

# **PUBLIC PROVISIONING FOR THE URBAN POOR**

**AN ANALYSIS OF THE  
NAGPUR MUNICIPAL CORPORATION  
BUDGETS (2017-20)**



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## LIST OF ABBREVIATIONS

<b>AMRUT</b>	Atal Mission for Rejuvenation for Urban Transformation	<b>OBC</b>	Other Backward Classes
<b>CFC</b>	Central Finance Commission	<b>ODF</b>	Open Defecation Free
<b>CS</b>	Central Sector Schemes	<b>PMAY-U</b>	Pradhan Mantri Awas Yojana-Urban
<b>CSS</b>	Centrally Sponsored Schemes	<b>RAY</b>	Rajiv Awas Yojana
<b>HRIDAY</b>	National Heritage City Development and Augmentation Yojana	<b>SBM</b>	Swachh Bharat Mission
<b>JNNURM</b>	Jawaharlal Nehru National Urban Renewal Mission	<b>SC</b>	Scheduled Caste
<b>MCGM</b>	Municipal Corporation of Greater Mumbai	<b>SCM</b>	Smart Cities Mission
<b>MHADA</b>	Maharashtra Housing and Area Development Authority	<b>SFC</b>	State Finance Commission
<b>NIT</b>	Nagpur Improvement Trust	<b>ST</b>	Scheduled Tribe
<b>NMC</b>	Nagpur Municipal Corporation	<b>ULB</b>	Urban Local Body
<b>NULM</b>	National Urban Livelihoods Mission		

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## GLOSSARY OF TERMS

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**Budget:** Estimated income/receipts and expenditure of any particular 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, defence, 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.

**Budget Estimate:** It provides the figure for the forthcoming Budget Year

**Revised Estimate:** It provides the revision in the figures of the ongoing budget

**Actual Estimate/Expenditure:** It provides the final figures of expenditure of budget after the audit by the Comptroller and Auditor General.



# I. INTRODUCTION

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Urbanisation in India is increasing very fast. It is estimated that by 2050, 60 per cent of India's population would be living in urban areas/cities (Livemint 2016). With the growth of the urban population, city infrastructure—transport, housing, sewerage, quality of air, green public space for women, the elderly, children and others—will be under tremendous pressure. Hence, the government must take up steps to make Indian cities systemically viable for its residents, an inclusive engine along with emphasis on environmental suitability. In recent years, Indian cities have been witnessing multiple crises such as air and noise pollution, lack of water, overcrowded settlements, unplanned and unregulated growth of urbanisation.

With the decay of the natural environment, increased poverty and inequality, high cost of living, inadequate drinking water supply, pressure on the drainage system and so forth, there is immense 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 following section discusses the geographical, social and economic profile of the Nagpur Municipal Corporation.

## NAGPUR'S DEMOGRAPHIC PROFILE

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Nagpur is located in India's Maharashtra state. In the early nineteenth century, people from the western part of Vidarbha and Chhattisgarh began migrating to the city in search of jobs and started settling in the old city area of Nagpur, i.e., near Empress Mill (the cotton industry). The development of slums started in proximity to the location of work and in open land or low-lying unused areas. These settlements are mostly built on public land as well as some on private land, occupied by low-income groups. The structures of the houses in these settlements are *kuccha* and semi-pucca<sup>1</sup>, the house sizes are small and many houses do not have a secure legal tenure.

According to Census 2011, Nagpur Municipal Corporation (NMC) had a population of 2.46 million, spread over an area of 218 sq. km. (average population density of 113 persons per hectare). Of this, about 8.6 lakh people (34 per cent of the

population) lives in slums. A slum-mapping exercise undertaken by NMC in 2010–11 identified 447 slums, 287 of which were notified slums while the rest were non-notified slums (Smartcities.gov.in). The land ownership of the slums is irregularly distributed with 18 per cent slums on private land, 34 per cent on mixed land, which includes government, industrial and private ownership, and remaining 48 per cent slums on government land (Kapse et. al. 2012).

During 1971, the number of slum pockets in Nagpur were around 47, which increased by seven times in 1992 and in 2008 another 50 per cent slums were added. In 2011, the number of slums was enumerated as 446. There has been a drastic increase in the number of slums in Nagpur during 1971–91 (85 per cent) and in 1991–2001 (25 per cent).

1 | Concrete and semi concrete

Slums in the city are spread across 10 zones. Ashinagar and Dhantoli zones have the maximum number of slum pockets, with 14 per cent each. Hanuman Nagar zone has the least number of slum

pockets, only 4 per cent. Table 1.1 provides the share of slum pockets in each of the zones in Nagpur city. 54 per cent of the total slum population are Buddhist by religion.

Year	Scheduled Caste Population (in lakhs)		Scheduled Tribe population (in lakhs)	
	Nagpur Municipal Corporation	Nagpur District	Nagpur Municipal Corporation	Nagpur District
2001	3.43	6.96	1.82	4.44
2011	4.75	8.68	1.85	4.38

**Table 1.1 | Population of Scheduled Castes and Scheduled Tribes in Nagpur**

Source: City Development Plan, Nagpur 2015, Page 41

## SLUM SCAPE IN NAGPUR MUNICIPAL CORPORATION

Around 36 per cent (8,58,000) of Nagpur's residents live in 446 slums in about 1,40,000 structures, making it the fourth largest city with slum population in India. 287 of them are notified slums, 137 are non-notified and 22 are categorised as new pockets in the outskirts. They occupy both government and private lands. Government land ownerships include the Nagpur Municipal Corporation (NMC), the Nagpur Improvement Trust (NIT), Maharashtra Housing and Area Development Authority (MHADA), the Maharashtra State Government and the Railways. NMC primarily provides basic services such as water supply, sewerage, waste management, slum improvement, land use planning, maintenance of urban infrastructure and provision of basic education and health care. It has a democratically elected deliberative wing. NIT is set up as a trust, as a local planning authority under the Urban Development Department of the Government of Maharashtra. The board of trustees has representations from the State as well as the NMC, and the Town Planning Committee. It carries out the development of civic infrastructure works in the city.

