

MUNICIPAL BUDGETING IN SMALL & MEDIUM TOWNS

CASE OF WAI & SINNAR, MAHARASHTRA

SAUBIYA SARESHWALA

GUIDED BY: PROF MEERA MEHTA
MR. DHRUV BHAVSAR

This Directed Research Project on “**Municipal Budgeting in Small & Medium Towns**” was supported by the Center for Water and Sanitation. Guidance was provided by the CWAS team at CEPT Research and Development Foundation, CEPT University.

It was carried out towards partial fulfilment of the requirements for the award of a Master’s Degree at the Faculty of Planning, CEPT University, Ahmedabad, India.





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Considering all different tasks when allocating the budget can be a challenge... Source: WSP (2004)

BUDGET

Budget of Municipal Corporation/Council is a policy document which provides details of the local body's sources of income or receipts and use of these resources or expenditure allocated to different heads.



Budget are a strategic document which determine a city's vision. If its preparation is done right, it has the potential to make govt. more responsible towards citizens' needs & preferences & thus, efficient service delivery.

-World Bank

JNNURM aimed in modern and transparent budgeting, accounting and financial management systems, designed and adopted for all urban services and governance functions.



Budget preparation is an in house process. Many Indian states are moving in understanding budget & being proactive so that budget can act as an effective tool for better governance.

--Centre for Budget & Governance Accountability

Pune
Kerala
Bangalore
Delhi



Budgets as Planning Tools

How the city plans to reach its goals?

Public Goods
Public Interest
Public Participation



Budgets as Instruments of Transparency

**Where the spending is done?
Are Budgets Readable?**

Unmanageable documents, incomprehensible for ordinary citizens, specialists and non-specialists, thus making it difficult for ordinary citizens to participate in shaping public policy. Thus, it is important to look into where the resources are spent.



Budgets as Fiscal Tools of Discipline & Control

Instruments of financial control which is used by both the executive and the legislative branches of a local government. For example, the chief officer, the chief accountant, or the ruling party can use the budget to monitor actual expenses, compare them to plans made at the start of the year, and improve operational efficiency.

Municipal Affairs & Budget Making Process

Over-Estimation of revenues

Short-term goal

Poor Budgeting

No Proper Framework

Lack of transparency

Implementation of Budgeted Projects

Literature is available on Union budget, State Budget & Corporation budget enhancement
However, Lack of research in budget making process for small & medium towns.

AIM: TO UNDERSTAND BUDGET & BUDGET PREPARATION AT LOCAL BODIES

OBJECTIVES:

1. To analyse budget & budget preparation process of small & medium towns taking case of Wai & Sinnar of Maharashtra
2. To analyse municipal budget for small and medium towns to understand how much flexibility, openness, transparency, accountability do councils have in terms of spending and utilizing their resources.
3. To assess the extent for which participation is there in budget.

