ATR for Raipur underscores 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. Raipur's ATRs demonstrate focused and strategic urban governance, reflecting a proactive approach to urban development.

The fourth SFC that will be for the period of five years beginning from 1st April, 2025, has been constituted in 2021 and the report of the same has to be submitted by the commission before 31st July, 2023

Financial Transparency and Accountability

Financial transparency and accountability are key governance parameter. Citizens should know how public money is being used and operationalised for the development. Hence, City Government should ensure financial transparency through publishing of annual budget and accounts. Literature review and field study have captured the scenario that exists. Table 83 throws light on the budget & account, external audit, credit rating and tenders being published by the corporation.

Table 83: Details of financial transparency and accountability of the corporation

State	City	State Act mandatory to publish the budget & accounts	Municipal make it to of Municipal accounts	State Act have provision on external audit of Municipal accounts	City Government publish its Credit Rating on the website	Contracts & tenders dealt by City Government published on website
Chhattisgarh	Raipur	Yes	Yes	Yes	Yes	

Source: Compiled by study team

- RMC publishes credit rating on the website.
- RMC has provisions to publish the budget and accounts, and contracts and tenders on the city government website. It also has provision for external audit of municipal accounts.

Analysis of Municipal Acts, budget documents, audit reports, SFC reports and ATR, provided details of current practices, trends, opportunities, challenges, and good practices in RMC. Also, the qualitative analysis involved primary research through a field study. For the field study, the study team designed a detailed questionnaire, which focused on the municipal finance situation of Raipur, gender responsiveness, and climate-resilient approaches. Several stakeholders were interviewed using this questionnaire, and non-structured discussions. The key stakeholders included the Mayor of Raipur, the Finance Committee Chairperson, the Municipal Commissioner of Raipur, the Revenue and Finance Officer, and representatives from the Chhattisgarh Urban Development Department, domain experts from within the country. In all, 19 structured interviews were conducted. This comprehensive questionnaire enabled the study team to systematically gather insights from all the stakeholders concerned.

These direct engagements helped gather deeper insights and perspectives from key decision-makers and experts to enrich understanding about the existing situation and various dynamics of municipal finance, gender responsiveness, and climate-resilient approaches being adopted by the RMC.

5.2. Municipal Income

5.2.1 Municipal Revenue

Healthy financial practices at the local level is desirable from the perspective of ensuring quality of municipal services to the citizens and also to promote vibrant local economy. It includes processes and protocols followed in accounting practices, budget preparation, maintaining a transparent and accountable manner.

A healthy financial status of a city government is critical to the development of the city as a whole. Therefore, the revenue that a city government generates on its own holds a lot of importance. As for RMC, there are three main sources for revenue: (1) Tax revenue; (2) Non-tax revenue; and (3) Transfers from the state government and grants. Table 84 captures the main sources of revenue under each of these.

Table 84: Sources of revenue for RMC

Tax revenue sources	Non-tax revenue sources	Transfers/Grants
Property tax	Holding	Stamp duty
Consolidated tax (fire, cleaning)	Revenue from advertisements	Bar license fees
Water tax	Rent from corporation land/plot	Entertainment tax
Sanitation tax	License fees	Excise tax
Performance tax	Building permit fees	Octroi compensation
Entry tax	Other sanitation charges	Passenger tax
Education tax	Sewer charges	Development fund and other grants by state and central governments
Fire extinction tax	User charges	
	Market fee	

Source: Compiled by study team

The functions performed by the ULBs as per the 12th Schedule of the 74th Constitutional Amendment Act (CAA) and the population of cities vary across the cities; therefore, a financial cross-comparison among them is not possible. 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 85).

Table 85: Details of population of study city and comparison cities

Population	City	Comparison done with cities	
10 to 30 lakh	Raipur	Bhopal	Ranchi

Source: Fiscal Empowerment of City Governments Report 2024

Among the devolved functions performed by corporation, function 1: Urban planning including town planning, function (Urban Planning) 2: Regulation of land-use and construction of buildings, function (Land use Regulation) 5: Water supply for domestic, industrial and commercial purposes, function (WS-Dom.,Ind.,Comm.) 6a: Public health, sanitation conservancy and function (PH & Sanitation) 6b: Solid Waste Management (SWM), have been compared across the cities for analysis as major taxes collected by cities are for these functions.

Table 86: Details of devolution of functions for study city and comparison cities

	Devolved functions compared across the cities for analysis				
	1 Urban planning	2 Land-use Regulation	5 WS -Dom., Ind. & Com.	6a PH, Sanitation	6b SWM
Raipur (RMC)					
Bhopal (BhMC)					
Ranchi (RaMC)					

Source: UGI Index 2024, Praja Foundation. Compiled by study team

■ State govt.
 ■ Functions under multiple agencies
 ■ Functions under city govt.

Note: The highlighted city is the study city

For comparison, the municipal budgets of Raipur (RMC) – Raipur Municipal Corporation, Bhopal (BhMC) – Bhopal Municipal Corporation and Ranchi (RaMC) – Ranchi Municipal Corporation are used.

Among the five functions being compared, all three corporations have similar devolution of four functions i.e. function 1 urban planning; function 2: Regulation of land-use and construction of buildings, function (Land use Regulation); function 5: Water supply for domestic, industrial, and commercial purposes; and function 6b: solid waste management.

In the city of Raipur, Urban planning and town planning function is performed by Master Plan by Town and Country Planning Department (TCPD), and implementation is done by Town Planning Section of Raipur Municipal Corporation (RMC) Regulation of land-use and construction of buildings function is performed by Town Planning Section of RMC for building permissions and demolitions TCPD for regulation of land use, EWS and LIG Housing by Chhattisgarh Housing Board. Water supply for domestic, industrial and commercial purposes function is performed by State Govt. Chhattisgarh State Industrial Development Corporation, RMC: Water Department. Public health, sanitation conservancy function is performed by multiple agencies i.e. Hospitals under RMC and State Health Department; RMC: Health Department for sewerage system, cleaning of drains by RMC and Solid waste management function is performed by RMC: Solid Waste Management Department.

Tax Revenue

The analysis of the budget documents from 2017-18 to 2022-23 pertaining to tax revenue has been captured in Figure 44.

Figure 44: Annual growth in tax revenue from 2017-18 to 2022-23 (%)

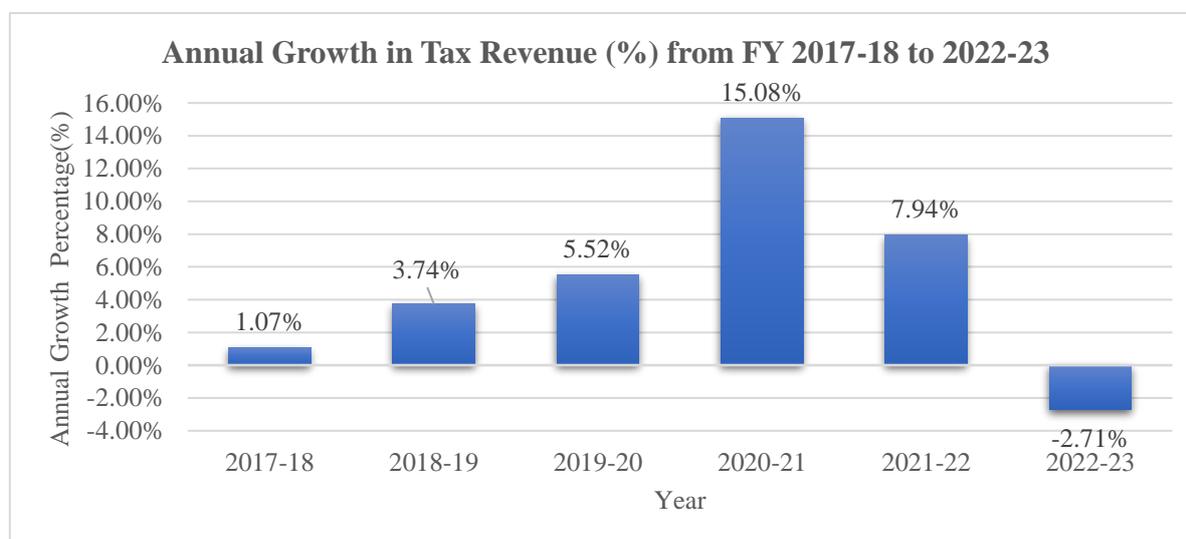


Table 87: Annual growth in tax revenue from 2017-18 to 2022-23 (Rs lakh)

Actual	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tax revenue (Rs in lakh)	10,206	10,315	10,701	11,292	12,994	14,026	13,646

Source: Compiled by study team

- RMC's tax revenue growth averaged 5.11% from 2017-18 to 2022-23, with a CAGR of 4.96%. In comparison with a national CAGR of 8.93% for all ULBs (ICRIER, 2019), it indicates that RMC's tax revenue growth is below the national average.
- The Annual Growth Tax Revenue of Raipur for FY 2017-18 to FY 2021-22 is 6.67% which is higher than Bhopal (3.99%).
- The Annual Growth in Own Tax Revenue dropped in 2021-22 to 7.94% after peaking in 2020-21 at 15.08%. The steep positive growth of 15.08% in 2020-21 was as a result of the high revenue generated from the previous residual collection of Property Tax, Water Tax, and surcharge applicable. RMC showed negative annual growth in year 2022-23 due to decrease in collection of consolidated tax (fire, cleaning) and revenue from advertisement.

