



# **PUBLIC PROVISIONING FOR THE URBAN POOR**

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**AN ANALYSIS OF THE  
GREATER MUMBAI MUNICIPAL  
CORPORATION BUDGETS (2017–20)**

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**CONTRIBUTORS:**

---

Manjur Ali, Jawed Alam Khan (IPSA), Brishti Banerjee (YUVA)

**REVIEWED BY:**

---

Namdeo Guldagad, Pooja Yadav, Sachin Nachnekar (YUVA)

**EDITED BY:**

---

Doel Jaikishen (YUVA)

W: [www.yuvaindia.org](http://www.yuvaindia.org)

E: [info@yuvaindia.org](mailto:info@yuvaindia.org)



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@officialyuva



yuvaindia84



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Youth for Unity and Voluntary Action (YUVA)  
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**DESIGNED BY:**

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Tabish Shakil

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## LIST OF ABBREVIATIONS

<b>AMRUT</b>	Atal Mission for Rejuvenation for Urban Transformation	<b>MoHUA</b>	Ministry of Housing and Urban Affairs
<b>BMC</b>	Brihanmumbai Municipal Corporation	<b>NULM</b>	National Urban Livelihoods Mission
<b>CAG</b>	Comptroller and Auditor General	<b>PMAY-U</b>	Pradhan Mantri Awas Yojana–Urban
<b>CFC</b>	Central Finance Commission	<b>PRI</b>	Panchayati Raj Institution
<b>CS</b>	Central Sector Scheme	<b>RAY</b>	Rajiv Awas Yojana
<b>CSS</b>	Centrally Sponsored Scheme	<b>SBM</b>	Swachh Bharat Mission
<b>HRIDAY</b>	National Heritage City Development and Augmentation Yojana	<b>SCM</b>	Smart Cities Mission
<b>JNNURM</b>	Jawaharlal Nehru National Urban Renewal Mission	<b>ULB</b>	Urban Local Body
<b>MCGM</b>	Municipal Corporation of Greater Mumbai	<b>UT</b>	Union Territory

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## GLOSSARY OF TERMS

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**Budget:** Estimated income/receipts and expenditure of any government for a financial year. In India, annual budgets are prepared and presented at the levels of the Union, State and Local Governments. The Budget is also called the Annual Financial Statement as per the provision of the Constitution of India.

### TYPES OF GOVERNMENT SPENDING

**Capital Expenditure:** It includes the fund used to create some investments for future income and is not regular or recurring expenditure by nature. It also encompasses expenditure on buildings and related infrastructure, construction of irrigation and electricity projects, construction of bridges, purchase of vehicles, etc. and repayment of loans.

**Capital Receipt:** It covers the recoveries of loans given by the government in the past and earnings from disinvestment from the government-owned enterprises.

**Revenue Expenditure:** Funds used to keep the administration running and regular/recurring nature of expenditure like salaries and other allowances, medicines, textbooks, etc. It includes expenditure on various government services and on interest payment.

**Revenue Receipt:** It presents the information regarding tax revenue, on-tax revenue, debt and non-debt receipts.

### TYPES OF SERVICES/SECTORS AGAINST GOVERNMENT EXPENDITURE

**Economic Services/Sector:** Sectors like rural development, industry, commerce and trade, agriculture, banking and transport.

**General Services/Sector:** Related to own maintenance, general services-line, general administration, defense and pension and interest payment.

**Social Services/Sector:** Focused on health, education and development of underprivileged sections like Scheduled Castes, Scheduled Tribes, women, children, persons with disability and minorities.



# I. INTRODUCTION

India is undergoing rapid urbanisation and it is estimated that by 2050, about 60 per cent of the Indian population would be living in urban areas/cities (Livemint, 2016). With the growth in the urban population, cities and towns will be under tremendous pressure to provide infrastructure like transport, housing, sewerage and waste management systems, maintain air quality, green spaces for the people, and so on. The government must actively work to make Indian cities systemically viable for residents and an inclusive engine of development, which is also environmentally sustainable.

In recent years, Indian cities have been witnessing multiple crises such as air and noise pollution, lack of water, over-crowded settlements, unplanned and unregulated growth of urbanisation. Subsequently, with the decay of the natural environment, there has been increased poverty and inequality, inadequate drinking water supply, pressure on the drainage system and so forth. The high cost of living is incompatible for majority of the population. Together, these put pressure on policy makers and implementing agencies to deliver desired services. The delivery of quality services in municipal areas entails a huge resource, both human and capital, at all the layers of the federal political structure. The Centre, State and Urban Local Bodies (ULBs) have their separate roles to play but in a coordinated and integrated manner.

The Municipal Corporation of Greater Mumbai (MCGM), earlier and more popularly known as the Brihanmumbai Municipal Corporation (BMC) is one of the biggest corporations among the ULBs in India. The population of Mumbai city was 1.24 crore in 2011. It is estimated to be 1.30 crore in 2021 and reach 1.50 crore in 2031 (Budget Speech, MCGM, 2020–21). In Mumbai, more than half the city's population who belong to the economically weaker

section live in slums. The density of population is extremely high. In slums, women, children, the elderly, persons with special needs are especially vulnerable, given the lack of social and physical infrastructure.

Within Mumbai, the M-East ward is among the poorest and most deficient in the delivery of civic services. The area has grown over the last 15 years but has remained on the margins of the city's planning and governance systems. A recent survey had found that in Mumbai slums, 78 per cent community toilets lack water supply, 58 per cent have no electricity and many houses don't have proper doors (Koppikar, 2017). The benchmark for toilets, adopted as part of India's Swachh Bharat Abhiyan (Clean India Mission), is one toilet for 25 women or 30 men. In Mumbai East, however, the average is one toilet per 190 people, according to surveys by the Tata Institute of Social Sciences (Ibid.). Further, there is a lack of access to clean water in Mumbai, which has caused diarrheal illness in children, leading to increased child mortality and poor nutritional status (Subbaraman and Murthy, 2015).

Mumbai has an infrastructure of 186 (174 municipalities plus 12 police) government dispensaries. Most of them are situated in the city while the newer suburbs lack these facilities. The city has an average density of 41,139 population per dispensary, while for the suburbs it is at 84,297. Overall, for the city it stands for 66,894. As per the National Building Code and National Urban Health Mission there should be a 'dispensary' for every 15,000 people. Clearly, the health infrastructure is inadequate. While 830 dispensaries are needed, currently there are just 186. Another aspect of concern is the portion of income an average Mumbaikar spends on health care. In a survey of 20,078 households commissioned by Hansa

Research, it was found that 52 per cent households use private health facilities. 9.1 per cent of the total annual income was spent on hospital/medical costs in 2018. 76 per cent households do not have any medical insurance. 55,130 cases of tuberculosis were reported in governmental institutions in 2017–18, an increase of 10 per cent from (2016–17), despite being a preventable disease. This trend shows an inconsistency in the eradication of cholera (Praja, 2018).

Given the growing challenges in the urban context, this study focuses on analysing the budgetary allocation and expenditure at all tiers of the government, relating to the Greater Mumbai area. The State Government and the Central Government release grants to the Municipal Corporations and Municipal Councils for implementation of schemes of the State Sector, Central Sector and Centrally Sponsored Schemes, respectively. In addition, grants on the recommendation of the State Finance

Commission and the Central Finance Commission are released for development and maintenance work. At the Union level, the Ministry of Housing and Urban Affairs (MoHUA) looks after the needs and development of urban areas across the country. The Urban Development Department is the nodal department responsible for dealing with urban affairs related to ULBs in Maharashtra. Similarly, MCGM and autonomous agencies have been implementing various schemes such as Swachh Bharat Mission (SBM), Atal Yojana, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Pradhan Mantri Awas Yojana–Urban (PMAY–U), etc. The MCGM has been raising funds by way of taxes, fees, fines and penalties by or on behalf of Municipal Corporations and Municipal Councils from the Government, public or private bodies, from private individuals by way of grants or gifts or deposits and all interest and profits and these funds are credited to the different Municipal funds.