As per Census 2011, the workforce participation ratio in Nagpur city is 37 per cent, lower than that in Nagpur district (45 per cent). The workforce participation rate has increased in 2011 as compared to 2001 (30 per cent). In the case of Nagpur city, male workers contributed around 78 per cent and

female workers contributed 22 per cent to the total workforce participation during 2011. The share of main workers is 32 per cent in the total workforce, 3 per cent is shared by the marginal workers, and 2 per cent is the share of other marginal workers. In comparison to the district, the participation of main workers in Nagpur city is on the lower side.

### HEALTH

The existing government healthcare infrastructure managed by NMC is inadequate, compared to the private healthcare infrastructure. There is an urgent need to expand the bed strength of the hospitals to meet the growing demand. Since poor and below-poverty-line patients go to these hospitals, it is extremely important to increase the bed strength of the Government Medical College and Daga Hospital. The Health Department has a staff strength of 3,912, including doctors. 29 per cent of the total sanctioned posts are vacant within the department, which might affect the level of services.

### EDUCATIONAL STATUS

The city lacks sufficient schools at the primary and pre-primary school levels. As per the URDPFI norms, there is a deficit of 993 public schools at the pre-primary level. Further, the city lacks public education facilities like integrated schools with hostel facilities and schools for the physically and mentally challenged. Some of the institutions are

Services	% of Population
Coverage of Solid Waste Management	64
Coverage of Street Lights	54
Coverage of Electricity Supply	60
Access to Toilets	70
Coverage of Roads and Pavement	78
Coverage of Sewerage Network	72
Coverage of Piped Water Supply	66
Kuccha Structure	22
Semi-Pucca Structure	38
Pucca Structure	40

**Table 1.2 | Basic amenities among the slum population (in %)**

Source: City Development Plan, Nagpur 2015.

in a dilapidated condition and at present are non-functional.

### WATER SUPPLY

There are 4.72 lakh properties and 5.13 lakh households in the city as per Water Supply Department records. Among the total households,

4.38 lakh (85 per cent) receive water supply via piped connections, water supply tankers, and stand posts. Out of 4.38 lakh units, 95 per cent connections are domestic in nature, 3 per cent are non-domestic connections, and 2 per cent are public stand posts.

## OBJECTIVES OF THE STUDY

The purpose of this study is to analyse the trends in allocation/release and expenditure/utilisation, taking into consideration the components most relevant to the urban poor. Additionally, the study aims to develop a comprehensive and comparative understanding on budget data with local level implementation and explore possible linkages to the 74th Constitutional Amendment Act. This will further help identify loopholes in the provisioning of municipal services to the urban poor and carry out advocacy efforts to improve the services. The study analyses 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, slum development/upgradation

- Analysing the trends in allocation, release and utilisation of the Municipal Budgets by specifically taking into consideration the allocations made for the urban poor.
- Developing comparative linkages of the budget analysis and implementation at the local level (with respect to the 74th Constitutional Amendment Act

- 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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The study aims to provide a detailed analysis of receipts, income and expenditure of three Municipal Budget books of the Nagpur Municipal Corporation for the years 2017–2018, 2018– 2019 and 2019–2020. The analysis is based on secondary data, related to governance, housing and basic services in the city of Nagpur. The study aims to locate trends

in allocation, release and utilisation of funds with a focus on budget responsiveness to the urban poor. The study is on the local level implementation of specific budget components and it explores possible linkages to the 74th Constitutional Amendment Act towards decentralised governance.

## 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, living, 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. CSS, CS and CFCs are implemented by the Urban Local Bodies (ULBs). The vision of the Ministry of Housing and Urban Affairs 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 reveals that low priority was given in terms of budget allocation to urban areas compared to the size of the urban population across the years. The allocation by the Ministry has been almost stagnant over the years, whereas urban population has kept increasing.

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 government outlay (in INR crore)**

Source: Compiled by IPSA from the Union Budgets (<https://www.indiabudget.gov.in/>)

Table 2.2 shows that a large amount is spent on revenue heads by the Ministry of Housing and Urban Affairs. The capital head has spending to the tune of INR 16,415.40 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

Table 2.3 reveals that a major allocation by the Ministry of Housing and Urban Affairs has gone to Central Sector Schemes (CS) and Centrally Sponsored Schemes (CSS). The allocation for CSS

is more than that for CS. CS is totally funded by the Government of India, whereas in CSS the states are supposed to give matching amounts.