Views shared by a Councilor during city level consultation (25th July, 2024)

The citizens have a lack of trust in the payment of taxes. The Councilor suggested that if corporation makes the system more transparent and shares where the collected taxes are being spent, it may increase the trust of citizens in the Raipur Municipal Corporation. The Corporation has to make efforts so that citizens should feel the pride to be part of the city.

Figure 45 shows the percentage share of own tax revenue to total income for the period FY 2016-17 to FY 2022-23.

Figure 45: Share of tax revenue to total income from 2016-17 to 2022-23 (%)

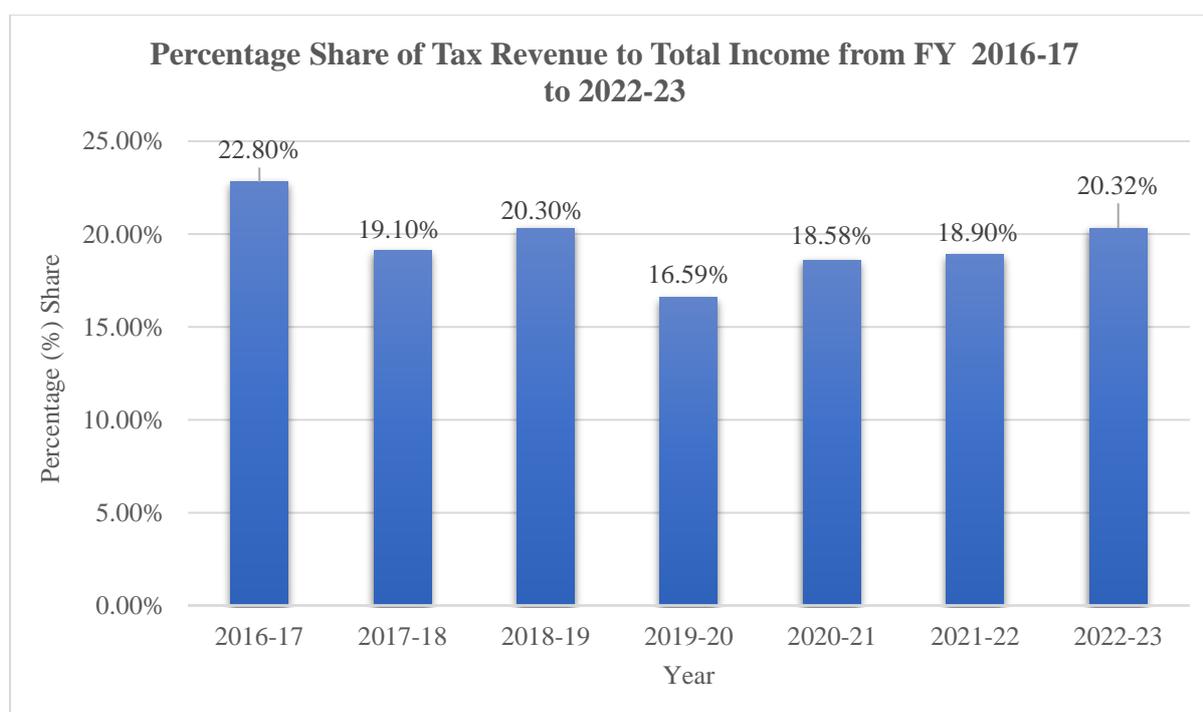


Table 88: Share of tax revenue to total income from 2016-17 to 2022-23 (Rs lakh)

Actual	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income (Rs in lakh)	44,762	53,991	52,703	68,073	69,928	74,210	67,173
Tax Revenue (Rs in lakh)	10,206	10,315	10,701	11,292	12,994	14,026	13,646

Source: Compiled by study team

- 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% as per the ICRIER report for the 15th CFC, highlighting that RMC's tax revenue is lower than that of other ULBs across the country.
- 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 Ranchi (14.68%) and Bhopal (13.47%).
- The share of tax revenue in total income declined by 2.48% from 2016-17 to 2022-23. However, it showed a consistent improvement over the past four years, increasing by 3.73% from 16.59% in 2019-20 to 20.32% in 2022-23. To boost tax collection, RMC has implemented initiatives such as GIS mapping and offering tax rebates.
- The own tax revenue contributed over one-fifth of the total municipal receipts for three years, namely 2016-17, 2018-19, and 2022-23.

Non-tax Revenue

Figure 46 presents the trends in non-tax revenue from FY 2017-18 to FY 2022-23. Notably, the data highlights significant fluctuations in non-tax revenue over this period, drawing attention to the variability in revenue generation. Fluctuations has been there because of collection from various non-tax revenues, i.e., wedding zone income, shelter fees, sanitation user charges, and settlement fees.

Figure 46: Annual growth rate in non-tax revenue: 2017-18 to 2022-23 (%)

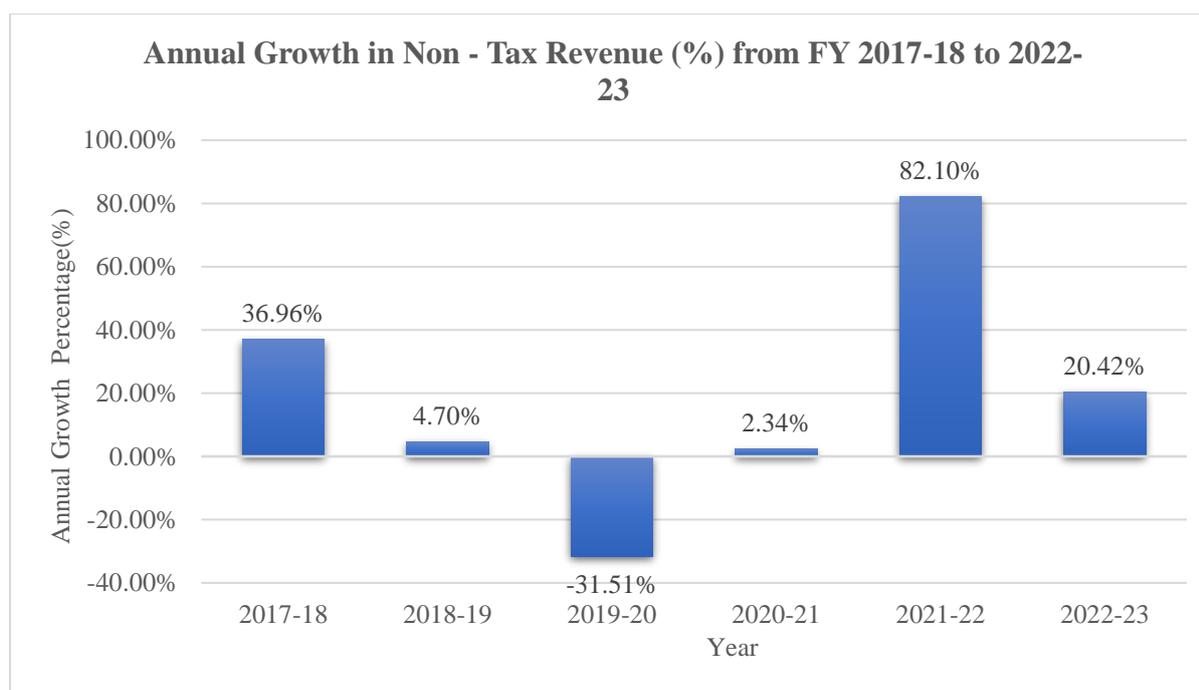
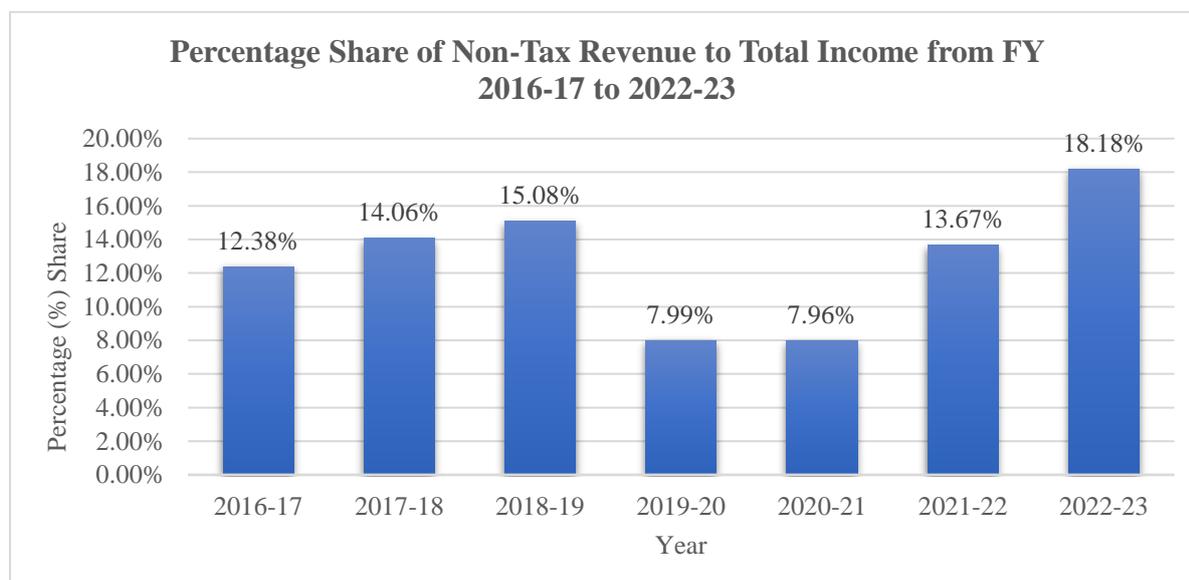