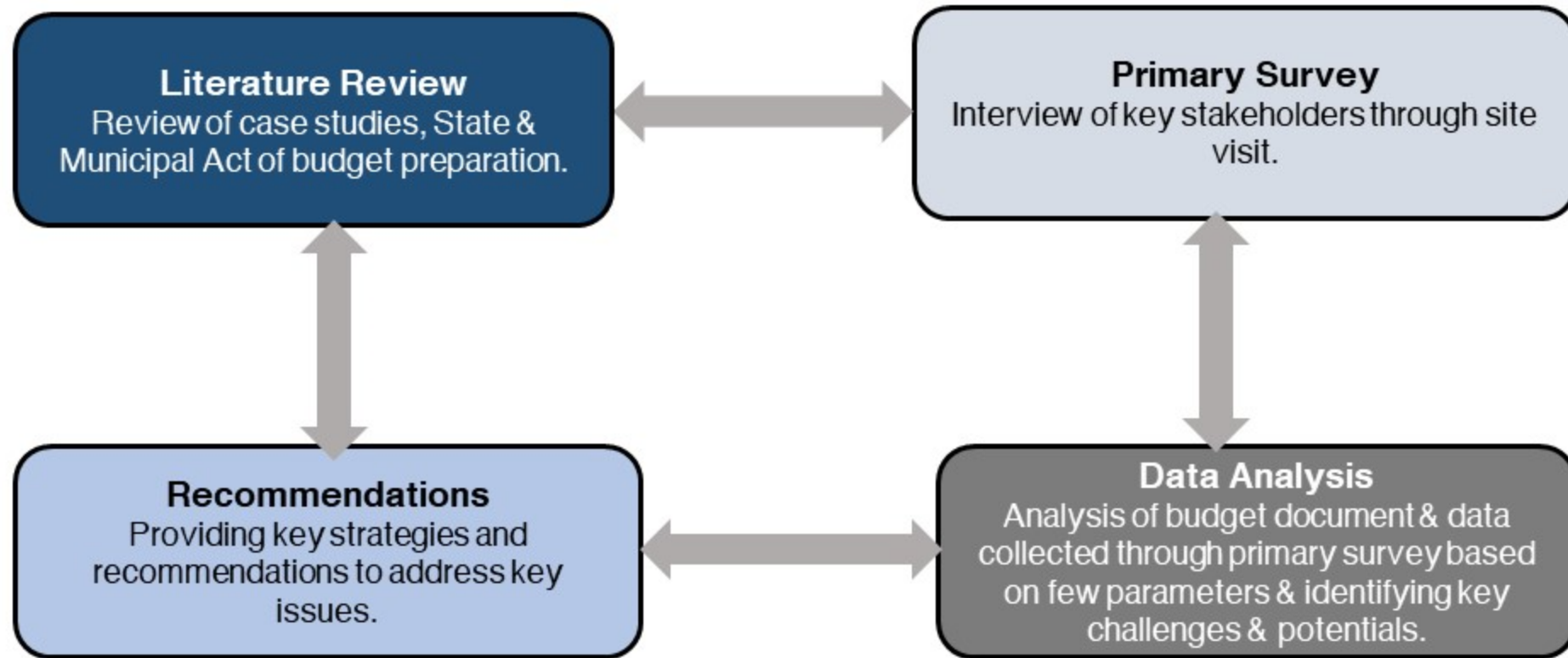
1 859 317
2 499 808
3 227 076
4 050 935

46 211
468 522
491 948
516 545
12 372
69 491

107 459
1 005 037
1 620 915
2 324 149
3 124 764
4 033 850
5 063 675

Start at monthly
R 35 414

Can we do this?



INTRODUCTION TO STUDY AREA



Sinnar

Population



81,503

Area



51.4 sq km.

Population Density



1586 persons

Budget Size



60 Cr



Wai

Population



47,258

Area



3.6 sq km.