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
<b>Total</b>		<b>41,765.13</b>	<b>48,032.17</b>

**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, the utilisation was observed to be more than 100 per cent. The reason for higher percentage of fund utilisation is due to

unspent balance of the previous year. In 2018-19, again the percentage of utilisation of funds by the Ministry has increased up to 97 per cent. The low utilisation of funds would lead to delay in completion of the project and severely impact the outcomes of 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 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 allocation made, funds released and actual utilisation by State/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. 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

As per the Census 2011, the total population of Maharashtra was 11.24 crore, of which 45 per cent were in the urban areas. 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.
Municipal Chief Auditor	Audit of municipal accounts, preparation and submission of Audit Reports to the Standing Committee.

**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)

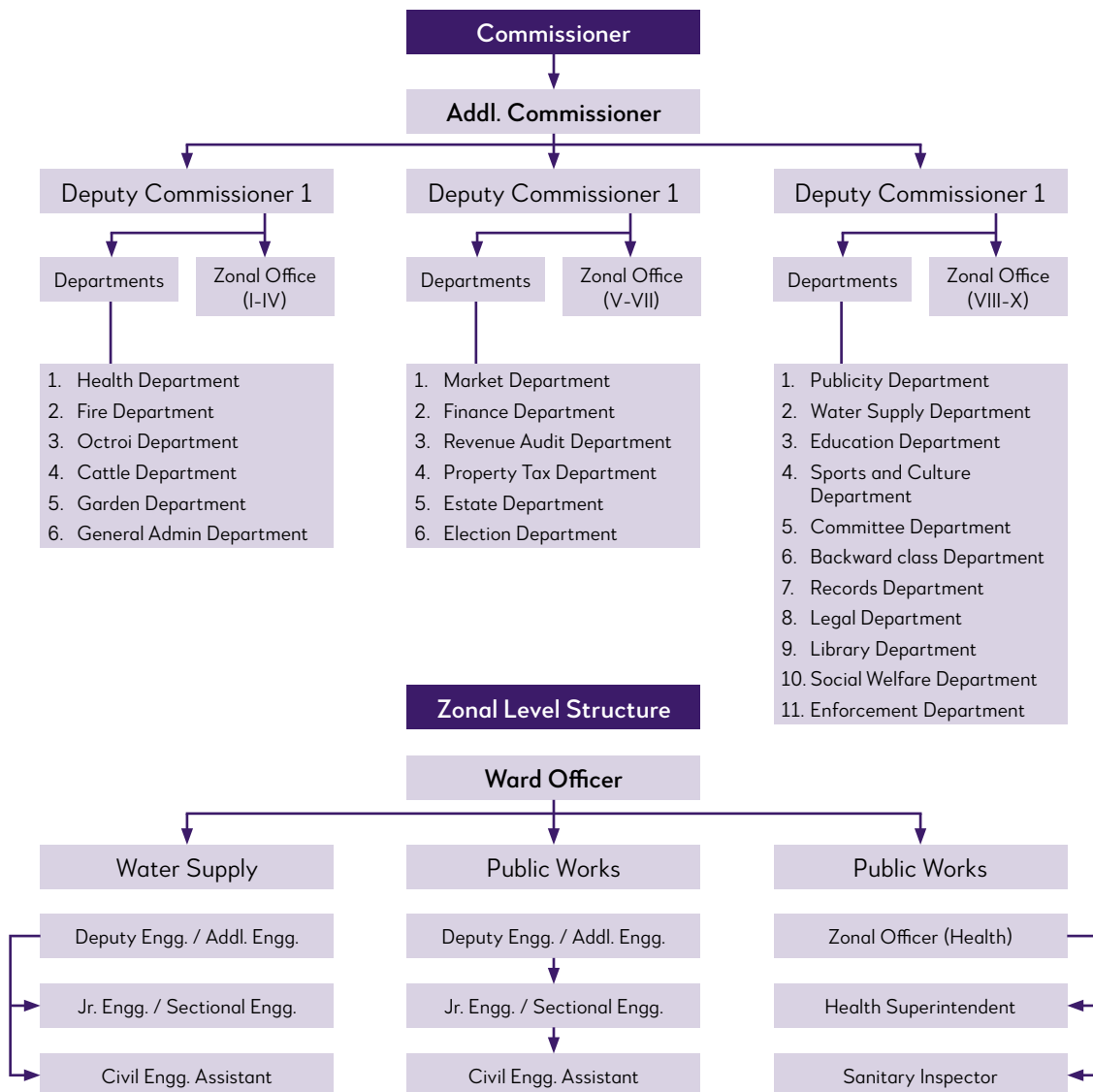


## ADMINISTRATIVE STRUCTURE OF NAGPUR MUNICIPAL CORPORATION

The Corporation elects a Mayor, who along with a Deputy Mayor heads the Nagpur Municipal Corporation (NMC). He carries out the activities through various committees such as the Standing Committee, Health and Sanitation Committee, Education Committee, Water Works Committee, Public Works Committee, Public Health Committee and Market Committee. The administrative head of the Corporation is the Municipal Commissioner, who along with the Deputy Municipal Commissioners, carries out various activities related to engineering,

health and sanitation, taxation and its recovery. Various departments such as public relations, library, health, finance, buildings, slums, roads, street lighting, traffic, establishment, gardens, public works, local audit, legal services, water works, education, octroi and fire services manage their specific activities. The activities of the NMC are administered by its zonal offices. There are 10 zonal offices in Nagpur—at Laxmi Nagar, Dharampeth, Hanuman Nagar, Dhantoli, Nehru Nagar, Gandhi Baugh, Sataranjipura, Lakkadganj, Ashi Nagar and Mangalwari.