Table 89: Annual growth in non-tax revenue: 2017-18 to 2022-23 (Rs lakh)

Actual	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Non-Tax Revenue (Rs in lakh)	5,541	7,589	7,946	5,442	5,569	10,142	12,213

Source: Compiled by study team

- From 2017-18 to 2022-23, RMC's non-tax revenue grew at an average annual rate of 19.17% and 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. (ICRIER, 2019)
- The Annual Growth in Non-Tax Revenue of Raipur for FY 2017-18 to FY 2021-22 is 18.92% which is higher than Ranchi (16.96%) and Bhopal (10.54%).
- The Annual Growth in Non-Tax Revenue has been increased from 4.70% in 2018-19 to 82.10% in 2021-22 after being low for the previous 3 financial years [2018-19 (4.70%), 2019-20 (-31.51%) and 2020-21 (2.34%)].
- The non-tax revenue collection for various services like rental income, user charges for sanitation, wedding zone income, etc. shows a decline from 36.96% in 2017-18 to 2.34% in 2020-21 but it only increased to 82.10% in the year 2021-22. For the year 2021-22, RMC has observed received a hefty income specifically from wedding zone income, shelter fees, sanitation user charges, and settlement fees.

Figure 47: Percentage share of non-tax revenue to total income: 2016-17 to 2022-23**Table 90: Share of non-tax revenue to total income: 2016-17 to 2022-23 (Rs lakh)**

Actual	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income (Rs in lakh)	44,762	53,991	52,703	68,073	69,928	74,210	67,173
Non-Tax Revenue (Rs in lakh)	5,541	7,589	7,946	5,442	5,569	10,142	12,213

Source: Compiled by study team

- 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% (ICRIER, 2019), indicating a lower non-tax revenue share compared to the national ULB average.
- The Average Percentage Share of Non-Tax Revenue to total income of Raipur is 11.86% which is higher than Ranchi (9.26%) and lower than Bhopal (14.49%) for FY 2016-17 to FY 2021-22.
- The percentage share of Non-Tax revenue has been increased from 7.96% in 2021-22 to 18.18% in 2022-23, due to high revenue collection from various services provided.

Property Tax

Property tax is a main source of revenue for the RMC. The city government relies heavily on property tax to fund essential civic services and infrastructure projects in Raipur. RMC follows Annual Rental Method for Property Tax collection and has Self-Assessment System for Property Tax. Figure 48 shows the components of property tax bill of RMC.

Figure 48: Components under property tax bill

Components under Property Tax Bill
Property Tax Amount
Consolidated tax
General Water Tax
Water Tax
1% Additional Water Tax
Education Cess / Sub Tax
Surcharge
User Charge

Source: Compiled by study team

Figure 49: Annual growth of property tax: 2017-18 to 2022-23 (%)

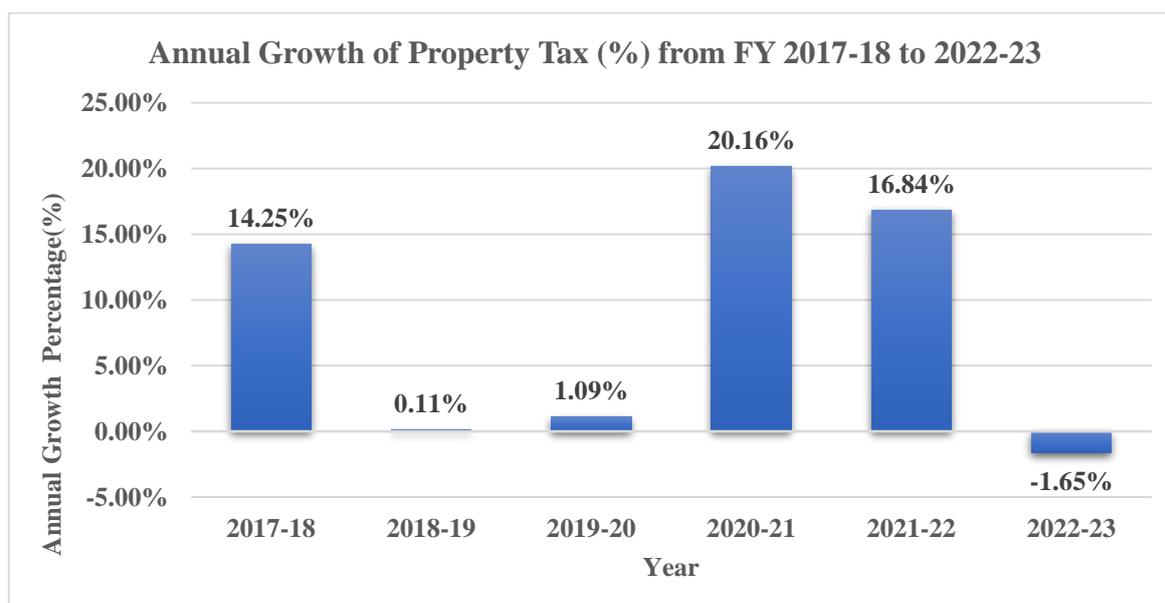


Table 91: Annual growth of property tax: 2017-18 to 2022-23 (Rs lakh)

Actual	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Property tax (Rs in lakh)	4,986	5,697	5,703	5,765	6,927	8,094	7,960

Source: Compiled by study team

- The average annual growth of property tax revenue for FY 2017-18 to FY 2021-22 is 10.49%, which is below the national average of 13.06% (ICRIER, 2019), indicating a lower property tax revenue share compared to the national ULB average.
- The Annual Growth in Property Tax of Raipur for FY 2016-17 to FY 2021-22 is 10.49% which is higher than Ranchi (8.17%) and lower than Bhopal (12.17%). RMC has a higher growth of property tax than Ranchi.
- The Annual Growth of Property Tax Revenue increased in 2020-21 (20.16%) & 2021-22 (16.84%) after being low in previous years [2018-19 (0.11%), and 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 geo-tags 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 50 puts out two sets of data: (a) the percentage share of property tax to total income and (b) the percentage share of property tax to own source income.

Figure 50: Share of property tax to (a) total income and (b) own source income (%)

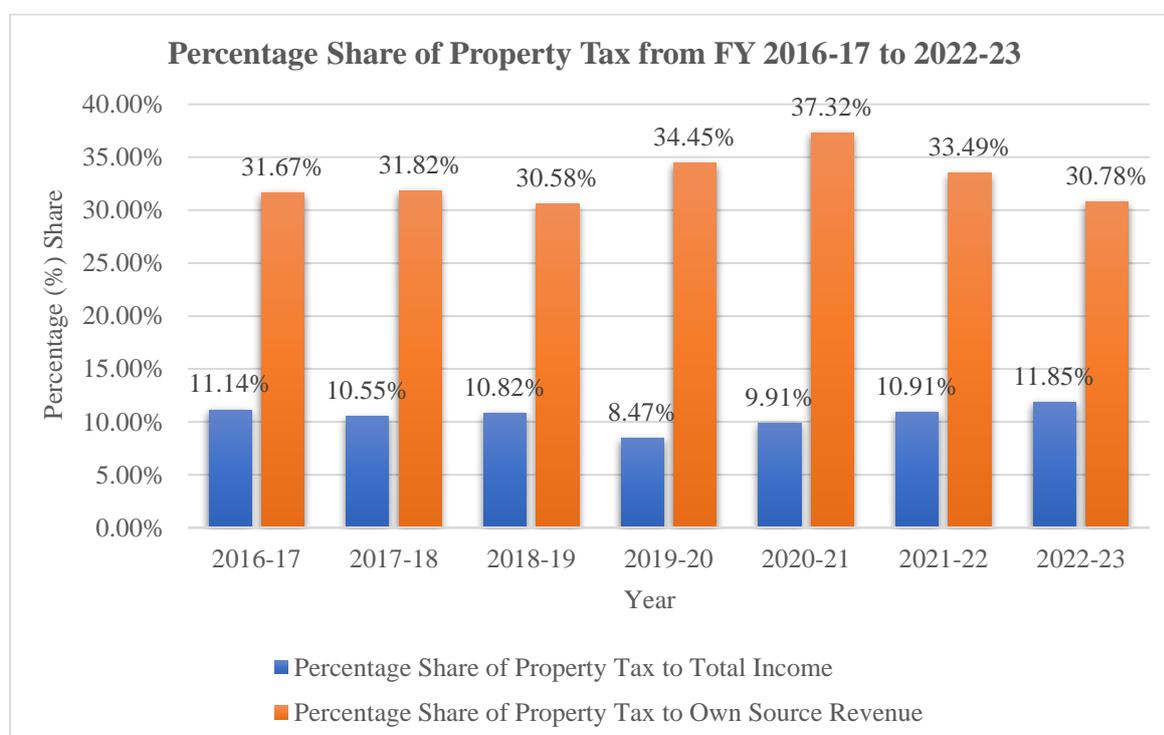


Table 92: Share of property tax to (a) total income and (b) own source income (Rs lakh)