Population Density



13022 persons

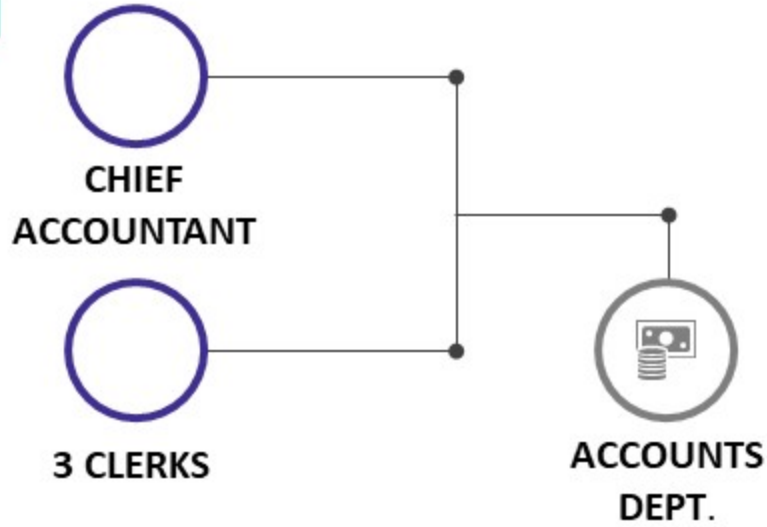
Budget Size



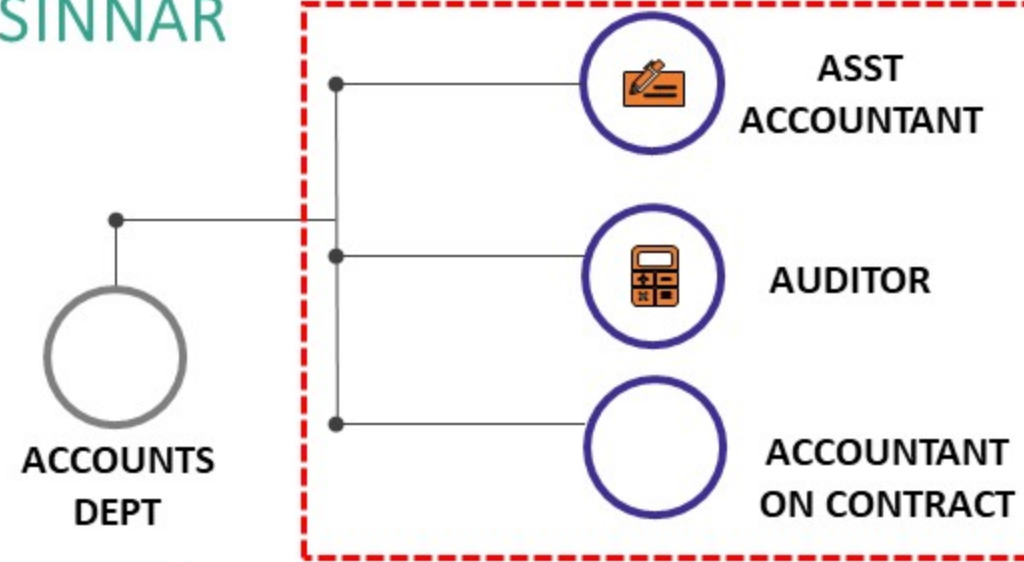
20 Cr

*This data is as per year 2017-18

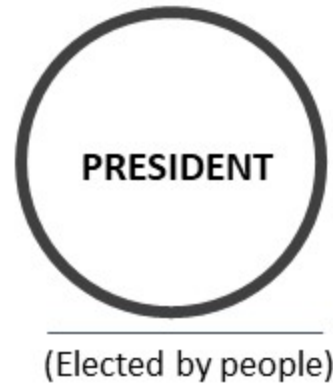
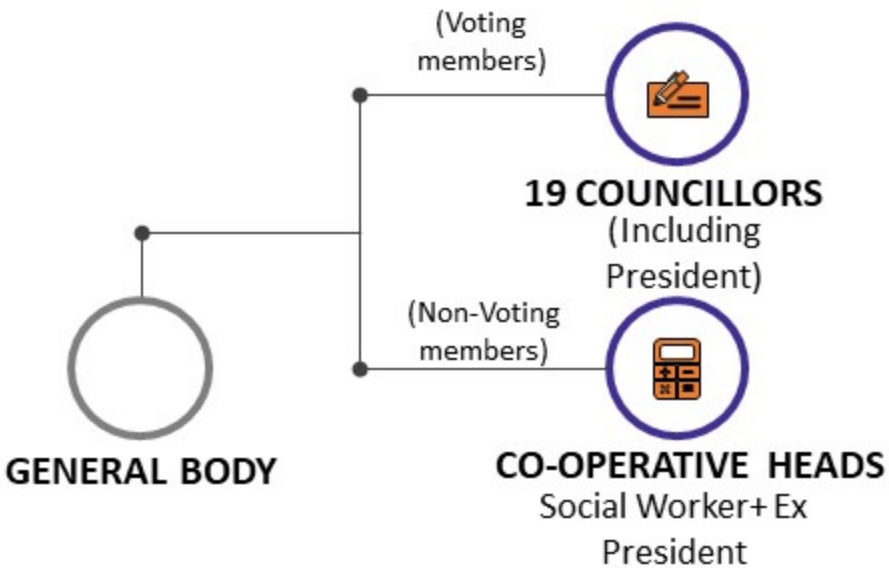
WAI