### Nagpur Municipal Corporation - Organization Structure



**Chart 3.1 | Administrative Structure of Nagpur Municipal Corporation**

Source: <https://www.nmcnagpur.gov.in/organization-structure>

## DEVOLUTION OF POWER TO ULBs IN MAHARASHTRA

To function as an institution of self-government and to 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 various 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 74th 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 the 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 74th 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 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 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 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. In respect of 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 INR 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 was 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 budget allocation is not adequate. The urban population is 45 per cent of the state.

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 of Maharashtra (%)**

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, the 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

4th SFC of Maharashtra had recommended the 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) receive grants from the 14th Finance Commission for planning and delivering basic services smoothly and effectively within the 18 functions assigned to them under relevant legislations. The Grant is of 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. Performance Grants aim to ensure reliable audited accounts, data of receipts and expenditure and improvements in its own revenues.

As per the Government of Maharashtra Resolution dated 3 August 2015, a minimum of 50 per cent of grants received under the 14th 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 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, the 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 Urban Local Bodies (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 instalment 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
<b>Total</b>	<b>3,327.55</b>	<b>2,840.73</b>	<b>486.82</b>

**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 NAGPUR MUNICIPAL CORPORATION BUDGETS

### ANALYSIS OF RECEIPTS BUDGET OF NAGPUR MUNICIPAL CORPORATION

There are two types of key budget papers, namely the Annual Financial Statements and Budget Estimate Book that provide the details on revenue receipts and expenditure in terms of actual, revised and estimated figures. Formats of budget papers categorise the municipal finances as revenue income, capital income, deposit income, recoveries and similar classification has been done on the expenditure side.

Further, the entire income and expenditure of the Municipal Corporation has been divided into key functions like General Administration, Planning

and Regulation, Public Works and Civic Amenities, Health, Sanitation and Solid Waste Management, Public Education, Urban Forestry and Environmental Activities, Urban Poverty Alleviation and Social Welfare, Other Services and Revenue and Tax. Under these functions, there are several departments that report the details of income and expenditure annually.

Table 4.1 shows that on the income side, priority areas are General Administration, Revenue and Tax and Planning and Regulation.

Function Group	Functions	2018-19 Revised Estimate (INR in crore)	% Share of Each Head in Total Income	2018-19 Budget Estimate (INR in crore)	% Share of Each Head in Total Income
0	General Administration	943	61.03	1,030	58.94
1	Planning and Regulation	80	5.17	114	6.54
2	Public Works and Civic Amenities	59	3.81	84	4.83
3	Health Function	25.96	1.68	16.5	0.94
4	Sanitation and Solid Waste Management	0.585	0.04	0.74	0.04
5	Public Education	56	3.63	40	2.31
6	Urban Forestry and Environmental Activities	1.75	0.11	2.0	0.11
7	Urban Poverty Alleviation and Social Welfare	35	2.28	39	2.22
8	Other Services	4.525	0.29	4.1	0.23
9	Revenue and Tax	338.99	21.95	416.4	23.83
	<b>Total Income</b>	<b>1,544.49</b>	<b>100</b>	<b>1,747.3</b>	<b>100</b>

**Table 4.1 | Estimated income of Nagpur Municipal Corporation, 2018-19**

Source: Budget Estimate Book of Nagpur Municipal Corporation, 2019-20



Table 4.2 shows that on the expenditure side, priority areas are Public Works and Civic Amenities, General Administration, Health, Public Education and Urban Poverty Alleviation and Social Welfare.

Function Group	Functions	2018-19 Revised Estimate (INR in crore)	% Share of Each Head in Total Expenditure	2018-19 Budget Estimate (INR in crore)	% Share of Each Head in Total Expenditure
0	General Administration	362.5	24.5	386.4	25.7
1	Planning and Regulation	6.7	0.5	12	0.8
2	Public Works and Civic Amenities	692.7	46.8	684	45.5
3	Health	53.5	3.6	57	3.8
4	Sanitation and Solid Waste Management	3.7	0.3	7.75	0.5
5	Public Education	89.5	6.1	92	6.1
6	Urban Forestry and Environmental Activities	63.8	4.3	23	1.5
7	Urban Poverty Alleviation and Social Welfare	85.5	5.8	94	6.3
8	Other Services	29.0	2	28	1.9
9	Revenue and Tax	92.8	6.3	118.2	7.9
	<b>Total Expenditure</b>	<b>1,479.6</b>	<b>100</b>	<b>1,502.7</b>	<b>100</b>

**Table 4.2 | Estimated expenditure of Nagpur Municipal Corporation, 2018-19**

Source: Budget Estimate Book of Nagpur Municipal Corporation for 2019-20

It can be seen that in 2016-17, the total receipt was INR 1,823.12 crore, i.e., 37.5 per cent increase over the previous year's budget. In 2017-18, the total receipt increased merely to 3.92 per cent. In terms

of utilisation, 2015-16 has seen above 100 per cent expenditure, which came down to 88.26 and 97.33 per cent in 2016-17 and 2017-18, respectively.