Actual	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income (Rs in lakh)	44,762	53,991	52,703	68,073	69,928	74,210	67,173
Own source revenue (Rs in lakh)	15,747	17,904	18,647	16,734	18,564	24,168	25,860
Property tax (Rs in lakh)	4,986	5,697	5,703	5,765	6,927	8,094	7,960

Source: Compiled by study team

- From FY 2016-17 to FY 2021-22, RMC's average percentage property tax share to total income was 10.30%, which is below the national average of 15% as per the ICRIER report, indicating that property tax contributes a lower share to RMC's total income compared to the national average for ULBs.
- From FY 2016-17 to FY 2021-22, percentage share of property tax accounted for 33.22% of RMC's own source revenue, higher than the national average of 21.77% (RBI, 2022), indicating that property tax contributed more in RMC's own source revenue compared to the national average.
- The Average Percentage Share of Property Tax to Total Income of Raipur for FY 2016-17 to FY 2021-22 is 10.30% which is higher than Bhopal (6.48%). Whereas the Average Percentage Share of Property Tax to Own Source Revenue of Raipur for same period is 33.22% which is lower than Ranchi (56.28%) and higher than 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.

Box 1: USE OF TECHNOLOGY TO IMPROVE PROPERTY TAX SYSTEMS

Raipur introduced two technology-based innovations to spruce up the existing system and also to generate extra revenue from property tax. The salient features of these two systems introduced by RMC are mentioned below.

1. GIS-based Property Tax System

- RMC introduced a property tax system using GIS technology in 2017-18. This innovative method used drones to survey all areas under RMC's jurisdiction to collect data. This data enabled RMC to set up systems for online property tax collection. The new system also enabled to tap into pending property taxes from stagnant properties. This GIS-based system was developed at a total cost of INR 3 crore and within six months, it was implemented on the ground. As of today, the new system has already given a 10X return on investment directly, apart from saving 100,000 hours.
- The online tax collection system software consists of a user-friendly web application (MOR) with a real-time tax calculator. The system is backed by a call centre for grievance redressal and a digital payment option.
- 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 and RMC have operationalised 350 such centres across the city. Choice centres charge INR 30 extra for the payment.
- The number of registered properties and the property tax demand have increased between 2017-18 and 2021-22.

Digital Door Number Plates (DDN)

- The Digital Door Number (DDN) plates system works by assigning a secure and unique identification number to each establishment/property. This helped in creating an accurate database for the efficient delivery of several municipal services.
- The process of creating DDN plates involved (a) coding of each area, (b) surveying and numbering of each street, and (c) generation of DDN for each building/property feature.

Figure 51: DDN Plate

RAIPUR MUNICIPAL CORPORATION		नगर पालिक निगम, रायपुर, (छ.ग.) कार्यालय प्रति		मोर Raipur SMART CITY	
डिमांड बिल धारा 173, वित्तीय वर्ष 2023 - 2024					
वार्ड क्रमांक : 3	मकान क्रमांक : RPR802M00369	वार्षिक भाड़ा मूल्य : 20995.2			
बिल क्रमांक :	बिल तारीख : 14/03/2024	भुगतान तारीख :			
सम्पत्ति धारक का नाम : Shabeena Khatoon S/o Naushad Khan					
पता : Seeta nagar, GOGAON, near Shiv Mandir					
सम्पत्तिकर :	1260				
समेकित कर :	400				
सामान्य जल कर :	0				
जल कर :	2400				
1 प्रतिशत अतिरिक्त जल कर :	13	सम्पत्तिकर में विशेष छूट			
शिक्षा उपकर :	210	अप्रैल से जून माह तक 6.25%			
पिछला बकाया :	0	जुलाई से सितम्बर माह तक 5%			
सर चार्ज :	0	अक्टूबर से दिसंबर माह तक 4%			
यूजर चार्ज :	840				
अंतरराशि :	0 (-)				
योग :	5123				
यदि इस बिल का भुगतान वार्षिक अवधि तक ऑनलाइन अथवा कर विभाग के काउंटर पर नहीं किया गया तो पेसे प्रति रू की दर से अतिरिक्त रकम अधिभार के रूप में देय होगी।					
टीप :- 1. बिल के सम्बन्ध में किसी भी प्रकार की शिकायत हेतु लिखित आवेदन संबंधित सहायक राजस्व अधिकारी अथवा (mcraipur.in) के माध्यम से 07 दिवस के भीतर प्रस्तुत कर सकते हैं। आवेदन के निराकरण के लिए बिल का भुगतान निश्चित तारीख तक करना आवश्यक होगा।					
2. ऑनलाइन भुगतान हेतु mcraipur.in पर जाकर किया जा सकता है।					

- The DDN system is also integrated into an app (MOR Raipur), which is linked back to a central database and is also integrated with other government applications.
- A 50% rebate is given to widows on property tax for properties registered in their name and a 6.2% rebate in tax if paid in April.

Own Source Revenue

Figure 52: Share of own source income to (a) the total income and (b) the revenue income (%)

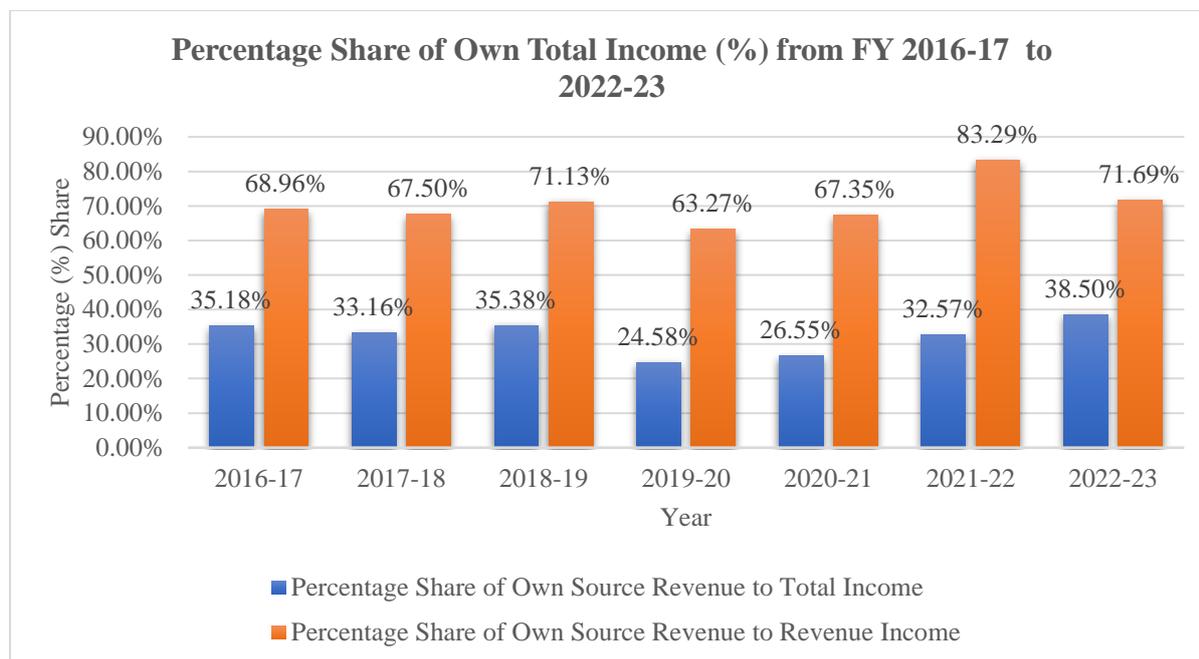


Table 93: Share of own source income to (a) the total income and (b) the revenue income (Rs lakh)

Actual	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income (Rs in lakh)	44,762	53,991	52,703	68,073	69,928	74,210	67,173
Own source revenue (Rs in lakh)	15,747	17,904	18,647	16,734	18,564	24,168	25,860
Revenue income (Rs in lakh)	22,835	26,524	26,217	26,448	27,565	29,016	36,071

Source: Compiled by study team

- The average percentage share of Own Source Revenue to Revenue income of RMC for FY 2016-17 to FY 2021-22 is 70.25% which is lower than Ranchi (88.14%) but higher than Bhopal (44.23%). It is higher than national average of 64.46% (RBI, 2022).
- The Average Percentage Share of Own Source Revenue to Total Income of Raipur for FY 2016-17 to FY 2021-22 is 31.24%, higher than Ranchi (23.94%) and Bhopal (27.96%). It is lower than the national average of 53% (ICRIER, 2019) and 37% (RBI, 2022) indicating a larger dependency on state and central grants.