## OBJECTIVES OF THE STUDY

This study aims to analyse the trends in allocation/release and expenditure/utilisation of the budgets, taking into consideration the components most relevant to the urban poor. Additionally, it aims to develop a comprehensive as well as comparative understanding on budget data with local level implementation and explore possible linkages to the 74<sup>th</sup> Constitutional Amendment Act. This will further help identify loopholes in the provisioning of municipal services to the urban poor and drive advocacy efforts to improve services. The present study would focus on analysing municipal budgets to develop training modules for civil society partners, municipal staff and activists. Broadly, the study objectives are as follows:

- Assessing the state budgets meant for the urban poor and analysing the role of Centrally Sponsored Schemes such as the National Urban Livelihoods Mission (NULM), Swarna Jayanti Shahari Rozgar Yojana (SJSRY), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Rajiv Awas Yojana (RAY), Pradhan Mantri Awas Yojana–Urban

(PMAY–U), Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Swachh Bharat Mission (SBM), Smart Cities Mission (SCM) on urban planning, urban poverty alleviation, for slum development/upgradation.

- Analysing the trends in allocation, release and utilisation of the Municipal Budget, specifically taking into consideration the allocations made for the urban poor.
- To develop comparative linkages of the budget analysis and implementation at the local level (with respect to the 74<sup>th</sup> Constitutional Amendment).
- Developing training sessions and creating awareness among civil society organisations, municipal staff and social activists by capacitating them on municipal budgets.
- Generating greater public awareness on essential mechanisms like municipal budgets and taxation.

## METHODOLOGY AND DATA SOURCES

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This study is a detailed analysis of receipts, income and expenditure of three Municipal Budget books of the Municipal Corporation of Greater Mumbai (MCGM) for the years 2017–2018, 2018–2019 and 2019–2020. The analysis is based on the secondary data and on the areas related to governance, housing and basic services in the city of Mumbai. The study aims to locate trends in allocation, release and utilisation of funds with a focus on budget responsiveness to the urban poor. Additionally, the focus of the study is on local level implementation of specific budget components and its possible linkages to the 74<sup>th</sup> Constitutional Amendment Act towards decentralised governance.

The MCGM has made available its budget documents on official websites. For detailed analysis of this information, disaggregated data is required on allocation and utilisation of grants, Central schemes, State schemes, transfers/devolved funds and own sources. However, the budget data presented is difficult to understand because the budget documents do not provide the details of expenditure of State and Central resources transferred to the MCGM<sup>1</sup>.

*1 | The budgetary resources of the MCGM were kept in separate accounts, which give the details of Heads of Expenditure with Fund Code; they fall under A, B, E, G and Tree Authority accounts. Accordingly, the budget papers have been prepared and uploaded on the website of MCGM.*

## II. BUDGETARY PROVISIONS FOR URBAN AREAS BY THE UNION GOVERNMENT

The Union Government plays an important role in financing major projects for various services like water, sanitation, housing, livelihood and infrastructure in urban areas. The important sources of financing are Centrally Sponsored Schemes (CSS), Central Sector Schemes (CS) and Central Finance Commission (CFC) Grants, that are implemented by the Urban Local Bodies (ULBs). Overall, the vision of the Ministry of Housing and Urban Affairs (MoHUA)

is to provide ease of living, responsive governance, clean and sustainable environment, rapid inclusive economic growth and livelihood opportunities for the citizens. Table 2.1 shows that low priority was given in terms of budget allocation to urban areas as compared to the size of the urban population across the years. The allocation of the Ministry has been almost stagnant over the years despite the rise in urban population.

Year	Total Central Government Outlay	Ministry's Budget Allocation (in INR crore)	% of Central Government Budget
2014-15	17,94,891.96	26,009.46	1.45
2015-16	17,77,477.04	24,841.77	1.40
2016-17	19,78,060.45	29,934.00	1.51
2017-18	21,64,734.78	40,617.84	1.88
2018-19	24,42,213.30	41,765.13	1.71
2019-20	30,42,230	48,032	1.58

**Table 2.1 | Budgetary allocation by Ministry of Housing and Urban Affairs against the total central budget outlay (in INR crore)**

Source: Union Budget, <https://www.indiabudget.gov.in/>

Table 2.2 shows a large amount is spent on revenue heads by the MoHUA. Capital head has the spending to the tune of INR 19,544 crore. It can be inferred

that the Ministry is spending large amounts of its allocation for the creation of long-term assets such as water, sewerage, housing and metro rail projects.

Demand No. 56	Revenue	Capital	Total
2018-19	25,349	16,415	41,765
2019-20	28,487.84	19,544	48,032

**Table 2.2 | Budget estimates by Ministry of Housing and Urban Affairs (2018–19 and 2019–20) (in INR crore)**

Source: Departmentally Related Standing Committee Report 2019–20, Lok Sabha

As Table 2.3 shows, a major allocation by the MoHUA has gone to CS and CSS. Allocation for CSS is more than CS. CS is totally funded by the Government of

India, whereas in CSS states are supposed to give matching funds.

S.No.	Heads	2018–19	2019–20
1.	Central Sector Schemes (CS)	16,212.22	20,657.11
2.	Centrally Sponsored Schemes (CSS)	21,734.00	24,003.26
3.	Non-Scheme	3,818.91	3,371.80
Total		41,765.13	48,032.17

**Table 2.3 | Sector-wise breakup of allocation amount by Ministry of Housing and Urban Affairs (in INR crore)**

Source: Departmentally Related Standing Committee Report 2019–20, Lok Sabha

Table 2.4 shows that there is a huge gap between the proposed Budget and the amount allocated to the Ministry. Utilisation has been poor across the years. However, surprisingly in 2016–17, utilisation was observed to be more than 100 per cent. The reason for this is due to unspent balance of the previous

year. In 2018–19, again the percentage of utilisation of funds by the Ministry increased up to 97 per cent. The low utilisation of funds would delay completion of the projects and severely impact the outcomes of the services.

Proposed/BE/RE/ Actual	2014–15	2015–16	2016–17	2017–18	2018–19
Proposed Budget	34,992	69,474	68,447	74,138	86,100
Budget Estimate	22,847	21,619	29,934	40,618	41,765
Revised Estimate	13,657	17,756	37,835	40,754	42,965
Actual Expenditure	12,870	16,647	36,946	30,605	40,611.8
Utilisation Rate (%)	56	77	123	75	97

**Table 2.4 | Proposed budget, allocation and utilisation by the Ministry of Housing and Urban Affairs (in INR crore)**

Source: Departmentally Related Standing Committee Report 2019–20, Lok Sabha

Table 2.5 shows the status on allocations made, funds released and actual utilisation made by States/UTs under the six flagship programmes of the Central Government, namely, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), National Heritage City Development and Augmentation Yojana (HRIDAY), Smart Cities Mission (SCM), Swachh

Bharat Mission–Urban (SBM–U), National Urban Livelihoods Mission (NULM) and Pradhan Mantri Awas Yojana–Urban (PMAY–U). There has been poor utilisation of funds in every programme over the years. While SBM and NULM have seen better utilisation than other schemes, HRIDAY and SCM have poor performance in terms of spending.

	Fund Allocated	Fund Released	Fund Utilised	Fund Utilised vs. Fund Released in %
AMRUT	12,447.19	8,629.36	2,480.43	28.74
HRIDAY	700.00	247.15	33.59	13.59
SCM	10,084.20	9,943.22	182.62	1.83
SBM	7,690.52	5,847.92	2,223.22	38.01
NULM	2,600.83	1,514.85	850.34	56.13
PMAY	15,025.90	10,011.89	2,080.52	20.78
<b>Total</b>	<b>48,548.64</b>	<b>36,194.39</b>	<b>7,850.72</b>	<b>21.6</b>

**Table 2.5 | Actual utilisation of funds under flagship programmes since inception, December 2017 (in INR crore)**

Source: Departmentally Related Standing Committee Report 2019–20, Lok Sabha

### III.

## FUNCTIONING OF AND BUDGET ALLOCATION FOR ULBs IN MAHARASHTRA

The total population of Maharashtra was reported to be 11.24 crore, of which 45 per cent is in the urban areas (Census of 2011). The State has 45 cities/urban agglomerations having a population of over one lakh. 27 Municipal Corporations in the State have been created for urban agglomerations having a population of more than three lakh. They have been categorised into five categories, namely A+, A, B, C and D, based on the criteria of population and per capita income<sup>1</sup>.