	Total Receipt	Total Expenditure	% of Utilisation
2015-2016	1,325.8	1,332.4	100.5
2016-17	1,823.1	1,609.1	88.26
2017-18	1,894.6	1,843.9	97.33

**Table 4.3 | Total actual receipt and expenditure of Nagpur Municipal Corporation (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

## RECEIPT BUDGET OF NAGPUR MUNICIPAL CORPORATION

If we disaggregate the revenue receipt by the Corporation, Grant and Contribution (for General and Special Purpose) has major share in it. In 2015–16, it was 42.4 per cent of total receipt. It increased in 2016–17 to 42.61 and in 2017–18 to 66.7 per cent. It shows the Corporation's own revenue collection has been going down and it is dependent on grants

from outside. For instance, in 2015–16, municipal rates and taxes to the total receipt was 34.46 per cent, which came down to merely 17.27 per cent in 2017–18. But one positive thing which can be seen in the corporation receipt is that it had reduced its Extra Ordinary Debt to merely 4.11 per cent in 2017–18 from 12.8 per cent in 2015–16.

Heads	Receipt			% Share in Total Receipt		
	2015–16	2016–17	2017–18	2015–16	2016–17	2017–18
Municipal Rates and Taxes	456.9	776.0	327.3	34.46	42.56	17.27
Realization under Special Acts	20.4	21.5	21.0	1.54	1.18	1.11
Revenue Derived from Municipal Property and Powers Apart from Taxation	22.6	22.9	27.6	1.7	1.25	1.46
Grants and Contributions (for General and Special Purposes)	562.2	776.9	1,263.1	42.4	42.61	66.67
Miscellaneous	94.0	70.6	177.9	7.09	3.87	9.39
Extra Ordinary Debt	169.7	155.3	77.8	12.8	8.52	4.11
<b>Total Receipt</b>	<b>1,325.8</b>	<b>1,823.1</b>	<b>1,894.6</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.4 | Summary actual receipt of finances of Nagpur Municipal Corporation (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

Table 4.5 reveals the reason for the falling revenue share of municipal taxes in total receipts. Octroi Tax was a major contributor to the revenue but its share dropped to 13.7 per cent in 2017–18 from 44.66 per cent in 2015–16. Similarly, tax on profession has come down to 0.30 per cent in 2017–18, almost

negligible, from 10.7 per cent in 2015–16. On the positive side, the tax on piped water has been up to 52.37 per cent from 24.7 per cent. However, it can also be interpreted as an increased burden on the poor people who majorly live in slums and need basic amenities like water.

Heads	Receipt			% Share in Total Receipt		
	2015–16	2016–17	2017–18	2015–16	2016–17	2017–18
Octroi Tax	208.3	503.3	39.0	44.6	63.6	13.7
Tax on House and Lands	70.4	66.1	70.1	15.1	8.3	24.6
Tax on Animals and Vehicles	0.2	0.1	6.5	0.03	0.02	2.3
Tax on Professions	49.9	61.0	0.8	10.7	7.7	0.3
Fire Tax Arrears	4.2	2.9	2.9	0.91	0.37	1.02
Water Rate	13.1	12.2	9.6	2.81	1.55	3.3
Water by Meter	115.2	140.4	148.7	24.7	17.7	52.3
Others (to be Specified in Detail)	5.1	5.1	6.4	1.09	0.6	2.2
<b>Total</b>	<b>466.4</b>	<b>791.2</b>	<b>283.9</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.5 | Municipal rates and taxes (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

Heads	Receipt			% Share in Total Receipt		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Receipts from Nazul Lands and House	5.6	4.6	4.4	1.1	0.6	15.9
Public Garden Receipts	0.9	1.5	3.8	0.2	0.2	13.8
Building Material Stocking Charges	1.6	3.9	2.2	0.3	0.5	8
Fees from High School	474.5	801.3	0.0	95.5	97.2	0
Rent from Shop and Weekly Market Fees	4.8	4.9	5.6	1	0.6	20.5
Slaughter House Fees	0.0	0.0	0.1	0	0	0.2
Other Fees Mutation Fee	3.3	3.1	3.8	0.7	0.4	13.8
Hotel License Fee	0.0	0.0	0.0	0	0	0
Other License Fee	1.0	0.6	0.7	0.2	0.1	2.6
Sale of Ticket from Dispensaries	0.5	0.5	0.8	0.1	0.1	3
Charges from Birth and Death Certificates	0.6	0.7	0.7	0.1	0.1	2.6
X Ray Fees	0.1	0.2	0.2	0	0	0.8
Market Cycle Stand	1.0	1.2	1.9	0.2	0.2	6.9
Building Plan Fees	1.9	0.5	0.6	0.4	0.1	2
Receipts from Notice Fee	0.1	0.0	0.5	0	0	1.8
Interest on Investments	1.2	1.0	2.2	0.2	0.1	8
<b>Total</b>	<b>497.0</b>	<b>824.0</b>	<b>27.4</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.6 | Realization of revenues under Special Acts of Municipal Corporation (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

Table 4.7 shows the disaggregated figure of receipt under Grants and Contribution, which has the largest share in total receipt. In 2015-16, the Corporation received INR 562.2 crore under Education and Health Salary Grant. Next year, the Corporation received

Rs. 776.89 crore Grant under Members of Parliament Local Area Development (MPLAD) Fund/ Member of Legislative Assembly Local Area Development (MLALAD) Fund. In 2017-18, Rs. 1,263.08 crore was allocated to the local body under Special Grant.