Grants and Transfer

Figure 53: Share of grants/transfers from state and central governments to total income of RMC (%)

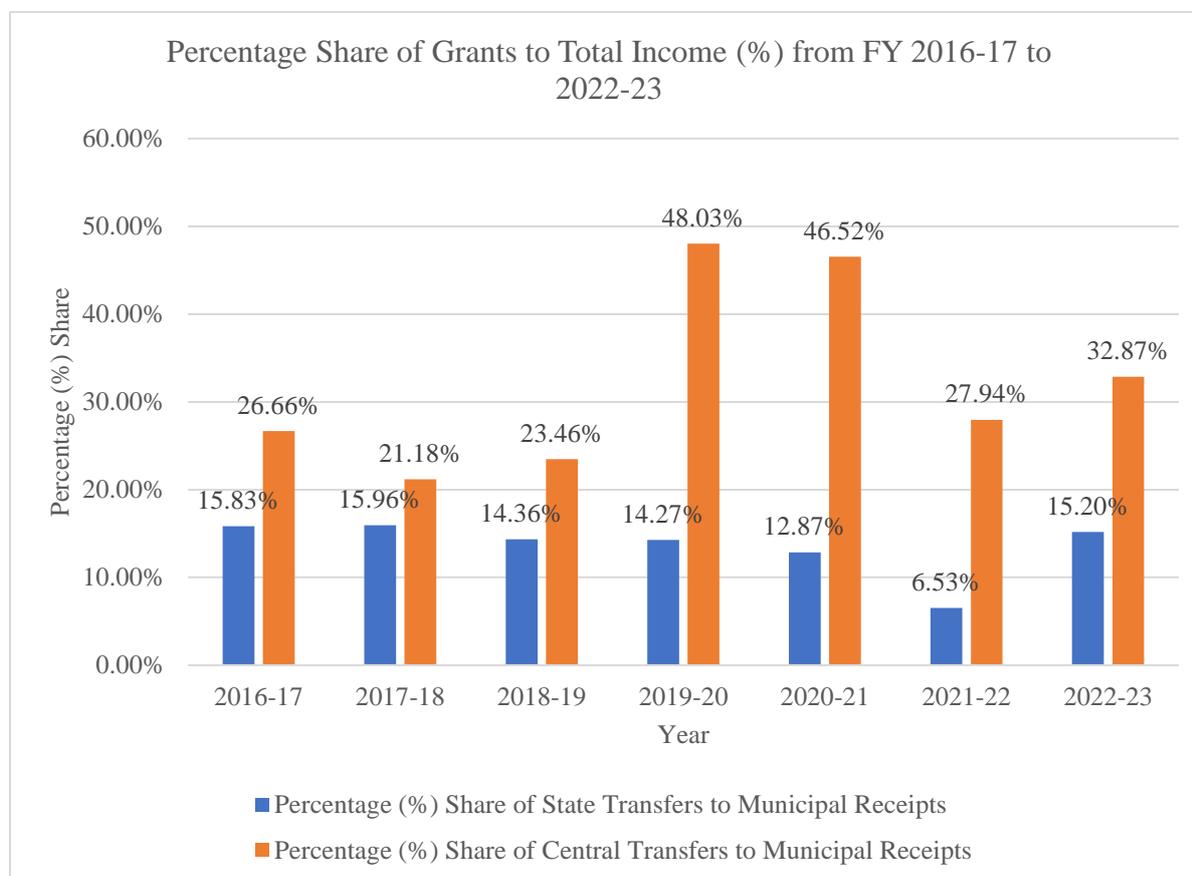


Table 94: Percentage share of grants/transfers from Central and State to total income of RMC (Rs lakh)

Actual	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income (Rs in lakh)	44,762	53,991	52,703	68,073	69,928	74,210	67,173
State transfer (Rs in lakh)	7,088	8,620	7,570	9,714	9,001	4,848	10,211
Central transfer (Rs in lakh)	11,934	11,433	12,364	32,531	20,736	22,082	22,082

Source: Compiled by study team

- From FY 2016-17 to FY 2021-22, RMC's average percentage share of state transfers to total income was 13.30%, lower than the national average of 33.33%, while the average share of central transfers was 32.30%, significantly higher than the national average of 12% (ICRIER, 2019). This indicates that RMC relies more on central transfers and less on state transfers compared to the national averages.

- Central and State Transfers constituted the highest percentage of total income in 2019-20. However, Central Transfers decreased from 46.52% in 2020-21 to 32.87% in 2022-23, while State Transfers increased from 12.87% in 2020-21 to 15.20% in 2022-23.
- The Average Percentage Share of State Transfers to Total Income of Raipur for FY 2016-17 to FY 2021-22 is 13.10%, higher than Ranchi (2.38%) and lower than 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.

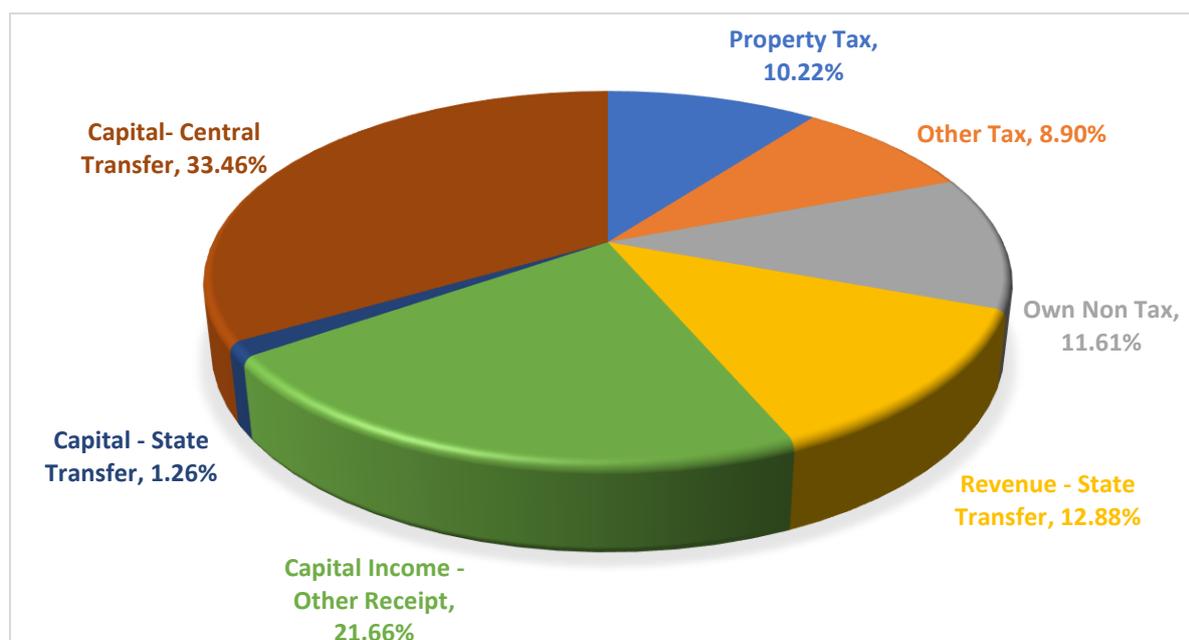
5.2.2. Summary of Municipal Revenue

Table 95: 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

RMC's Own Source Revenue makes up 31.24% of total income, with a strong growth rate (CAGR 8.95%) and a per capita average of ₹1,573.41. Tax Revenue contributes 19.38% of total income, growing at 6.56% CAGR, while Property Tax, accounting for 10.30% of total income and 33.22% of Own Source Revenue, shows robust growth with a CAGR of 10.17%. Non-Tax Revenue, contributing 11.86% of total income and ₹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 54: Average share of municipal income (%) from FY 2016-17 to FY 2021-22 (%)



Source: Compiled by study team

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 19.28% to total income, however it is below the national average of 25%. 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 11.75% to total income, which is below the national average of 18%. (ICRIER, 2019) Property tax grew 10.49% annually, with its share in total income averaging 10.30% and 33.22% of own source revenue, supported by GIS-based property mapping. Own source revenue accounts for 31.24% of total income, with state and central transfers contributing 13.30% and 32.30%, respectively, indicating significant reliance on central support.

From 2016-17 to 2022-23, RMC has considerably improved its revenue sources and collection efficiency through innovative use of GIS-based technology. RMC maintains a robust database of budget documents, audit reports, credit rating on its website which are accessible to citizens. RMC has also aimed to increase the property tax and own source revenue by appointing an external agency for improving the tax collection efficiency.