- At present, only Municipal Corporation of Greater Mumbai (MCGM) falls in **category A+**
- There are two cities in **category A**—Nagpur and Pune
- Three in **category B**—Nashik, Pimpri-Chinchwad and Thane

- Four in **category C**—Aurangabad, Kalyan-Dombivli, Navi Mumbai and Vasai-Virar
- 17 Municipal Corporations in **category D**—Ahmednagar, Akola, Amravati, Bhiwandi-Nizampur, Chandrapur, Dhule, Jalgaon, Kolhapur, Latur, Malegaon, Mira-Bhayandar, Nanded-Waghala, Parbhani City, Panvel, Sangli-Miraj-Kupwad, Solapur and Ulhasnagar

Similarly, 358 Municipal Councils, including Nagar Panchayats, have been created for smaller urban areas and categorised based on their population. At present, there are 17 'A' class, 69 'B' class and 145 'C' class Municipal Councils and 127 Nagar Panchayats in the State<sup>2</sup>.

Name of the Authority	Accountable for
General Body	Policy decisions related to expenditure from the Corporation's Municipal Fund, implementation of various projects, schemes, etc.
Standing Committee	All functions related to approval of budget and sanction for expenditure as per the delegation. It can delegate powers to Sub-Committee(s).
Municipal Commissioner	Administration and execution of all schemes and projects subject to conditions imposed by the General Body.
Municipal Chief Accountant	Preparation of the annual budget and finalisation of accounts and conducting internal audits.

**Table 3.1 | Accountability structure of Municipal Corporations**

Source: Report of CAG on Local Bodies, Government of Maharashtra, Report No. 5 of 2016 (cag.gov.in)

1 | Category A+ (population over one crore and per capita income above INR 50,000); Category A (population between 25 lakh and one crore and per capita income above INR 8,000); Category B (population between 15 lakh and 25 lakh and per capita income above INR 5,000); Category C (population between 10 lakh and 15 lakh and per capita income above INR 3,000); and Category D (population between 3 lakh and 10 lakh)

2 | Category A (population between one lakh and three lakh); Category B (population between 40,000 and one lakh); Category C (population between 25,000 and 40,000); and Nagar Panchayats (population between 15,000 and 25,000)

## DEVOLUTION OF POWER TO ULBs IN MAHARASHTRA

To function as an institution of self-government and carry out the responsibilities conferred upon them, the Urban Local Bodies (ULBs) exercise their powers and functions in accordance with provisions of Sections 63 –72 of the Maharashtra Municipal

Corporation Act, 1949, which provides functions to be exercised in the sphere of Public Works, Education, Public Health and Sanitation, Town Planning and Administration.

- 1 Urban planning including town planning**
- 2 Regulation of land-use and construction of buildings**
- 3 Planning for economic and social development**
- 4 Roads and bridges**
- 5 Water supply for domestic, industrial and commercial purposes**
- 6 Public health, sanitation conservancy and solid waste management**
- 7 Fire services**
- 8 Urban forestry, protection of the environment and promotion of ecological aspects**
- 9 Safeguarding the interests of weaker sections of society, including the handicapped**
- 10 Slum improvement and upgradation**
- 11 Urban poverty alleviation**
- 12 Provision of urban amenities and facilities such as parks, gardens, playgrounds**
- 13 Promotion of cultural, educational and aesthetic aspects**
- 14 Burials and burial grounds; cremations, cremation grounds and electric crematoriums**
- 15 Cattle pounds; prevention of cruelty to animals**
- 16 Vital statistics including registration of births and deaths**
- 17 Public amenities including street lighting, parking lots, bus stops and public conveniences**
- 18 Regulation of slaughter houses and tanneries**

**Box 3.1** | *Subjects devolved to ULBs as per 74<sup>th</sup> Constitutional Amendment Act*

Source: Ministry of Urban Development, 1994



Article 243W of the 74<sup>th</sup> Constitutional Amendment envisaged the devolution of powers and responsibilities to municipalities in respect of 18 subjects mentioned in XII Schedule of the Constitution. Of the 18 functions, 12 functions were assigned to ULBs in Maharashtra under Sections 61

and 63 of the MMC Act, 1888 and Section 63 of the Bombay Provincial Municipal Corporation Act, 1949, prior to the 74<sup>th</sup> Amendment. The remaining six functions were also transferred/assigned to the ULBs after 1994.

Of the State Government's total revenue receipts of INR 1,49,326 crore during 2016–17 (excluding the State's share of Union taxes and duties and grants-in-aid from the Government of India), urban local bodies (ULBs) were allocated INR 13,850 crore (9.27 per cent). The share of Government grants in the total receipts of 26 Municipal Corporations ranged between 3.23 per cent and 7.59 per cent during the period 2010–15. Property Tax related information furnished by 26 Municipal Corporations revealed that during 2014–15, Municipal Corporations recovered 76 per cent of property taxes amounting to INR 7,157 crore against the total demand of INR 9,414 crore.

Water charges related information provided by 26 Municipal Corporations revealed that during 2014–15, Municipal Corporations recovered 44.65 per cent of water charges amounting to INR 1,917 crore against the total demand of INR 4,293 crore.

The total expenditure of 26 Municipal Corporations during 2014–15 was INR 41,229 crore, of which the expenditure on administration was INR 11,903 crore.

At the Municipal Corporation of Greater Mumbai (MCGM), of the total expenditure of INR 25,131 crore incurred during 2014–15, the share of expenditure on administration was INR 8,392 crore and constituted 33.40 per cent of the total expenditure. With respect to eight other Municipal Corporations, the share of expenditure on administration to total expenditure exceeded 35 per cent and ranged between 35.05 and 62.09 per cent. High establishment cost restricted availability of funds for other services to be provided by the Municipal Corporations.

In the receipt and expenditure of Municipal Councils during 2014–15, 209 of the 338 Municipal Councils incurred an expenditure of INR 5,458 crore against total receipts of INR 5,773 crore. 209 Municipal Councils had arrears of property tax of INR 292 crore against the total demand of INR 671 crore. Similarly, 192 out of 338 Municipal Councils had arrears of water charges of INR 135 crore against the total demand of INR 300 crore.

### Box 3.2 | Key findings on municipal finances of Maharashtra from CAG report, 2016

Source: Report of CAG on Local Bodies, Government of Maharashtra, Report No. 5 of 2016

The consolidated position of receipts and expenditure of ULBs are not prepared at the State level. Table 3.2 shows the position of overall receipts and expenditure of 26 Municipal Corporations in the State during 2010–15. As per the calculation made by the Comptroller and Auditor General (CAG), total receipts and expenditure of 26 Municipal

Corporations accounted during 2014–15 was INR 43,355 crore and 41,229 crore, respectively, which includes the total receipts (INR 27,044 crore) and expenditure (INR 25,131 crore) of the MCGM. It reflects that a large chunk of the finances of Municipal Corporations is concentrated in the hands of the MCGM.

Items	2010–11	2011–12	2012–13	2013–14	2014–15
Receipts	30,137	32,235	37,046	40,012	43,355
Expenditure	27,558	28,647	34,568	37,229	41,229
Utilisation %	91.4	88.9	93.3	93.0	95.1

**Table 3.2 | Position of overall receipts and expenditure of 26 Municipal Corporations during 2010–15 (in INR crore)**

Source: Report of CAG on Local Bodies, Government of Maharashtra, Report No. 5 of 2016

Table 3.3 shows the details of receipts of 26 Municipal Corporations from various sources during 2010–15. A large size of receipt of 26 Municipal Corporations are coming from the rents, taxes, etc. including octroi,

property tax and water charges (50 per cent), other income (43 per cent) and Government grants (5 per cent). From the CAG report, the details of other income heads are not clear.