		2015-16	2016-17	2017-19
1	MLALAD/MPLAD Fund	0	777	0
2	Special Grant	0	0	1,263
3	Education & Health Salary Grants	562	0	0
	<b>Total</b>	<b>562</b>	<b>777</b>	<b>1,263</b>

**Table 4.7 | Grants and Contributions for General and Special Purposes (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

There is a category of miscellaneous receipt by Municipal Corporation. Under this miscellaneous receipt category, the Other Item has reported INR

177 crore in 2017-18 which is a sizable chunk of total receipt.

	2015-16	2016-17	2017-18
Recoveries on Account of Services Rendered to Private Individuals	0	0	0
Other Item	93.95	70.56	177.87
<b>Total</b>	<b>93.95</b>	<b>70.56</b>	<b>177.87</b>

**Table 4.8 | Miscellaneous receipt (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

Extra Ordinary Debt has components like loans from the bank (Jawaharlal Nehru National Urban Renewal Mission [JNNURM]) individuals, advances and deposits. In 2017-18, deposit and advance has seen

an enhancement in the total receipt budget. The loans were taken from the bank in the JNNURM programme until 2016-17. The JNNURM has been phased out in 2017-18 after the launch of Smart Cities.

Heads	Receipt			% Share in Total Receipt		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Loans from Bank (JNNURM)	140	100	0	82.49	64.39	0
Advances	0.3562	1.3837	16.46	0.21	0.89	21.16
Deposits	29.37	53.92	61.34	17.3	34.72	78.84
<b>Total</b>	<b>169.73</b>	<b>155.30</b>	<b>77.80</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.9 | Extra Ordinary Debt (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

## EXPENDITURE BUDGET OF NAGPUR MUNICIPAL CORPORATION

Expenditure always points to the administrative preference towards the sector. Nagpur City has half the population of the district's total population. It should also be kept in mind that of the total city population, around 36 per cent lives in 427 slums pockets. It means the urban local body (ULB) has a big responsibility. It is found that the Corporation's major focus is on Public Health and Convenience. Around 66.7, 66.03 and 68.2 per cent of the expenditure has taken place under it in 2015-16,

2016-17 and 2017-18, respectively. Whether it is sufficient to meet the current and future requirements is a matter that needs special attention. Demand side analysis is needed at this stage. Other than this, Public Safety has got 6 per cent expenditure in 2015-16, which came down to 5.15 per cent in 2017-18. For Public Institutions, 8.19, 8.77 and 6.76 per cent were allocated in 2015-16, 2016-17 and 2017-18, respectively.

Heads	Expenditure			% Share in Expenditure		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
General Administration Department	182	191.50	215.47	14.09	11.9	11.68

Public Safety	79.99	83.52	94.91	6	5.19	5.15
Public Health and Convenience	889.15	1,062.48	1,257.79	66.73	66.03	68.21
Public Institutions	109.07	141.12	125	8.19	8.77	6.76
Miscellaneous	23.90	32.34	30.17	1.79	2.01	1.64
Extra Ordinary Debt	42.59	98.16	120.91	3.2	6.1	6.56
<b>Total Expenditure</b>	<b>1,332.45</b>	<b>1,609.12</b>	<b>1,843.96</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.10 | Summary expenditure of Nagpur Municipal Corporation (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

In 2015–16, INR 182.22 crore was spent by the General Administration Department. This was 14.09 per cent of the total allocation (Table 4.10). In 2016–17 and 2017–18, the respective shares of expenditure to the total expenditure were 11.9 and 11.68 percent. As shown in Table 4.11, the Finance Department drew

out the major portion of expenditure under General Administration. In 2017–18, the Finance Department spent around INR 143.07 crore, which was 66.4 per cent of the total expenditure under the General Administration Department.

Heads	Expenditure			% Share in Expenditure		
	2015–16	2016–17	2017–18	2015–16	2016–17	2017–18
General Administration Department	20.8	28.7	32.3	11.4	15	15
Finance Department	130.7	121.2	143.1	71.7	63.3	66.4
Octroi Department	10.0	11.7	15.0	5.5	6.1	7
Property Tax Department	20.7	30.0	25.1	11.4	15.6	11.6
<b>General Administration Department</b>	<b>182.2</b>	<b>191.5</b>	<b>215.5</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.11 | General Administration Department (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

The Public Safety Department's share of expenditure in total expenditure of the Corporation is around 6 percent, 6.19 per cent and 5.15 per cent in 2015–16, 2016–17 and 2017–18, respectively (Table 4.10). Table shows 4.12 that within the department, the city's Lighting Department takes a major share of expenditure. In 2015–16, INR 63.43 crore, i.e., 79.3

per cent was allocated to the Lighting Department. The expenditure rose to 85.2 per cent, i.e., INR 80.88 crore in 2017–18. In 2016–17, the expenditure was INR 69.91 crore. Accordingly, the Fire Department allocation has come down to 14.8 per cent as compared to 20.7 per cent in 2015–16.

Heads	Expenditure			% Share in Expenditure		
	2015–16	2016–17	2017–18	2015–16	2016–17	2017–18
Fire Department	16.6	13.6	14.0	20.7	16.3	14.8
Lighting Department	63.4	69.9	80.9	79.3	83.7	85.2
<b>Public Safety Department</b>	<b>80</b>	<b>83.5</b>	<b>94.9</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.12 | Public Safety Department (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

The Public Health and Convenience Department takes away a major share in total expenditure. It was 66.73 per cent in 2015–16, i.e., INR 889.14 crore. In 2016–17, it was 66.03 per cent, and in 2017–18, the per cent share went up to 68.21, INR 1,257.97 crore (Table-4.10). Within the department, Contingency Expenditure is larger with around 49.9 per cent in 2015–16. In 2017–18, Contingency Expenditure was INR 600.69 crore, which is around 47.8 per cent. The second focus of the department

is on sanitation and other health related issues. In 2015–16, INR 209.88 crore was spent on sanitation by the Health Department. However, as per the statistics, the expenditure on medicines reflects inadequate attention. In 2015–16, expenditure on medicine was INR 15.7 crore. This expenditure is almost equivalent to the Garden Department. From Table 4.13, it can be deduced that poor access to medicine is a reflection of negligence of Public Health and Convenience.