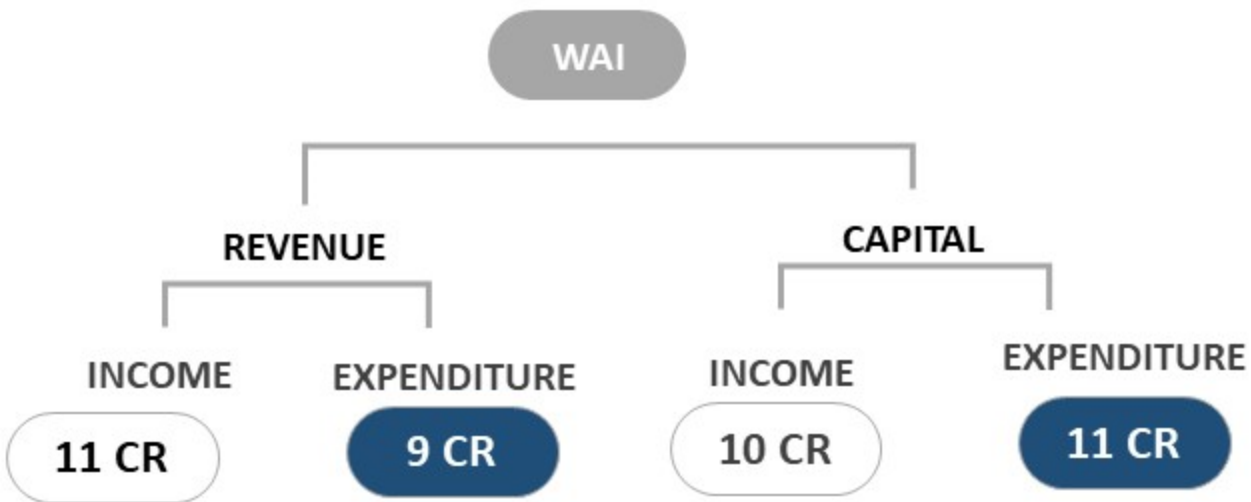
SINNAR



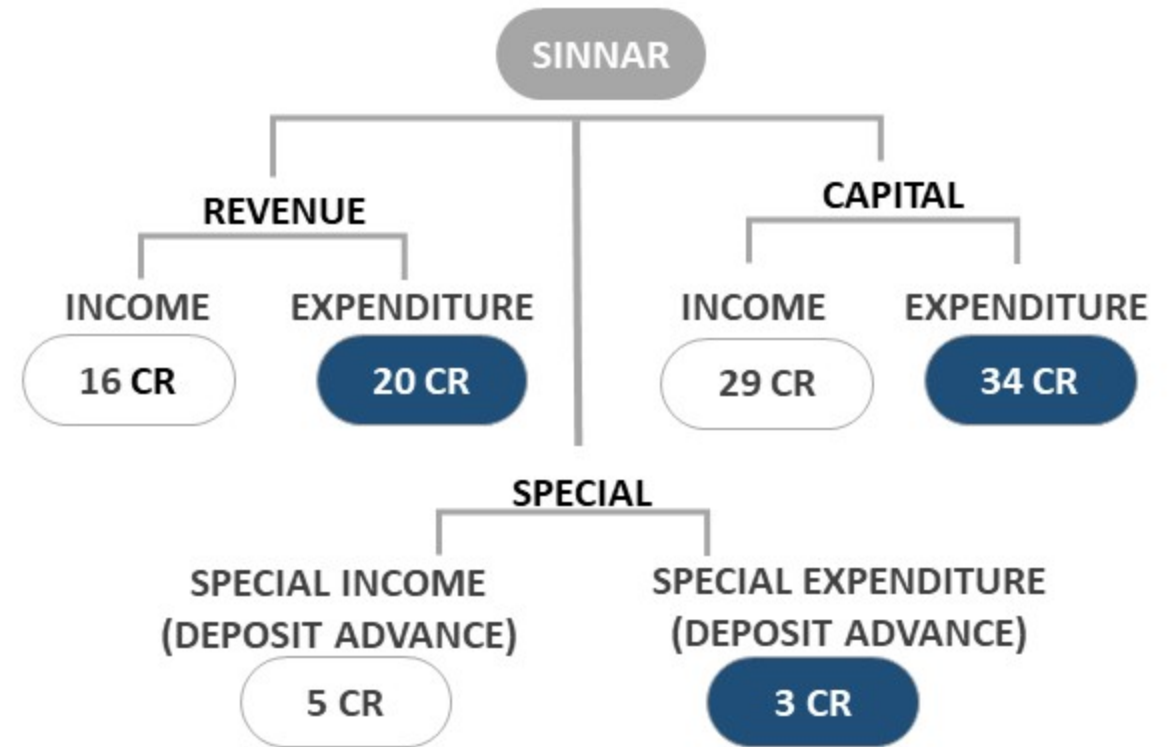
No Chief Accountant in Sinnar



*"We lack workforce to prepare budgets"
-Chief Officer Sinnar*



Total Budget of Wai: Rs. 20 CR

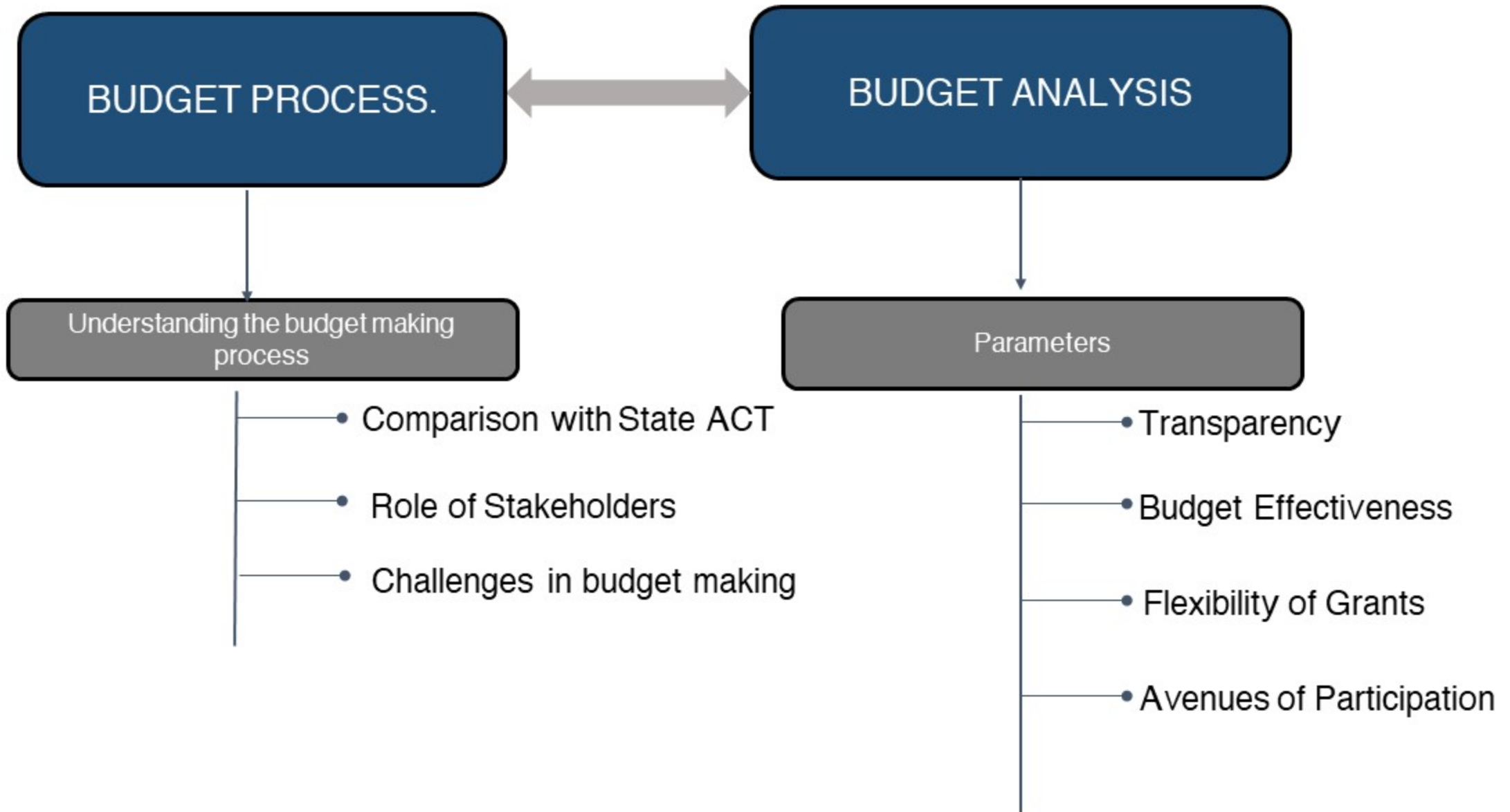


Total Budget of Sinnar: Rs. 58 CR

*Note: Values are considered FY 2017-18 for Wai & Sinnar both.

Source: Wai & Sinnar Municipal Budget Analysis