5.3. Municipal Expenditure

Components of Municipal Expenditure

Revenue Expenditure:

- Establishment Expenditure: Day-to-day expenses required to maintain municipal services, including salaries of employees, utility bills, and maintenance of facilities.
- Administrative Expenses: Costs associated with running municipal offices, including stationery, office supplies, and other administrative functions.
- Operations and Maintenance: Expenditure on services such as street cleaning, garbage collection, public health programs, and maintenance of parks and open spaces.
- 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:

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

5.3.1. Average Per Capita Expenditure

Table 96: Average per capita expenditure of Raipur (Rs)

City	Revenue expenditure (Nominal)	Revenue expenditure (Real)	Capital expenditure (Nominal)	Capital expenditure (Real)	Total expenditure (Nominal)	Total expenditure (Real)
Raipur (RMC)	2,225.90	1,607.78	3,066.02	2,206.36	5,291.92	3,814.14
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 ₹2,225.90 per person reflects significant spending on day-to-day operations, while the capital expenditure is even higher at ₹3,066.02, indicating a clear emphasis on infrastructure development. After adjusting for inflation, the real per capita expenditure drops to ₹1,607.78 for revenue and ₹2,206.36 for capital, reflecting the actual value of the spending.

5.3.2 Expenditure Ratios

Table 97: Average expenditure, percentage share of expenditure to total income and revenue income for Raipur (FY 2016-17 to 2021-22)

Municipal Expenditure	Average	Percentage Share to Total Income (%)	Percentage Share to Revenue Income (%)
Establishment Expenditure	17179	24.81%	52.41%
Administrative Expenditure	1029	1.49%	3.14%
Operation & Maintenance (O&M) Expenditure	11280	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 & Write Off, Miscellaneous Expenses, Depreciation, Prior Period item, Transfer to funds	3146	4.54%	9.60%
Total Revenue Expenditure	32777	47.34%	-
Total Capital Expenditure	36463	52.66%	-
Total Municipal Expenditure	69240	100.00%	-

Source: Compiled by study team

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

5.3.3. Key Findings

The expenditure data of Raipur Municipal Corporation from 2016-17 to 2021-22 shows a strong focus on infrastructure development, with a 52.66% share of capital expenditure. Establishment expenditure accounts for 24.81% of total income. Operation & Maintenance (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 seven years. Programme expenditure is minimal, suggesting a focus on day-to-day operations rather than new programs. 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.

5.4. Municipal Borrowings

5.4.1 Need for Municipal Borrowings

Urban areas in India contributed an estimated 65% of GDP by 2011, creating the need for sustainable investments in urban infrastructure. The resource requirements for cities to provide essential services such as water supply, sanitation, and transportation far exceed the fiscal capacities of urban local bodies (ULBs). Municipal governments continue to face significant funding gaps, as budget estimates and actual estimates of revenue and expenditure reveal a disparity in the fiscal planning of Indian cities. Traditional sources, including property taxes and intergovernmental transfers, have proven inadequate which municipal borrowing. The significant gap between revenue generation and expenditure requirements can be bridged by effective municipal borrowing (World Bank, 2011). Table 98 discusses about the financial performance of RMC from FY 2017-18 to FY 22-23.

Table 98: Financial performance compared to budgeted projection of RMC

City Name	Average 2017-18 to 2022-23	Revenue Income (Rs lakh)	Capital Income (Rs lakh)	Total Income (Rs lakh)
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

According to the data, RMC experienced a severe financial performance gap compared to their planned projections. There has been a steep decline in the capital income as the actuals were very lower than what was initially projected. Raipur's capital income dropped by about 77%, which can be the result of ineffective financial management or a failure to make profitable investments in development and infrastructure. Raipur's revenue and capital income deficits raise significant questions over its capacity to secure future market borrowings. Raipur is also largely reliant on grants, accounting for 47.61% of the total.

Significant discrepancies between anticipated and actual data, particularly in capital income, and a large reliance on grants indicate problems with financial management, project execution, and revenue generation. Without resolving these issues, these communities may face higher borrowing costs, limited access to finance markets, and difficulties financing critical infrastructure projects. In order to preserve financial stability and secure future funding, local administrations must enhance their capital management, revenue collection, and fiscal planning strategies.

5.4.2 Municipal Bonds

Until the 1980s, municipal securities in India, backed by state government guarantees, qualified as Statutory Liquidity Ratio (SLR) investments. However, after the 1991 fiscal crisis, states became reluctant to guarantee municipal borrowings, leading to the rise of municipal bonds. This allowed municipalities to access capital markets without state guarantees. The concept, widely used in the U.S. for financing infrastructure, was introduced in India in 1995 through a USAID-FIRE (D) seminar. In the U.S., municipal bonds fund large infrastructure projects, supported by local taxes and user charges. In 1996, Ahmedabad became the first Indian city to obtain a credit rating for a municipal bond, followed by Bengaluru in 1997 and Ahmedabad's own bond for a water and sewerage project in 1998. (Srikumar, 2023)

As per Section 102 of the Chhattisgarh Municipal Corporation Act, 1956, RMC can access capital through market borrowings, if needed. However, it can do that only after setting up an Escrow mechanism in place. RMC is yet to initiate the process for the same. The key reason mentioned by the

city officials/political leaders of the city for not doing so is lack of technical capacity of the local authority. Table 99 discusses about the legislative arrangement regarding borrowings of Raipur.

Table 99: Legislative arrangements regarding borrowings

City	Is borrowing permitted?	What kind of borrowing?	Whether state government approval is required for borrowings?	Are there any limits on borrowing prescribed?	Is any maximum loan repayment period prescribed?
Raipur	Yes	Loans and Debentures	Yes	Yes	Yes

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

ICRA Limited, a credit rating agency, had assigned the Long-term Issuer Rating of ‘IrrBBB+’ (pronounced I R triple B plus) to the RMC on 27 February 2017; however, the validity of rating had expired on 26 February 2018. The RMC carried higher-than-average credit risk whereas the Long-term Issuer Rating shows ‘Stable’, the rating also indicates moderate credit quality. The rating is only an opinion on the general creditworthiness of the rated entity and not specific to any particular debt instrument. It is not clear whether RMC had opted market borrowing during this period. Inadequate disclosure of financial information has hindered these municipalities from securing favourable credit ratings.

5.4.3 Challenges and Opportunities

Municipal bonds provide long-term capital and diversify funding sources for municipalities, improving governance and financial management as ULBs prepare to be ‘capital market ready’. Increased oversight by rating agencies and investors further strengthens these practices. To encourage Raipur to become market-ready, key improvements are needed in:

- **Data Transparency**
The 15th Finance Commission has pointed out data gaps, inconsistencies, and the lack of timely, audited accounts in urban municipalities. Challenges due to non-standardised accounting codes complicate financial data analysis. Addressing these issues could help improve municipal financing. 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.
- **Municipal creditworthiness**
467 ULBs under the AMRUT programme 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).
- **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.

- **Institutional Capacity**

A key constraint on municipal bond issuances is the lack of institutional capacity at the ULB level to prepare for bond market access. ULBs struggle to develop bankable, commercially viable projects and lack project management skills, affecting timely execution. 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.

- **Improving Bankability of Municipal Projects:**

ULBs should focus on levying user charges and developing additional revenue streams (e.g., commercial real estate) 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, minimizing 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.

- **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-based targeting for subsidies to ensure sustainable financing for services.

- **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.

- **Strengthening Municipal Accounting Systems and Cadre:**

Address skill gaps accounting systems through NMAM and in urban planning, finance, and other functions to improve overall managerial efficiency and governance at the ULB level.

- **AMRUT Incentives:**

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

- **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 projects (RBI , 2020).*

5.5. Gender Responsive Budgeting and Climate Financing

5.5.1 Importance of gender responsiveness in municipal finance

Urban areas are key drivers of political, economic, and social change, and vulnerable groups such as women, children, and the elderly are most affected by climate change and disasters. SDG 5 under Agenda 2030 focuses on gender equality and empowering women and girls, emphasizing the need for gender-responsive budgeting (GRB) and climate-resilient financing to address these challenges. GRB has gained global attention as a strategy to reduce gender disparities, with countries like Spain and Canada leading the way in implementing tools like gender budgeting reports and Gender-Based Analysis Plus (GBA+). Initiatives by organisations such as OECD, UN Women, and IMF stress the importance of integrating gender and climate action in fiscal policies.

City governments, like Barcelona, are adopting gender-sensitive budgeting to address the needs of women and vulnerable groups in areas like infrastructure and social services. In India, gender-inclusive urban planning is growing, with cities like Pune, Chennai, and Ahmedabad incorporating gender-focused policies and climate action plans. The Tamil Nadu government's 2024 State Policy for Women and the Greater Chennai Corporation's Gender and Policy Lab are examples of this progress. The need for holistic, gender-responsive, and climate-resilient solutions is critical for sustainable, inclusive urban development, and empowering women's leadership in climate action is essential for achieving this goal.