Heads	2011–12		2012–13		2013–14		2014–15	
	No. of Receipts	% to Total Receipts	No. of Receipts	% to Total Receipts	No. of Receipts	% to Total Receipts	No. of Receipts	% to Total Receipts
Rents, Taxes, etc. Including Octroi, Property Tax and Water Charges	17,800	55.22	19,233	51.92	20,173	50.42	21,647	49.93
Government Grants	1,198	3.72	1,867	5.04	3,036	7.59	2,302	5.31
Commercial Enterprises	82	0.25	17	0.05	75	0.19	89	0.21
Deposits, Loans, etc.	1,853	5.75	496	1.33	251	0.63	477	1.1
Other Income	11,302	35.06	15,433	41.66	16,477	41.18	18,840	43.45
Total Receipts	32,235	100	37,046	100	40,012	100	43,355	100

**Table 3.3 | Details of receipts of 26 Municipal Corporations from various sources during 2011–15**

Source: Report of CAG on Local Bodies, Government of Maharashtra, Report No. 5 of 2016

Table 3.4 states the percentage share of budget of the Urban Development Department in the total budget, which is supposed to be implemented by ULBs in Maharashtra. In 2015–16, the budget of the Urban

Development Department was 5.2 per cent, which increased to 9.5 per cent. Taking into account the size of the urban population (which is 45 per cent that of the state), the budget allocation is not adequate.

Items	BE 2016–17	AE 2016–17	BE 2017–18	AE 2017–18	RE 2018–19	BE 2019–20
Total DUD budget (in INR crore)	2,56,992.15	1,82,589.29	1,82,589.29	2,69,392.54	3,44,798.99	3,77,013.13
Total Budgets for Maharashtra (in INR crore)	17,762.1333	16,965.084	19,967.6135	23,577.3625	34,756.583	35,756.837
Share of DUD in Total Budget (%)	6.9	9.3	10.9	8.8	10.1	9.5

**Table 3.4 | Share of the Department of Urban Development (DUD) in the total budget (%)**

Source: Detailed Demand for Grants, Department of Urban Development, Govt of Maharashtra  
BE = Budget Estimate, AE = Actual Estimate, RE = Revised Estimate

Table 3.5 shows the quantum of fund allocation and utilisation in Centrally Sponsored Schemes (CSS) implemented by urban local bodies (ULBs) in

Maharashtra. Swachh Bharat Mission has received more allocation than other CSS. However, utilisation of funds in many CSS is found to be poor.

Schemes	BE 2016–17	AE 2016–17	BE 2017–18	AE 2017–18	RE 2018–19	BE 2019–20
Swachh Bharat Mission	1,237	672.29 (54.35)	1,605	272.22 (16.9)	1,475	725
Smart Cities Mission	940	1,214 (129.15)	1,600	812.07 (50.7)	1,316	1,322
National Urban Livelihoods Mission	61	80 (131.15)	105	0.09 (08)	30	6
Dr. Babasaheb Ambedkar Shram Awas Yojana	2	0 (0)	1.5	0.00 (0)	0.16	0
Atal Mission for Rejuvenation and Urban Transformation	1,440	1,209.94 (84)	1,870	1,178.27 (63)	2,380	1,870
Total	3,680	3,176.23 (86)	5,181.5	2,262.64 (43.67)	5,201.16	3,923

**Table 3.5 | Centrally Sponsored Schemes implemented by ULBs in Maharashtra (in INR crore/% in brackets)**

Source: Detailed Demand for Grants, Department of Urban Development, Govt of Maharashtra  
BE = Budget Estimate, AE = Actual Estimate, RE = Revised Estimate

## STATE FINANCE COMMISSION

Article 243 (l) of the Constitution of India requires that the State Finance Commission (SFC) be constituted every five years. The Fourth SFC was constituted in February 2011 (2011–12 to 2015–16). Its report was presented to the State Government by September 2012 for implementation of recommendations. However, due to some issues in the report the date for submission of the report was extended by the State Government until December

2014. The revised recommendation was submitted to the Government of Maharashtra for approval in October 2017. The state government did not accept the recommendation of the SFC. From the Action Taken Report, the quantum of funds that would be transferred to local bodies in the state during the award period of the Commission was not clear. The 4<sup>th</sup> SFC of Maharashtra had recommended devolution of 40 per cent of the state's own tax and

own non-tax revenues to the local government. The ratio of distribution of the state's own tax and own non-tax revenues is 55:45 between Panchayati Raj

Institutions (PRIs) and ULBs and it is based on the population (Census 2011). There is no allocation under the SFC head in 2019–20.

2016–17	INR 10
2017–18	INR 10
2018–19 Revised Estimate	INR 4.18
2018–19 Budget Estimate	INR 5.23

**Table 3.6 | : Budget allocation of 4<sup>th</sup> SFC grants to ULBs (in INR crore)**

Source: Detailed Demand for Grants, Department of Urban Development, Govt of Maharashtra

## 14<sup>TH</sup> FINANCE COMMISSION GRANT

The Urban Local Bodies (ULBs) received grants from the 14<sup>th</sup> Finance Commission for planning and delivering of basic services smoothly and effectively within the 18 functions assigned to them under relevant legislations. The Grant is two types namely, Basic Grants and Performance Grants. Basic Grants include services like water supply, sanitation (including septic management), sewage and solid waste

management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street-lighting, burial and cremation grounds and any other basic services/amenities within the functions assigned to ULBs under relevant legislations. The Performance Grants aimed to ensure reliable audited accounts and data of receipts and expenditure and improvements in its own revenues.

As per Government of Maharashtra Resolution dated 03 August 2015, a minimum of 50 per cent of grants received under the 14<sup>th</sup> Finance Commission shall be utilised on solid waste collection, treatment and transportation, the municipality's share for construction of private and public toilets under Swachh Bharat Mission and for urban afforestation. The unspent balance

shall, after providing all aforesaid facilities, be utilised for repayment of loans from the Government, HUDCO, LIC, etc. for projects providing basic facilities, municipality's share/popular contribution for project approved by Central/State Government and payment of water tax and electricity bills (excluding penalty).

**Box 3.3 | Usage of 14<sup>th</sup> Finance Commission Grant by ULBs in Maharashtra**

Source: Report of CAG on Local Bodies, Government of Maharashtra, Report No. 5 of 2016

The 14<sup>th</sup> Finance Commission recommended grants of INR 3,327.55 crore to the ULBs of Maharashtra during 2015–17. Table 3.7 shows that the Government of Maharashtra released the entire received grants of INR 3,327.55 crore to the ULBs. However, the ULBs utilised only INR 2,840.73 crore, leaving an unspent balance of INR 486.82 crore at

the end of March 2017. The audit report observed that the first installment of the general basic grant of INR 595.62 crore was released to the ULBs with a delay ranging from 35 to 87 days, for which the Urban Development Department paid (in November 2015) an interest of INR 5.83 crore to the ULBs.

Schemes	Actual Grants Released by the Government of India	Actual Utilisation of Grants by ULBs	Balance to be Utilised
2015–16	1,191.24	1,191.24	0
2016–17	2,136.31	1,649.49	486.82
Total	3,327.55	2,840.73	486.82

**Table 3.7 | Release and utilisation of 14<sup>th</sup> Finance Commission grants to ULBs (in INR crore)**

Source: Report of CAG on Local Bodies, Government of Maharashtra, Report No. 5 of 2016

## IV. ANALYSIS OF MCGM GENERAL BUDGET

The formats of budget papers/documents of the Municipal Corporation of Greater Mumbai (MCGM) are different from the other Municipal corporations of Maharashtra in terms of presentation. The

budgetary resources of the MCGM were kept in separate accounts, which give the details of Heads of Expenditure with Fund Code; they fall under A, B, E, G and Tree Authority accounts.

S. No.	Name of the Budget Documents	Heads of Expenditure with Fund Code	
1	Budget Estimate: 'A'	Fund Code 11: General Budget Fund Code 12: Health Budget	Fund Code 60: Provident Fund Fund Code 70: Pension Fund
2	Budget Estimate: 'B'	Fund Code 21: Improvement Schemes Fund Code 22: Slum Clearance	Fund Code 23: Slum Improvement
3	Budget Estimate: 'E'	Fund Code 30: Education Fund	
4	Budget Estimate: 'G'	Fund Code 40: Water Supply & Sewerage	
5	Tree Authority Budget	Fund Code 50: Tree Authority Budget	
6	Gender Budgeting		

**Table 4.1 | Details of budget documents of the MCGM, including heads of expenditure with fund code**  
MCGM Budgets<sup>1</sup> 2017–18, 2018–19 and 2019–20

The MCGM is largely dependent on its own revenue income, although a decline was observed over the years. Grants contribute 1 per cent in the total receipt. It remains unchanged over the years.