*Special income & expenditure heads are for advance deposits. Municipal Councils prepare separate account for construction rebates.



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3. To assess the extent for which participation is there in budget.

can we do this?

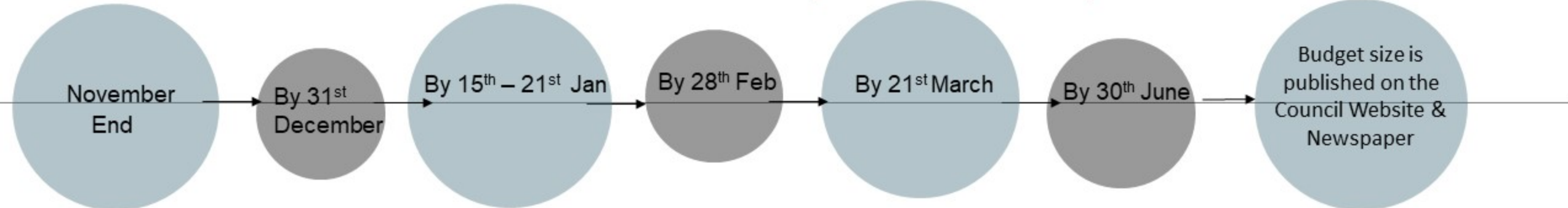
Budget Making Process for Small & Medium Towns

Timeline : Budget Preparation-Wai

¹[Provided also that, if the Council fails to adopt the budget on or before the 28th day of February, the President shall forthwith submit the budget to the ²[Collector] for his approval. The ²[Collector] shall, within thirty days from its receipt, approve such budget with or without modifications, or return it to the President, with such direction as he may think fit to give, for reconsideration. When any such budget is approved by the ²[Collector] it shall be deemed to have been duly sanctioned.]

Maximum time taken

ACT: Within one month of submission



ALL DEPT HEADS
+
TAX DEPARTMENT
↓
ACCOUNTS DEPT.