5.5.2 Gender Responsiveness

The United Nations (UN) has set 17 goals as sustainable development goals (SDGs) for nations to achieve by 2030. In alignment with these SDGs, India has commitment towards achieving these goals, including SDG 5, which mandates 'gender equality and empowerment of women and girls' by 2030. To achieve these goals and to address the systemic barriers that exist in the power structures, it calls for comprehensive policy reforms at all the levels of governance. Gender equality being a cross-cutting objective, it must be addressed through various national policies, budgets, and institutional reforms. Some of the key data points for RMC related to this goal are as follows:

- Sex ratio: 948 females per 1000 males (Census 2011)
- Literacy rate: 85.96%; Male: 91.16%; Female: 80.47%
- No. of seats reserved for female councillors: One third of the total number of seats, hence 24 seats reserved for female councillors.
- Number of elected female councillors in the current assembly: 24

The details of women's participation in RMC is provided in Table 100, based on the Urban Outcomes Framework 2022, an initiative by MoHUA.

Table 100. Details of women participation in Raipur

Sector	Data point	Unit of measurement	Raipur
Governance & ICT	Total staff sanctioned in the ULB (permanent)	Number	1,823
	Women working in the ULB (permanent)	Number	240
	Women officials in the ULB	%	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, Raipur has 13.1% women staff. RMC have very low representation of women in their workforce. This shows a serious lack of women in the workforce with a clear gap in recruitment and retention efforts for women.

The Government of Chhattisgarh has been doing a gender-budgeting exercise since 2007-08. In fact, the Government of Chhattisgarh has already set up a separate Department of Women and Child Welfare to coordinate and supervise all schemes related to women and children in the state.

The RMC plays an important role in the implementation of programmes/schemes for the empowerment and development of women at the grass-roots level. The interviews conducted among the decision-makers of RMC also highlighted some of the steps taken by RMC to make them gender responsive.

- RMC has initiated its own programmes or projects focusing on gender responsiveness under the department's budget for women and children. Pink toilets, working women's hostel, Mahila parks, and feeding stations, etc. are examples of such initiatives.
- The Chhattisgarh Municipal Corporation Act provides for the constitution of subject committees and it has a Committee on Woman and Child Welfare, which deals with women and child-related issues.
- The Municipal Corporation Act also have provision for seat reservation for women in the MIC and presently there are two women members as part of the MIC. In addition, all the 14 subject committees have one or more women members.
- It implements projects for self-help groups and training programmes under the National Urban Livelihood Mission.
- RMC has also allocated a budget of INR 46.76 lakh in FY 2023-24 to initiate gender-responsive approaches in urban development. For FY 2024-25, a budget of INR 47.51 lakh (0.07% of the total budget) has been earmarked for gender-related activities and projects.

Views shared by the female councillor during city level consultation (25th July, 2024)

During the city level consultation, a woman councillor shared that the suggestions given by the female councillors are duly considered during the budget-making process. Budget for various infrastructural provisions catering to the need of women citizens such as Pink toilets, working women's hostel, and feeding stations, etc. was sanctioned too.

5.5.3. Importance of Climate Financing in Municipal Finance

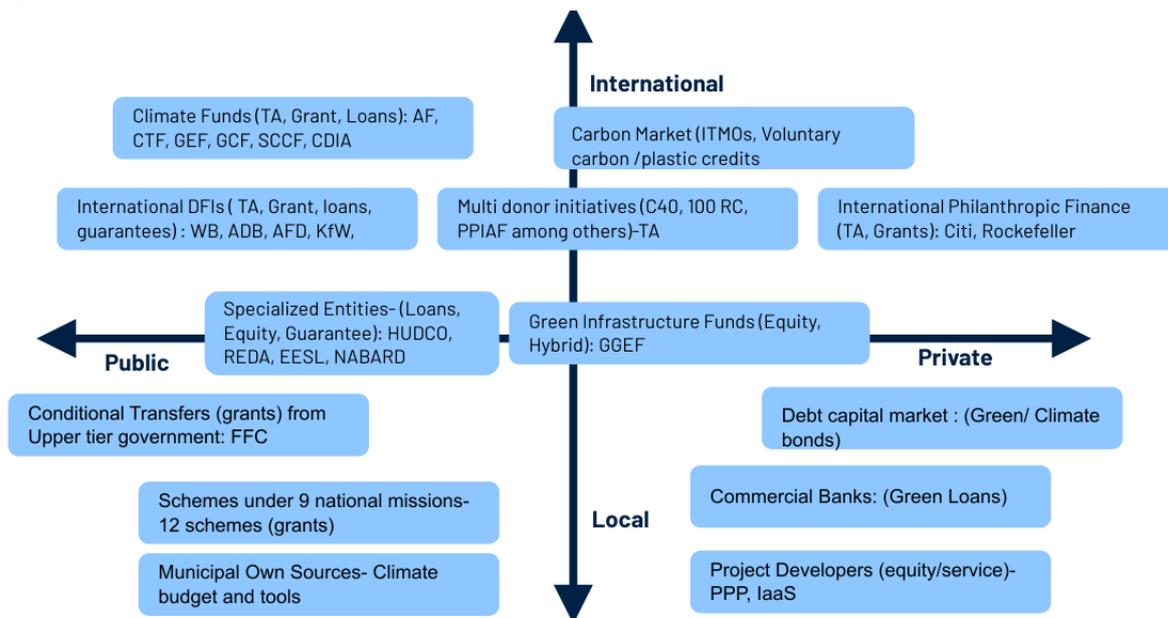
The cities contribute nearly 70% of global carbon emissions despite covering just 2% of the Earth's surface. Rapid urbanisation drives energy consumption and emissions, necessitating investments in green infrastructure. Climate financing supports activities that reduce emissions (mitigation) and build resilience to climate impacts (adaptation), essential for achieving the 1.5°C target and minimizing economic losses (UN-Habitat, 2021).

Key Challenges and Strategies for Enhancing Climate Financing in Cities:

- **Urgency and Investment Gaps:** Cities face growing climate risks and infrastructure demands but struggle with limited funding and creditworthiness.
- **Innovative Solutions:** Green bonds, PPPs, and climate funds can mobilise investments, while state and national programs like NAPCC and SAPCC provide frameworks and incentives.
- **Strengthening ULB Capacity:** Municipalities need robust financial management, climate-responsive budgeting, and localised Climate Action Plans to utilise funds effectively.
- **Leveraging National and International Support:** Programs like the Green Climate Fund, Smart Cities Mission, and multilateral financing enable cities to align urban projects with climate goals.
- **Public-Private Collaboration:** Partnerships can finance renewable energy, transport, and waste management, boosting private sector involvement in sustainable development.

Empowering ULBs with resources and innovative financing tools is critical for advancing climate action and creating resilient urban environments. The resultant impact of a majority of the investment obtained through climate/green finance will be realised at the level of urban local bodies (ULBs). The ULBs will have to implement climate mitigation and adaptation programmes and schemes through effective and localised use of investments and finance. This will, in turn, require the ULBs to budget for climate mitigation and adaptation programmes and plan their implementation through instruments such as city-level Climate Action Plans. Figure 55 shows the various sources of urban climate finance in India.

Figure 55: Sources of urban climate finance



Source: CB Module: Mapping

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).

5.5.4. Climate Financing at RMC

RMC has not come up with any specific climate action for itself. However, the climate action of RMC draws from the Chhattisgarh State Environment Plan of 2018. This document has given detailed plans for the following areas related to environment at large.

- Solid Waste Management
 - Plastic Waste Management
 - Construction and Demolition Waste Management

- Bio-medical Waste Management
- Hazardous Waste Management
- E-waste Management
- Water Quality Management
- Domestic Sewage Management
- Polluted Industrial Clusters Management
- Air Quality Management
- Mining Activity Management
- Noise Pollution Management

Following the broad guidelines in the State Environment Action Plan, the RMC has initiated some specific actions. It has also received performance-based grants for air quality improvement, solid waste management (SWM), and water compound. A few initiatives taken by RMC in this regard are as listed below.

- To address complaints received from citizens regarding dust pollution, RMC introduced sweeping machine sprinklers to settle down the dust.
- Paver blocks have been used on the footpaths to suppress the dust on the sides of the roads.
- Roadside plantation has been done to improve air quality along with providing shade.
- To maintain the green cover, RMC has made amendments to the Raipur Building By-laws, making it mandatory to plant 5 trees in residential buildings, without which the building plan will not be approved.

However, it is not clear if the RMC has made an effort to leverage carbon credits to generate resources for further climate action. Raipur can learn from cities like Indore on ‘Carbon trading’ and its mechanism. Carbon trading allows entities to get compensation for offsetting greenhouse gas emissions by investing in projects that reduce, avoid, or remove emissions elsewhere.

Table 101: Status of climate finance in Raipur

City	Legislative provision for climate budget	Climate budget	City-level climate action plan
Raipur (RMC)	No	No	No

Source: Compiled by study team.