The net withdrawal from the special fund/reserve fund contributions reached 17 per cent in 2019–20 from 5 per cent in 2017–18.

Size of Budget Estimates	2017–18	2018–19	2019–20
Sources of Income/Receipts	Share in Rupee	Share in Rupee	Share in Rupee
Revenue Income	92	88	81
Grants	1	1	1
Net Withdrawal from Special Fund/Reserve Fund	5	10	17
Sale Proceeds/Premium of Land & Building (Budget B)	2	1	1
Total	100	100	100

**Table 4.2 | Size of Budget Estimates 'A','B', 'E', 'G' and Tree Authority (%)**  
Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

1 | <https://portal.mcg.gov.in/irj/portal/anonymous>

On the expenditure side, Table 4.3 shows that the General Budget constitutes 51 per cent of total expenditure in 2019–20. However, the Health and Education Budget have the share of 13 per cent and 7 per cent in total expenditure for the same year. Water Supply and Sewerage Disposal has received 15 per cent of total expenditure. It has declined

to 15 per cent in 2019–20 from 18 per cent in 2017–18. Improvement Schemes, Slum Improvement and Slum Clearance are important components of expenditure. However, 2 per cent of total expenditure was allocated for these components. Pension Fund accounts 12 per cent in total expenditure.

Items of Expenditure	2017–18	2018–19	2019–20
General Budget	48	48	51
Health Budget	13	13	13
Improvement Schemes	1	1	1
Slum Clearance	...	...	...
Slum Improvement	2	2	1
Education Fund	7	8	7
Water Supply & Sewerage Disposal	18	18	15
Tree Authority	...	...	...
Provident Fund	...	...	...
Pension Fund	11	10	12
Excess of Income over Expenditure	...	...	...
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.3 | Size of Estimated Expenditure 'A', 'B', 'E', 'G' and Tree Authority (%)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

While assessing the revenue part of total receipt, a large amount is being collected from Grant-in-aid on account of compensation in lieu of Octroi, Property Tax and Receipts from the Development Plan Department. In 2019–20, major revenue was collected from Grant-in-aid on account of compensation in lieu of Octroi, which accounts for 36 per cent of total revenue receipt. This component

has seen an increase of 11 per cent from 25 per cent in 2018–19 to 2019–20. However, a decline was registered in the collection of Property Tax. A similar decline was seen in receipts from the Development Plan Department and interest on investment collection. The revenue collection is done from Water and Sewerage Charges, which accounts for 6 per cent of total receipt.

Sources of Revenue Income	2017–18	2018–19	2019–20
Octroi (Net)	6	0	0
Grant-in-aid on account of Compensation in lieu of Octroi	25	35	36
Property Tax	22	15	20
Receipts from Development Plan Department	21	16	14
Interest on Investment	8	8	9
Water & Sewerage Charges	6	6	6

Supervision Charges	2	2	3
Receipts from Roads & Bridges	2	2	2
Grant-in-Aid from Government	1	2	2
Receipts from License Department	1	1	1
Receipts from Hospitals & Medical Colleges	1	1	1
Solid Waste Management	1	...	...
Receipts from Markets & Deonar Abattoir	...	...	...
Other Receipts	4	5	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.4 | Revenue Income–Budget Estimates 'A','B', 'E','G' and Tree Authority (%)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

Revenue expenditure includes routine expenses of the MCGM. In terms of expenditure, a large part of the revenue goes to Establishment Expenses Expenditure, Administrative Expenses and Operation & Maintenance. Income from the Revenue Account

also goes for contribution to the Capital Account/ Fund. In many heads of expenditure there is a sharp decline or amount has not been reported but reasons have not been mentioned in the budget book.

Items of Revenue Expenditure	2017–18	2018–19	2019–20
Establishment Expenses	41	35	48
Administrative Expenses	4	15	4
Operation & Maintenance	17	16	18
Interest and Finance Charges	...	8	...
Programme Expenses	1	6	1
Revenue Grants, Contributions and Subsidies	6	2	4
Provisions and Write-off	3	2	...
Other Expenses	...	2	...
Refund of Property Taxes	1	1	2
Contribution to Capital Account/Fund	27	1	23
Excess of Income over Expenditure	5	...	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.5 | Revenue Expenditure–Budget Estimates 'A','B', 'E', 'G' and Tree Authority (%)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20



In terms of sources of funds on capital accounts, 50 per cent is coming from contribution from Revenue Account/Fund and 45 per cent is received from Net Withdrawal from Special Fund/Reserve Fund in 2019–20. Further, 3 per cent and 2 per cent were

received in the form of Grants and Net Withdrawal from the Special Fund/Reserve Fund, respectively. It has been found that a large portion of capital has been mobilised from own sources and particularly from revenue accounts.

Sources of Capital Receipts	2017–18	2018–19	2019–20
Grants	3	2	2
Sale Proceeds/Premium of Land & Building (Budget B)	5	3	3
Net Withdrawal from Special Fund/Reserve Fund	15	29	45
Contribution From Revenue Account/Fund	77	66	50
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.6 | Capital Receipts–Budget Estimates 'A','B', 'E', 'G' and Tree Authority (%)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

Capital expenditure is being carried out to create the physical infrastructure in several sectors. A large part of capital expenditure goes to Traffic Operations, Roads and Bridges and the Coastal Road Project which constitute 33 per cent of total capital receipt in 2019–20. For Water Supply projects, MCGM incurred 11 per cent of its total capital expenditure. Sewage Disposal and Solid Waste Management and

Transport received its share of 8 per cent and 4 per cent, respectively. Storm Water Drains projects were given 7 per cent of total capital expenditure. The head like Repairs to Primary School Buildings (Budget E) and building up Health Infrastructure were given 7 per cent and 2 per cent, respectively. Repairs to Municipal Properties and Slum Improvement (Budget-B) heads were given 3 per cent.

Items of Capital Expenditure	2017–18	2018–19	2019–20
Traffic Operations, Roads & Bridges	18	18	19
Coastal Road Project	12	16	14
Water Supply	11	11	11
Sewage Disposal	6	8	8
Health Budget	7	8	7
Storm Water Drains	9	6	7
Solid Waste Management & Transport	5	4	4
Fire Brigade & Disaster Management	2	2	2
Information Technology	2	1	2
Market & Deonar Abattoir	1	4	1
Repairs to Municipal Properties and Slum Improvement (Budget-B)	5	3	3
Repairs to Primary School Buildings (Budget E)	4	4	2
Others	18	18	20
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.7 | Capital Expenditure–Budget Estimates 'A','B', 'E', 'G' and Tree Authority (%)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

	2017–18	2018–19	2019–20
Rev. Income	23281.07	23985.49	24983.82
Cap. Receipt	8127.08	9527.8	11480.42
<b>Total</b>	<b>31408.15</b>	<b>33513.29</b>	<b>36464.24</b>
Rev. Income Exp.	23281.07	23985.49	24983.82
Cap. Exp.	8127.08	9527.8	11480.42
<b>Total</b>	<b>31408.15</b>	<b>33513.29</b>	<b>36464.24</b>

**Table 4.8 | Revenue Income and Expenditure and Capital Receipt and Expenditure in MCGM (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

MCGM has various sources of income. It includes Revenue Income, Grants, Net Withdrawal from Special Fund/Reserve Fund and Sale Proceeds/Premium of Land & Building (Budget B). But, Revenue Income share in total income has been consistently higher. Hence, this MCGM budget analysis has focused on Revenue Income and Expenditure along with Capital Receipt and Expenditure.

Table 4.9 shows the regular increment receipt and expenditure side. In 2018–19, INR 2,105.14 crore more was received than in the previous year, i.e., a 6.7 per cent increase. In 2019–20, the increase is 8.09 per cent, i.e., INR 2,950.95 crore over 2018–19. The table also reveals the receipt and expenditure balance.