10% Increase on previous year heads

CHIEF OFFICER
+
CHIEF ACCOUNTANT
↓
PRESIDENT

Keep President in the loop as mentioned in ACT

Submission to PRESIDENT for his approval

ACT: Should be submitted to Standing Committee

No Standing Committee in Wai due to political reasons

19 COUNCILLORS
+
02 NON VOTING (Social Worker & Ex President)
↓
GENERAL BODY

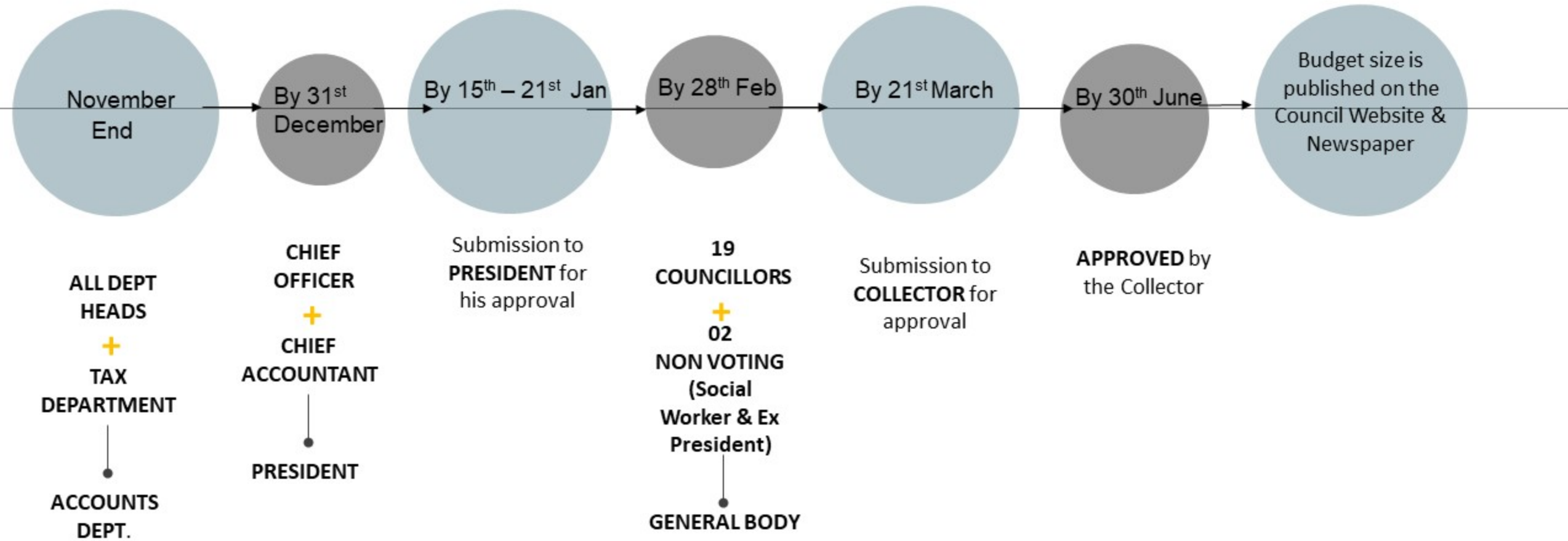
Approval of Budget

Submission to COLLECTOR for approval

APPROVED by the Collector

“We don’t involve people in budget making as it is not mentioned in the Act”
-Chief Officer, Wai