Raipur follow climate action plans prepared by the state. There is no legislative provision for climate budget neither any separate climate budget is prepared or published. 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 public-private partnerships. Establishing climate budgets could help cities quantify funding needs and align urban development projects with broader climate finance opportunities.

5.5.5. City Level Opportunities

1. Municipal Budgeting and Own Source Revenue:

- a) 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.
- b) Municipalities can utilise their revenue streams to escrow funds for securing loans or issuing bonds for climate-resilient infrastructure.

2. Integrating Climate Considerations into Municipal Budgeting:

- a) 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.

b) 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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 (Jodhpur Heat Action Plan , 2023), 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.

5.6. Key Findings, Suggestions and Recommendations

5.6.1. Key Findings

Strengths	Weaknesses
<ul style="list-style-type: none"> •RMC includes a section for Gender Budget and Urban Poverty Alleviation in its Municipal Budget. 	<ul style="list-style-type: none"> •RMC does not publish Performance, Outcome or Climate budget.
<ul style="list-style-type: none"> •RMC also include a section for Ward Budget in its Municipal Budget. 	<ul style="list-style-type: none"> •Raipur Municipal Corporation does not have independent authority to approve the municipal budget.
<ul style="list-style-type: none"> •Raipur Municipal Corporation publishes its credit rating on the official website. 	<ul style="list-style-type: none"> • The Percentage Share of Central Transfers to Municipal Receipts is high.
<ul style="list-style-type: none"> •RMC has independent authority to levy new taxes or revise from the existing tax/charges rates from the assigned list of taxes from the Act. 	<ul style="list-style-type: none"> •RMC does not publish a gender budget but provides services related to women such as Mahila park and feeding centres, under the department's budget for women and children. RMC allocated a budget of Rs 46.76 lakhs in the Budget Estimation for 2023-24 and Rs 47.51 lakhs (0.07% of the total budget) for 2024-25, respectively.
<ul style="list-style-type: none"> •RMC introduced a GIS system featuring drone survey data to enable online property tax collection, with the goal of tackling stagnant property tax collection. 	<ul style="list-style-type: none"> •Raipur follows the climate action plan made by the State Government regarding climate improvement in 2018.
<ul style="list-style-type: none"> •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. 	<ul style="list-style-type: none"> •Raipur receives performance-based grants for air quality improvement, solid waste management (SWM), and water compound.
<ul style="list-style-type: none"> •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. 	
<ul style="list-style-type: none"> •As per the Chhattisgarh Municipal Corporation Act, there is provision for reservation in the MIC. In practice, there are currently two women in the MIC. All the 14 subject committees have one or more women members. 	

Opportunities	Threats
•Raipur Municipal Corporation 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.
•Raipur Municipal Corporation can prepare and publish gender budget.	•Escrow mechanism has not been adopted by RMC due technical reasons.
•Raipur Municipal Corporation 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 Raipur Municipal Corporation has an expenditure of INR 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 INR 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.

To improve the urban governance structure further, the city administration should have 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. Councillors have also suggested training to enhance their effectiveness in governance.

5.6.2. Suggestions and Recommendations: a 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 of RMC.

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 1823, 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

Sl No.	18 Functions	City			
		Ahmedabad	Bengaluru	Guwahati	Raipur
1	Urban planning including town planning.	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	Regulation of land-use and construction of buildings.	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	Planning for economic and social development	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	Roads and bridges	Gujarat Industrial Development Corporation (GIDC); Town Planning Scheme (TPS); Ahmedabad Urban Development Authority (AUDA); State Public Works Department; Ahmedabad Municipal Transport Service (AMTS); Ahmedabad Municipal Corporation (AMC) Roads and Bridges Department	State Public Works Department; Karnataka Road Development Corporation (KRDCL) Bruhat Bengaluru Mahanagara Palike Engineering Department;	Guwahati Municipal Corporation; State Public Works Department Roads: GMC, Public Works Department (Assam Govt.); Bridges: Public Works Department (Assam Govt.)	Construction of roads by State Public Works Department; Raipur Municipal Corporation: Road Department maintenance by the respective departments (maintenance by the respective departments)
5	Water supply for domestic, industrial and commercial purposes	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)	Public health, sanitation conservancy	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)	Solid waste management	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

7	Fire services	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	Urban forestry, protection of the environment and promotion of ecological aspects	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	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded	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
10	Slum improvement and upgradation	Ahmedabad Municipal Corporation (AMC) Housing and Awas Yojana and EWS Committee and Housing & 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 HOUSIN AND URBAN AFFAIRS	Urban Administration and Development Department; Raipur Municipal Corporation: Project & Planning (PMAY) Department
11	Urban poverty alleviation	Gujarat Urban Livelihood Mission (GULM); Ahmedabad Municipal Corporation (AMC) Housing and Awas Yojana and EWS Committee and	Bengaluru Development Authority (BDA); State Social Welfare Department;	Guwahati Municipal Corporation NULM Cell, AND SVANidhi DEPT OF HOUSIN AND URBAN AFFAIRS	Urban Administration and Development Department; Raipur

		Housing & Slum Networking Project	Bruhat Bengaluru Mahanagara Palike Welfare Department		Municipal Corporation: NULM Cell
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds	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)	Promotion of cultural and aesthetic aspects.	Gujarat Tourism Department; Ahmedabad Municipal Corporation (AMC) Publicity Department; Recreation, Culture & Heritage Committee	Kannada Culture and Information Department; Bruhat Bengaluru Mahanagara Palike Environment Department	State Department of Cultural Affairs; Guwahati Metropolitan Development Authority (GMDA)	Raipur Smart City Limited; Raipur Municipal Corporation : Cultural Department
13 (b)	Promotion of Education	Ahmedabad Municipal Corporation (AMC) School Board	Bruhat Bengaluru Mahanagara Palike Education Department	Guwahati Municipal Corporation; State Education Department	State Department of School Education
14	Burials and burial grounds; cremations, cremation grounds	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	Cattle pounds; prevention of cruelty to animals	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	Vital statistics including birth and death registration	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)	Public amenities including street lighting, parking lots and public conveniences.	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

17 (b)	Bus stops	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	Regulation of slaughterhouses and tanneries	Ahmedabad Municipal Corporation (AMC) Slaughter house Department	Bruhat Bengaluru Mahanagara Palike	Assam Livestock and Poultry Corporation (Assam Govt.), Veterinary Branch (GMC), Enforcement Branch (GMC)	Raipur Municipal Corporation: Health Department

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
 Functions 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 & 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)

o Ahmedabad

Actual Budget Values from 2016-17 to 2022-23

City		Ahmedabad							(Rs in Cr)
Sl No.	Data Points - Actual Values (in Crore) (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	
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 (CFC) Grant (25+33)	0	0	0	0	0	0	0
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

City		Bengaluru						
		(Rs in Lakh)						
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	-1,80,299	1,69,980	-86,810	-34,809	-1,33,109
10	Fiscal Deficit (4-7)	1,26,277	-7,478	-41,303	-40,683	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	2,10,029	2,36,592	2,40,248	2,47,676	2,68,420
13	Other Taxes	2,847	1,854	135	35	313	25	0
14	Municipal Own Tax Income (12+13)	1,87,516	1,79,383	2,10,164	2,36,626	2,40,560	2,47,701	2,68,420
15	Water & Sewerage User Charge	3	3	3	0	0	0	0
16	Solid Waste Management Charge	7,735	5,433	5,897	6,659	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
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 (CFC) 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
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
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Actual Budget Values from 2016-17 to 2022-23

Sl No.	Data Points - Actual Values (in Rs 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

o **Guwahati**

Actual Budget Values from 2016-17 to 2022-23

Sl No.	City	Guwahati (Rs in Lakh)							
		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
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	1477	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 (CFC) 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
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

Sl 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

City		Raipur (Rs in Lakh)						
Sl 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
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 (CFC) 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
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

Sl No.	Data Points - Actual Values (in Rs 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
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
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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 = ((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 2021-22 (A) for calculations.

○ **Bengaluru**

Annual Growth: Nominal and Real Values

Bengaluru	Annual Growth (%)											
	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	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%
Total	12,923	6,818	6,105	47.24%

**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

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	-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	1155	919	1,309	1124	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%

Human Resource Data

Grade	Sanctioned	Filled	Vacant	Vacancy %
Grade I to III	2525	1295	1230	48.71%
Grade IV	107	63	44	41.12%
Contractual	1070	1070	0	0%
Total	3702	2428	1274	34.41%

**Human resource data as per the field visits as on February 2024

Formula 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.

○ Raipur

Annual Growth: Nominal and Real Values

Raipur	Annual Growth (%)											
	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	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%

Human Resource 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%
Total	1823	1397	426	23.37%

**Human Resource Data as per the field visit in March 2024

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.

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: 19th 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 Mahaske	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?¹
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)

2.2. Devolution by the State Finance Commission (SFC)²

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?

Questionnaires for Experts

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 realised 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?

4. 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?

6. 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.