Source	2017–18	2018–19	2019–20
<b>Revenue Income</b>			
Octroi (Net)	1,356.25	-	-
Grant-in-Aid on Account of Compensation in Lieu of Octroi	5,883.75	8,401.19	9,073.28
Property Tax	5,205.02	5,206.15	5,016.19
Receipts from Development Plan Department	4,997.43	3,947.38	3,453.64
<b>Total</b>	<b>23,281.07</b>	<b>23,985.49</b>	<b>24,983.82</b>
<b>Capital Receipt</b>			
Contribution From Revenue Account/Fund	6,266.64	6,255.22	5,771.65
Net Withdrawal from Special Fund/Reserve Fund	1,227.22	2,743.96	5,199.9
<b>Total</b>	<b>8,127.08</b>	<b>9,527.8</b>	<b>11,480.42</b>
<b>Revenue Income Expenditure</b>			
Establishment Expenses	9,424.12	10,124.26	11,946.09
Operation & Maintenance	3,969.35	4,128.61	4,438.49
Contribution to Capital Account/Fund	6,266.64	6,255.22	5,771.65
<b>Total</b>	<b>23,281.07</b>	<b>23,985.49</b>	<b>24,983.82</b>
<b>Capital Expenditure</b>			
Traffic Operations, Roads & Bridges	1,480.01	1,770.12	2,220.84
Coastal Road Project	1,000.18	1,500.18	1,600.07
Water Supply	902.42	1,020.62	1,280.32
Sewage Disposal	698.26	760.19	868.42
<b>Total</b>	<b>8,127.08</b>	<b>9,527.8</b>	<b>11,480.42</b>

**Table 4.9 | Major Items Contributing to the Receipt and Expenditure in MCGM (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

Table 4.10 looks at the disaggregated data on Revenue Income, Expenditure and Capital Receipt and Expenditure. A total of 69.09 per cent contribution is coming from three items in Revenue Income—Grant-in-aid on account of compensation in lieu of Octroi (25.27), Property tax (22.35) and Receipts from Development Plan Department (21.46) in 2017–18. Capital Receipt for the same year majorly came from Contribution from Revenue Account/ Fund (INR 6,266.64 crore) and Net Withdrawal from Special Fund/Reserve Fund (INR 1,227.22 crore).

On the Revenue Income, Expenditure side, with INR 9,424.12 crore, i.e., 40.47 per cent, Establishment Expenses consume major expenditure, followed by 26.91 per cent expenditure on Contribution to Capital Account Fund. In 2018–19, Establishment Expense was INR 10,124.26 crore, i.e., 42.2 per cent, followed by 26.07 per cent on Contribution to Capital Account Fund and 17.21 per cent by Operation & Maintenance. In 2019–20, the pattern of expenditure has been similar. Establishment Expense is higher with 47.8 per cent, followed by 23.1 per cent and 17.76 per cent by Contribution to Capital Account Fund and Operation & Maintenance, respectively.

**Under the Maharashtra Municipal Corporation Act, 1949 and the MMC Act, 1888, Municipal Corporations are required to constitute special purpose funds, e.g., Water and Sewage Fund, Depreciation Fund, Sinking Fund, etc. The capital works of water supply schemes and sewage**

**projects are to be executed out of Water and Sewage Fund. The Depreciation Fund is to be created for replacement of capital assets. The Sinking Fund is to be created for redemption of long-term loans**

#### Box 4.1 | Municipal Corporation Funds

Source: Report of CAG on Local Bodies, Government of Maharashtra, Report No. 5 of 2016

On the Capital Expenditure side, Traffic Operations, Roads & Bridges; Coastal Road project; Water Supply and Sewage are major items of spend. In 2017–18, 18.2, 12.3, 11.1 and 8.6 per cent expenditure took place on Traffic Operations, Roads & Bridge; Coastal

Road project; Water Supply and Sewage, respectively. In 2018–19, it was 18.57, 15.74, 10.7 and 7.97 per cent in the same sequence of items. In 2019–20, 19.34, 13.93, 11.15 and 7.56 per cent expenditure has been done on the four items, respectively.

Fund Code	2017–18	2018–19	2019–20
<b>11 (General Budget)</b>			
Revenue Income	17,742.47	18,179.35	18,874.83
Capital Receipt	5,785.27	7,052.78	8,739.39
<b>Total</b>	<b>23,527.74</b>	<b>25,232.13</b>	<b>27,614.22</b>
Revenue Income Expenditure	15,229.52	15,523.77	15,777.69
Capital Expenditure	5,229.49	6,321.26	7,933.15
<b>Total</b>	<b>20,459.01</b>	<b>21,845.03</b>	<b>23,710.84</b>
<b>12 (Education)</b>			
Revenue Income	244.2	250.92	248.97
Capital Receipt	NA	NA	NA
<b>Total</b>	<b>244.2</b>	<b>250.92</b>	<b>248.97</b>
Revenue Income Expenditure	2,755.96	2,905.29	3,344.91
Capital Expenditure	555.78	731.52	806.24
<b>Total</b>	<b>3,311.74</b>	<b>3,636.81</b>	<b>4,151.15</b>

<b>60 (Provident Fund)</b>			
Revenue Income	7.43	6.09	6.65
Revenue Income Expenditure	7.43	6.09	6.65
<b>70 (Pension Fund)</b>			
Revenue Income	2,657.98	2,769.18	3,538.32
Revenue Income Expenditure	2,657.98	2,769.18	3,538.32
<b>21 (Improvement Scheme)</b>			
Revenue Income	256.51	267.62	293.1
Capital Receipt	410.4	305.25	286.52
<b>Total</b>	<b>666.91</b>	<b>572.87</b>	<b>579.62</b>
Revenue Income Expenditure	256.51	267.62	293.1
Capital Expenditure	167.97	76.87	98.8
<b>Total</b>	<b>424.48</b>	<b>344.49</b>	<b>391.9</b>
<b>22 (Slum Clearance)</b>			
Revenue Income	6.03	6.21	6.59
Revenue Income Expenditure	6.03	6.21	6.59
<b>23 (Slum Improvement)</b>			
Revenue Income	320.69	371.24	363.78
Capital Receipt	199.2	220.03	226.36
<b>Total</b>	<b>519.89</b>	<b>591.27</b>	<b>590.14</b>
Revenue Income Expenditure	320.69	371.24	363.78
Capital Expenditure	199.2	220.04	226.37
<b>Total</b>	<b>519.89</b>	<b>591.28</b>	<b>590.15</b>
<b>30 (Education Fund)</b>			
Revenue Income	1,953.57	2,183.71	2,473.13
Capital Receipt	358.09	385.64	260.64
<b>Total</b>	<b>2,311.66</b>	<b>2,569.35</b>	<b>2,733.77</b>
Revenue Income Expenditure	1,953.57	2,183.71	2,473.13
Capital Expenditure	358.09	385.64	260.64
<b>Total</b>	<b>2,311.66</b>	<b>2,569.35</b>	<b>2,733.77</b>
<b>40 (Water Supply and Sewerage)</b>			
Revenue Income	4,992.22	5,180.37	5,476.07
Capital Receipt	2,011.95	1,801.24	2,150.46
<b>Total</b>	<b>7,004.17</b>	<b>6,981.61</b>	<b>7,626.53</b>
Revenue Income Expenditure	4,992.22	5,180.37	5,476.07
Capital Expenditure	1,611.15	1,787.12	2,149.87
<b>Total</b>	<b>6,603.37</b>	<b>6,967.49</b>	<b>7,625.94</b>
<b>50 (Tree Authority)</b>			
Revenue Income	118.34	108.24	108.75
Capital Receipt	5.4	5.35	5.35
<b>Total</b>	<b>123.74</b>	<b>113.59</b>	<b>114.1</b>
Revenue Income Expenditure	116.39	102.42	103.35
Capital Expenditure	5.4	5.35	5.35
<b>Total</b>	<b>121.79</b>	<b>107.77</b>	<b>108.7</b>

**Table 4.10 | Fund–Code Wise Receipt and Expenditure of MCGM (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

Department Code	Department	Revenue Income and Capital Receipt			Total/Revenue Income Expenditure and Capital Expenditure		
		2017–18	2018–19	2019–20	2017–18	2018–19	2019–20
13	Chief Accountant's Department (Finance/Treasury)	6,902.04	8,264.29	10,342.02	8,630.89	8,920.07	8,370.04
24	Assessor & Collector Department	9,739.66	10,976.76	11,591.76	534.09	632.49	537.35
31	Solid Waste Management	154.46	147.05	146.58	2,253.62	2,401.61	2,680.11
37	Development Plan Department	4,998.12	3,947.85	3,454.43	799.31	985.13	1,631.67
45	Road & Traffic Department	926.3	915.52	934.05	1,883.78	2,058.92	2,382.79
	Total	23,527	25,232.13	27,614.22	20,459.01 (86.95)	21,845.03 (86.57)	23,710.84 (85.86)

**Table 4.11 | Major Contributors to Fund 11 Revenue Income, Capital Receipt and Revenue and Capital Expenditure (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

Table 4.11 shows the major contributors of resources and items on which Fund 11 money is allocated for expenditure. It has been found that five departments—Chief Accountant's Department, Assessor & Collector Department, Solid Waste Management, Development Plan Department and Road & Traffic Department under Fund 11 have the highest recipient and expenditure of the resources. The Assessor and Collector Department has 41.39, 43.50 and 41.97 per cent contributed to the FUND 11, respectively, from 2017–18 to 2019–20. The Chief Accountant's Department (Finance/Treasury) has progressively increased its share of contribution

to the Fund 11. In 2017–18, it contributed 29.33 per cent, whereas in the next year it was around 32.75 per cent. In 2019–20, it rose to 37.45 per cent.