Heads	Expenditure			% Share in Expenditure		
	2015–16	2016–17	2017–18	2015–16	2016–17	2017–18
Water Works Department	171.5	242.1	261.6	19.3	22.8	20.8
Health Department (Sanitation)	209.9	300.8	327.5	23.6	28.3	26.0
Health Department (Medicine)	15.7	18.4	18.8	1.8	1.7	1.5
Workshop Department	7	7.7	9	0.8	0.7	0.7
Market Department	3	4.2	3.2	0.3	0.4	0.3
Cattle Pond Department/Veterinary Department	0.8	1	1.1	0.1	0.1	0.1
Garden Department	10.7	15.9	12.1	1.2	1.5	1.0
Birth and Death Department	0.3	0.2	0.2	0.0	0.0	0.0
Public Works Department	19.4	36.5	23.6	2.2	3.4	1.9
Contingency Expenditure	435.7	432.7	600.7	49.0	40.7	47.8
Miscellaneous	15.15	2.98	0	1.7	0.3	0.0
<b>Total Public Health and Convenience</b>	<b>889.15</b>	<b>1,062.48</b>	<b>1257.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 4.13 | Public Health and Convenience Department (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

Public institutions have two departments—Education Department (Schools and Colleges Transferred from Government to Municipal Management) and Libraries

Department. 97 per cent of total expenditure was done by the Education Department.

Heads	Expenditure			% Share in Expenditure		
	2015–16	2016–17	2017–18	2015–16	2016–17	2017–18
Education Department (School and Colleges Transferred from Government to Municipal Management)	105.9	137.2	121.7	97.1	97.2	97.5
Libraries Department	3.1	3.9	3.1	2.9	2.8	2.5
<b>Total Public Institutions</b>	<b>109.1</b>	<b>141.1</b>	<b>124.7</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.14 | Public Institutions (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

Budgetary allocation for the urban poor by the government through the local body has been increasing. The expenditure on Urban Poverty Alleviation and Social Welfare increased to INR

65.64 crore in 2017–18, which was INR 13.06 crore in 2014–15. In 2017–18, 4.23 per cent of total expenditure has been incurred on Urban Poverty Alleviation and Social Welfare.

	2014–2015	2015–2016	2016–2017	2017–2018
Urban Poverty Alleviation and Social Welfare Function Group	13.1	13.0	12.3	65.6
Total Budget	892.1	1,150.3	1,613.1	1,544.3
Share of Urban Poverty Alleviation and Social Welfare Function Group in Total Budget	1.46	1.13	0.76	4.23

**Table 4.15 | Budgetary priorities for the urban poor (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

Major components of expenditure meant for the urban poor are Slum Improvement, Urban Poverty Alleviation, Women and Child Welfare, SC/ST/OBC Welfare, Housing for Poor and Welfare of

Handicapped Programme. Among the components, Slum Improvement has received a sizable chunk of the expenditure.

	2014–2015	2015–2016	2016–2017	2017–2018
Slum Improvement	10.2	9.8	10.1	53.0
Urban Poverty Alleviation	0.3	0.1	0.5	1.4
Women and Child Welfare	2.1	2.3	2.0	3.3
SC/ST/OBC Welfare	0.0	0.0	0.0	1.4
Housing for Poor	0.4	0.7	0.0	0.7
Welfare of Handicapped Programme	0.0	0.1	0.0	6.0
Other Welfare Programme	0.0	0.0	0.0	0.0
Total	13.1	13.0	12.6	65.6

**Table 4.16 | Expenditure meant for the urban poor—major components (in INR crore)**

Source: <https://www.nmcnagpur.gov.in/financial-statements>

In terms of percentage share, the expenditure on Slum Improvement and Welfare of Handicapped Programme has shown an increasing trend, whereas

the expenditure on Urban Poverty Alleviation, Women and Child Welfare, SC/ST/OBC Welfare, Housing for Poor has decreased over the years.

	2014–2015	2015–2016	2016–2017	2017–2018
Slum Improvement	78.00	75.54	79.92	80.74
Urban Poverty Alleviation	2.21	0.88	4.06	2.07
Women and Child Welfare	16.38	17.95	15.78	4.95
SC/ST/OBC Welfare	0.00	0.00	0.00	2.07
Housing for Poor	3.06	5.12	0.18	1.01

Welfare of Handicapped Program	0.34	0.52	0.06	9.14
Other Welfare Program	0.00	0.00	0.00	0.02
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 4.17 | % share of major components in expenditure and allocation for the urban poor (in %)**Source: <https://www.nmcnagpur.gov.in/financial-statements>

Table 4.18 presents the names and objectives of schemes being implemented by the Nagpur Municipal Corporation.

Schemes	Objectives
Swachh Bharat Mission–Urban (SBM–U)	SBM–U has two primary components for implementation: (a) Achieving 100 per cent open defecation-free (ODF) status, and (b) Putting in place systems to achieve 100 per cent solid waste management in all ULBs of the country.
Atal Mission for Rejuvenation and Urban Transport (AMRUT)	AMRUT comprises projects for water supply, sewerage and septage management, storm water management, green space and parks, non-motorised urban transport, implementation of reform, etc.
Pradhan Mantri Awas Yojana–Urban (PMAY–U)	Providing housing facilities to poor homeless people in urban areas
Smart Cities Mission (SCM)	Addressing the issue of ease of living by increased use of digital technology to improve urban infrastructure and services.
Water Supply	Drinking water supply in municipal areas
Mahila Evam Bal Kalyan Samiti	Mela-cum-exhibition of poor women
Vocational trainings to women belonging to APL group	Vocational training to women in above poverty line families, including basic computer training, data type and printing (D.T.P.), screen printing, housekeeping, artificial jewellery making, hand and machine embroidery, ari jardogi, fashion designing, making soft toys, leather and rexine work, pottery, bakery, flower decoration and bouquet making
Scheme for Empowerment of Women	Support to the needy, divorcee women with distribution of sewing machines
Kranti Jyoti Savitribai Phuley Beema Yojna	Providing needy and poor women between the 10–75 age group with a life insurance policy
Women Counseling Centre	Women counselors work with lawyers to protect social rights and stop atrocities against women and children in the urban poor families in the city.
Ladli Laxmi Yojna	Launched in 2012–13; every female child born will be insured with a policy of INR 1,24,500, which will be provided to the family once she turns 21 years old. For this, NMC pays the full premium (INR 2,258) per annum. This scheme is applicable to female children born in a BPL family
Empowerment of Marginal Communities	Scheme for physically handicapped persons
Urban Self Employment Programme (USEP)	Under this programme, urban poor beneficiaries are provided with financial assistance to set up a business venture
Skill Training for Employment Promotion amongst Urban Poor (STEP–UP)	It aimed to provide Skill Training for Employment Promotion amongst urban poor
Urban Women Self-Help Programme (UWSP)	This programme provides assistance to the women of BPL families to form Mahila Bachat Gats to avail the benefit of this programme.
Savitri Marketing Institution for Ladies Empowerment (SMILE)	To support women to have market access. At the SMILE centre, women can sell the products produced by them based on the vocational training they have undergone or women who want to sell their products but lack market access can avail of this. The SMILE centre has 36 stalls, and products are sold throughout the year.

**Table 4.18 | Major schemes implemented by Nagpur Municipal Corporation**Source: <https://www.nmcnagpur.gov.in/financial-statements>



## V. CONCLUSION AND RECOMMENDATIONS

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The main objectives of the paper have been the analysis of budgetary priority of Nagpur Municipal Corporation, including the budgets for urban areas in the domain of Union and States government. Within the total allocation and expenditure which items receive more focus than other items have been deciphered. After the analysis of Union and state budget in reference to ULBs, paper found that a 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 by union budget has been the increase in devolution of central taxes to the states including from 32 to 42 per cent during the 14th FC period. 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 has been extremely slow.

Whatever allocation has been there under MoHUA, a large share of funds has been earmarked under Centrally Sponsored Scheme (CSS) and Central Sector Schemes (CS). There has been a huge gap between the proposed Budget by MoHUA and the amount allocated to the Ministry by the Ministry of Finance. Utilization has been poor over the years.

Except for the National Urban Livelihood Mission, many major schemes utilization has not crossed even 50 per cent since inception of the programme.

In the state of Maharashtra, post-74th Amendment Act, 18 functions have been transferred to the Urban Local Bodies. Corporations' own revenue collection has been going down and it is dependent on grants and transfers from outside. Corporations major focus is on Public Health and Convenience. Around 68.2 per cent of the expenditure has taken place.

More than one-third of the population in Nagpur city lives in slums. In the Municipal Budgets, the allocation for Slum Improvement has been made under the Urban Poor. Slum improvement gets a larger share. Women and child welfare, welfare for the weaker section and housing have not received adequate attention under the Urban Poor head of expenditure. However, expenditure under Women and Child Welfare slipped over the years. The Central government is advertising the PMAY-U for urban poor as an achievement. However, the Nagpur Corporation expenditure for Housing for the Urban Poor has been dwindling.

## RECOMMENDATIONS

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Basis the findings, the study offers the following recommendations:

### TO THE UNION GOVERNMENT

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- 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, such as 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, taking on adequate and skilled human resources and expediting the release of funds.

### TO THE STATE GOVERNMENT

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- 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 to them.
- The share of municipal 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 manage own resources effectively with regular assessment and levy of taxes and fees as per statutory provision.

### TO THE MUNICIPAL CORPORATION

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- Along with the expenditure incurred on establishment and department, more focus should be given on major issues like health, slum improvement and urban poverty alleviation, secondary education, housing and social welfare programmes.
- The NMC has to balance its focus from usual maintenance of the various authorities and establishments to the schemes which directly improve public access to basic amenities.
- One-third of the population in Nagpur city lives in slums. Greater attention is needed for increase in allocation for Slum Improvement under the Urban Poor
- Among the urban poor, the component of Women and Child Welfare should receive adequate priority in terms of fund allocation
- As per analysis, the expenditure for Housing for the Urban Poor has been dwindling in Nagpur which needs to increase quickly.
- 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.