On the expenditure side, Table 4.12 reveals that not all the allocated fund was spent. In 2017–18, 86.95 per cent of the total amount under Fund 11 was spent. Similarly, next year's expenditure was 86.57 per cent. In 2019–20, the spent per cent was 85.86. In case of expenditure, the Chief Accountant's Department (Finance/Treasury) was a major receiver followed by Solid Waste Management and Road & Traffic Department.

Years	Department Code	Department	Revenue Income and Capital Receipt	Revenue Income Expenditure and Capital Expenditure
<b>21 (Improvement Scheme)</b>				
2017–18	47	Health	128.86	793.48
2018–19			131.35	868.42
2019–20			107.91	1,001.01
<b>Fund 70 (Pension Fund)</b>				
2017–18	13	Chief Accountant	2,657.98	2,584.48
2018–19			2,769.18	2,688.18
2019–20			3,538.32	3,457.3

**Table 4.12 | Major Contributors to Fund 12 & 70 Revenue Income, Capital Receipt and Revenue and Capital Expenditure (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

Table 4.12 shows the receipt and expenditure of Fund 12 (Health) and Fund 70 (Pension Fund). Under Fund 12, the Health Department has been receiving minor share of funds. Major amount is spent or given to

various government run hospitals in Mumbai. Pension Fund is almost utilised by the Chief Accountant's Department.

Fund 23 (Slum Improvement)							
Department Code	Department	Revenue Income and Capital Receipt			Revenue Income Expenditure and Capital Expenditure		
		2017–18	2018–19	2019–20	2017–18	2018–19	2019–20
13	Chief Accountant	482.21	542.63	546.33	153.84	194.91	186.88
31	Solid Waste Management	0	0	0	176.79	204.62	208.6
35	City's Engineering	37.68	48.64	43.81	188.4	191.11	193.23

**Table 4.13 | Major Contribution to Revenue and Capital Receipt and Expenditure for Slum Improvement in MCGM (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

Greater Mumbai has close to 42 per cent population living in slums. Hence, analysis of allocation for slum clearance and improvement is vital for the poverty and inequality debate. Looking at Table 4.13, one can argue that major revenue contribution comes from the Chief Accountant's Department. On the

expenditure side, Solid Waste Management spends along with the Chief Accountant's Department accounts for majority. However, MCGM has a dedicated fund for Urban Poverty Alleviation, which must be studied properly to find out the local body priorities in this regard (Table 4.14).

Fund Code	Function Description	2017–18	2018–19	2019–20
11	Urban Poverty Alleviation	14.9	15.2	15.4
11 & 70	Secondary Education	215.9	251.2	263.5
11	Unforeseen Expenditure [80%]	111.4	111.4	111.4
11	Conservancy Services in Municipal & Government Slums	124.9	208.95	157
11	Clean Dharavi and Healthy Dharavi Programme	0.8	1	1.1
11	Mumbai Vasti Prabhodan Abhiyan	80.9	80.9	87.2
12	Health	2,927	3,240.74	3,703.3
21	Chawls/Buildings	424.5	344.5	391.9
22	Slum Clearance	6	6	6.6
23	Upgradation of Slum	367.7	397.96	405
30	Primary Education	2,311.7	2,569.4	2,733.8
40	Urban Poverty Alleviation	11.3	6.26	7.5
40	Water Subsidies	1,456.2	1,238.01	1,384.3
	Total Fund for Urban Poverty Alleviation and Social Welfare	8,053.2	8,471.52	9,268.9
	Total Budget of MCGM	31,408.15	33,513.29	36,464.24
	% Share of Urban Poverty Alleviation and Social Welfare in Total Budget of MCGM	26	25	25

**Table 4.14 | Revenue and Capital Expenditure under Various Funds for Urban Poverty Alleviation and Social Welfare as Reported by MCGM (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

Under Urban Poverty Alleviation schemes, major focus has been on education, health and water subsidies. Health has spent 36.34 per cent of total allocation in 2017–18. The expenditure goes up to 38.25 and 39.95 per cent in 2018–19 and 2019–20, respectively. The second focus has been on primary education under poverty alleviation in the MCGM. On primary education, in 2017–18, MCGM spent 28.7 per cent of the total expenditure. In 2018–19, it was 32.3 per cent, followed by 2.80 per cent lower in 2019–20 (29.49) per cent of total expenditure on urban poverty. Subsidies on water got prominence next to health and primary education. In 2017–18,

18.08 per cent of total expenditure went to water subsidies. In the next two years, the allocation as per cent of total expenditure has been lower. In 2018–19, allocation was INR 1,238 crore, i.e., 14.61 per cent. And, in 2019–20, water subsidies spent INR 1,384.3 crore, i.e., 14.9 per cent.

Lesser focus has been given to secondary education, upgradation of slums and the urban poverty alleviation programme. However, the worst funded drives have been the Clean Dharavi and Healthy Dharavi Programme. If we look at the size of Dharavi, the fund allocated is minimal.

Fund 30 (Education Fund)							
Department Code	Department	Revenue Income and Capital Receipt			Revenue Income Expenditure and Capital Expenditure		
		2017–18	2018–19	2019–20	2017–18	2018–19	2019–20
13	Chief Accountant	1,662.58	1,764.21	1,955.47	516.15	537.82	684.37
24	Assessor & Collector	581.12	581.13	554.39	27.75	29.75	24.57
13	Chief Accountant	67.88	223.93	223.82	1,679.44	1,899.71	1,940.28
	Total	2,311.66	2,569.35	2,733.77	2,311.66 (100%)	2,569.35 (100%)	2,733.77 (100%)

**Table 4.15 | Receipt and Expenditure under Fund 30 (Education Fund) in MCGM (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

Fund 30 (Table 4.16) deals with the Education Fund in MCGM. The Chief Accountant's Department is the major contributor in revenue resource, whereas the Education Department has incurred major

expenditure. The rate of expenditure is 100 per cent under Fund 30. Education Department spent around 73, 74 and 71 per cent of the total Fund under 30 between 2017–18 and 2019–20.

Fund 40 (Water Supply and Sewerage)							
Department Code	Department	Revenue Income and Capital Receipt			Revenue Income Expenditure and Capital Expenditure		
		2017–18	2018–19	2019–20	2017–18	2018–19	2019–20
13	Chief Accountant	2,775.77	2,576.19	2,977.13	2,426.72	2,447.37	2,698.24
49	Hydraulic Engineering	2,455.5	2,605.61	2,757.13	2,249.81	2,397.22	2,480.17
51	Sewerage Operations	1,772.9	1,799.81	1,892.27	810.41	862.73	877.27
	Total	7,004.17	6,981.61	7,626.53	6,603.37 (94.27%)	6,967.49 (99.79%)	7,625.94 (99.99%)

**Table 4.16 | Receipt and Expenditure under Fund 40 (Water Supply and Sewerage) in MCGM (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

There are three main departments under Fund 40. Water Supply and Sewerage contributes significantly to its resource and expenditure. Apart from the Chief Accountant's Department, Hydraulic Engineering Department spent above 32 per cent of total Revenue Income and Capital Expenditure (Table 4.17).

In 2017–18, Hydraulic Engineering Department spent 34.07 per cent followed by 34.4 and 32.52 per cent in 2018–19 and 2019–20, respectively. Under Fund 40, Sewerage Operation Department spent 12.27, 12.38 and 11.50 per cent, respectively from 2017–18 to 2019–20.

Fund 21 (Improvement Scheme)				
Years	Department Code	Department	Revenue Income and Capital Receipt	Revenue Income Expenditure and Capital Expenditure
			2018–19	2019–20
2017–18	13	Chief Accounting	167.15	79.96
	26	Chief Engineering Building Maintenance	12.23	142.89
	36	Estate	484.91	100.61
2018–19	13	Chief Accountant	195.36	82.79
	36	Estate	371.02	102.01
2019–20	13	Chief Accountant	216.39	105.9
	36	Estate	356.89	93.33

**Table 4.17 | Receipt and Expenditure under Fund 21 (Improvement Scheme) (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20

## BUDGETARY PRIORITY FOR WOMEN IN MCGM (GENDER BUDGETING)

The Municipal Corporation of Greater Mumbai (MCGM) had introduced a Gender Budget Statement to focus on schemes and issues of women in the city of Mumbai. The schemes in the Gender Budget Statement are focused on women's development and aimed at improving education, health and economic standards of girls and women. The Statement covers major development interventions related to economic

and social upliftment, educational upliftment, health and sanitation, development of children's parks with modern equipments and recreation facilities. The budgetary priority for women in MCGM is found to be weak. The Share of total Gender Budget in total MCGM Budget accounts for 1.6, 1.5 and 2.6 per cent, respectively (Table 4.18).

	2017–18	2018–19	Budget Estimate 2019–20
Total Gender Budget	497	504	932
Total MCGM Budget	31,408.2	33,513.3	36,464.24
Share of Total Gender Budget in Total MCGM Budget	1.6	1.5	2.6

**Table 4.18 | Financial Provision under Gender Budgeting in MCGM (in INR crore)**

Source: MCGM Budgets 2017–18, 2018–19 and 2019–20



## V. CONCLUSION AND RECOMMENDATIONS

The main objectives of this study have been the analysis of budgetary priorities of the Municipal Corporation of Greater Mumbai (MCGM), including the policy initiatives and budgets for urban areas in the domain of Union and State governments. Within the total allocation and expenditure, the analysis deciphered which area has received more focus than other areas in the municipal budget. After the analysis of Union and State budgets with reference to urban local bodies (ULBs), the study finds that low priority was given in terms of total budget allocation to urban areas over the years in the Union budget as well as in the Maharashtra budget. One rationale of low allocation to ULBs has been the lack of transfer of funds by the State, despite increase in devolution of central taxes by the Union government to the States, from 32 to 42 per cent during the 14<sup>th</sup> Finance Commission. Hence, the Union budget expects that major share has to come to ULBs from the States. However, the process of devolution of funds to ULBs from States remains extremely slow.

Whatever allocation has been there under the Ministry of Housing and Urban Affairs (MoHUA), a large share of funds has been earmarked under Centrally Sponsored Schemes (CSS) and Central Sector Schemes (CS). There has been a huge gap between the proposed Budget demanded by MoHUA and the amount allocated to the MoHUA by the Ministry of Finance. Utilisation has been poor over the years; except the National Urban Livelihoods Mission, many major schemes' utilisation has not crossed even 50 per cent since inception of the programmes.

In Maharashtra, post the 74<sup>th</sup> Constitutional Amendment Act, 18 functions have been transferred to the ULBs. The share of the state government grants in the total receipts of 27 Municipal Corporations ranged between 3.23 per cent and 7.59 per cent during the period 2011–15. MCGM has got the major share of revenues in the form of grants and other kinds of resources for local expenditure. More than 50 per cent of total receipt to 26 Municipal Corporations comes in the form of rent, taxes including octroi, property tax, water charges. Major expenditure of 27 Municipal Corporations has been administrative and establishment expenditure, less on development expenditure. But it is also found that the 14<sup>th</sup> Finance Commission allocation remained underutilised by the Corporations.

Coming to MCGM, research found that it has various sources of income. It includes Revenue Income, Grants, Net Withdrawal from Special Fund, Reserve Fund and Sale Proceeds, Premium of Land and Building. As said earlier, in MCGM major share to receipt comes from Octroi, Property Tax and Grant from the Development Plan Department. Its capital expenditure goes to Traffic Operations, Roads and Bridges, Coastal Road Project, Water Supply and Sewage Disposal. One of the major problems identified was that most of the expenditure incurred on establishment and department reduced the focus on several other important sectors like health, slum improvement and urban poverty alleviation, secondary education and Clean Dharavi and Healthy Dharavi Programmes. It can be concluded that MCGM needs to extend its focus beyond the usual maintenance of the various authorities and establishment to the schemes which directly improve public access to basic amenities.

## RECOMMENDATIONS

Basis the findings, the study offers the following recommendations:

### TO THE UNION GOVERNMENT

- Due to rapid increase in urbanisation, policy and budgetary priorities for the urban poor should also be increased at the Union level. Schemes for urban development initiated in 2015–16, like the Pradhan Mantri Awas Yojana–Urban (PMAY–U), Smart Cities Mission (SCM), Swachh Bharat Mission (SBM–U), Atal Mission for Rejuvenation and Urban Transformation (AMRUT) etc., should earmark funds for the urban poor and granular data on budgetary expenditure for the urban poor should be maintained. The rate of utilisation of funds should be increased in the Central schemes by strengthening the planning processes, utilising adequate and skilled human resources and expediting the release of funds.

### TO THE STATE GOVERNMENT

- Core services like education, health, basic amenities and poverty alleviation already devolved to urban local bodies (ULBs) should receive adequate budgets. However, more importantly, ULBs need to have a systematic reform in planning processes and devolution of functions and functionalities fully transferred to all tiers of ULBs by States through activity mapping.
- The share of own sources of revenues in total receipt needs to be increased through reform in tax base, tax rate and strengthening the tax administration in second and third tiers of ULBs of Maharashtra.
- The Government of Maharashtra should support ULBs in the state for augmenting collection of revenue and managing own resources effectively with regular assessment and levy of taxes and fees as per statutory provision.

### TO THE MUNICIPAL CORPORATION

Along with the expenditure incurred on establishment and department, more focus should be given on several other primary sectors like health, slum improvement and urban poverty alleviation, secondary education and Clean Dharavi and Healthy Dharavi Programmes.

- MCGM has a surplus budget which can be utilised for people living in slum areas, focusing on women and children.
- MCGM should balance its focus from the usual maintenance of the various authorities and establishments to the schemes which directly improve public access to basic amenities.
- The scope of the Gender Budget Statement should widen in terms of including more development interventions for women and children. Budgetary allocations for women and girls by introducing more dedicated in Gender Budget Statement (GBS).
- Budget data formats should be simplified so that it can be accessed and comprehended by common people. It should also report disaggregated data related to allocation, released and expenditure on Centrally Sponsored Schemes, Central Sector Schemes, State Finance Commission grants, Central Finance Commission grants and devolved fund from the States.
- The Municipal Budget book should be accessible to people and the presentation of budgets at the municipality level should be reader-friendly, which in turn will reflect people's participation in budget making and implementation. There is a need to link financial data with physical data and pro-poor budgeting should be prioritised on the basis of similar data.
- The municipalities must clearly specify the methodologies and assumptions behind developing a Municipal Budget. The interest of weaker sections of society including the Scheduled Caste and Scheduled Tribes, women, children and persons with disability should be taken care of exclusively in the budget.

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## ABOUT YUVA

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Youth for Unity and Voluntary Action (YUVA) is a non-profit development organisation committed to enabling vulnerable groups to access their rights. YUVA encourages the formation of people's collectives that engage in the discourse on development, thereby ensuring self-determined and sustained collective action in communities. This work is complemented with advocacy and policy recommendations. Founded in Mumbai in 1984, currently YUVA operates in the states of Maharashtra, Madhya Pradesh, Odisha, Assam and New Delhi.

At the community-level, through an integrated 360-degree approach, YUVA delivers solutions on issues of housing, livelihood, environment and governance. Through research, YUVA creates knowledge that enhances capacity building. Through partnerships in campaigns, YUVA provides solidarity and builds strong alliances to drive change.