Timeline : Budget Preparation-Wai

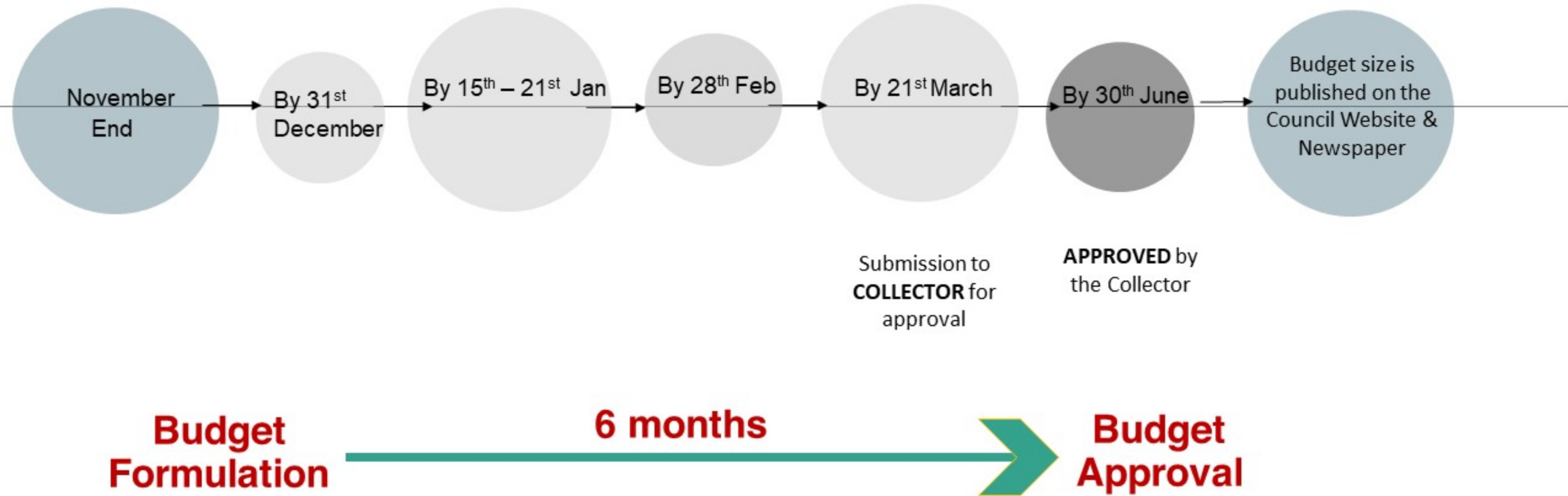


Rationale: 10% Increase on previous year heads

Approval of Budget in Council

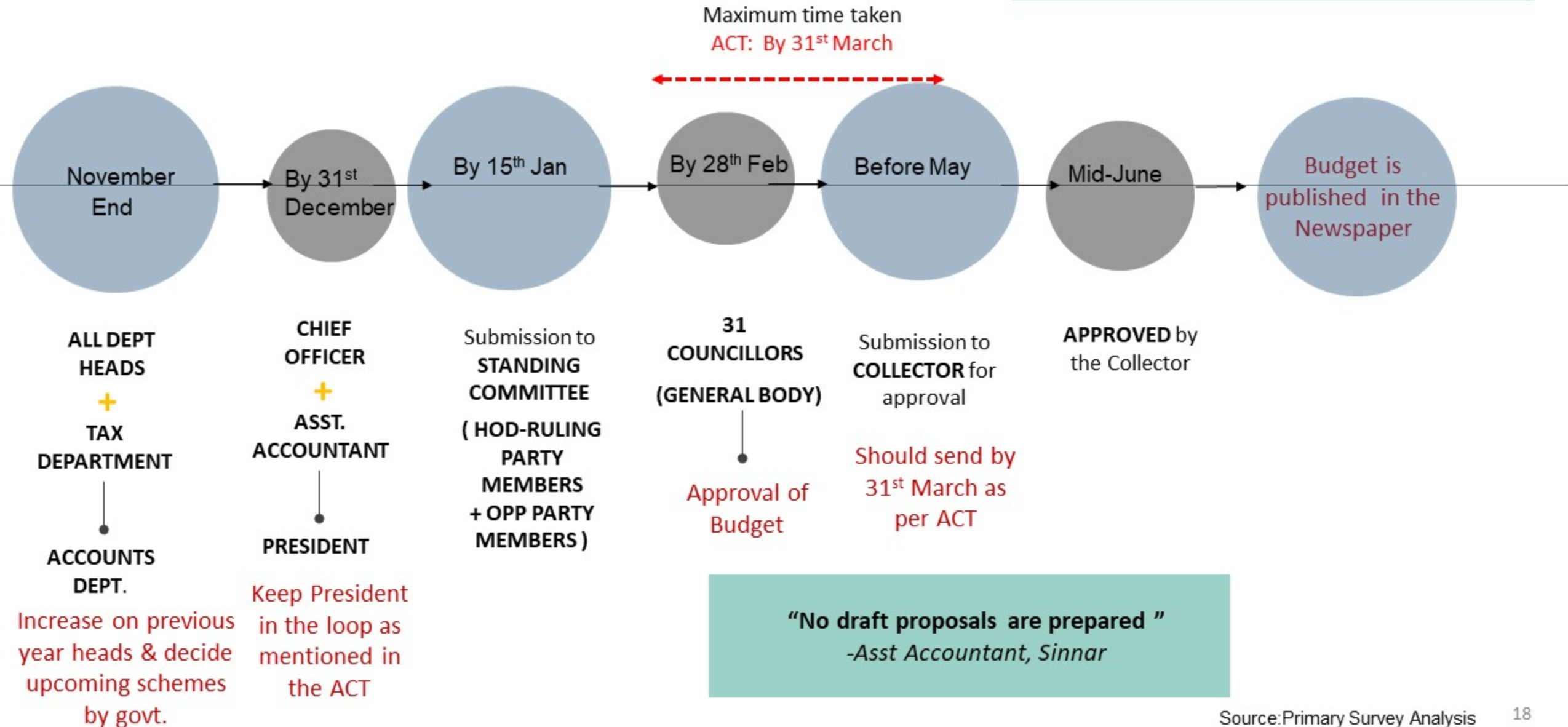
Approval of Budget in Collector's office

Timeline : Budget Preparation-Wai

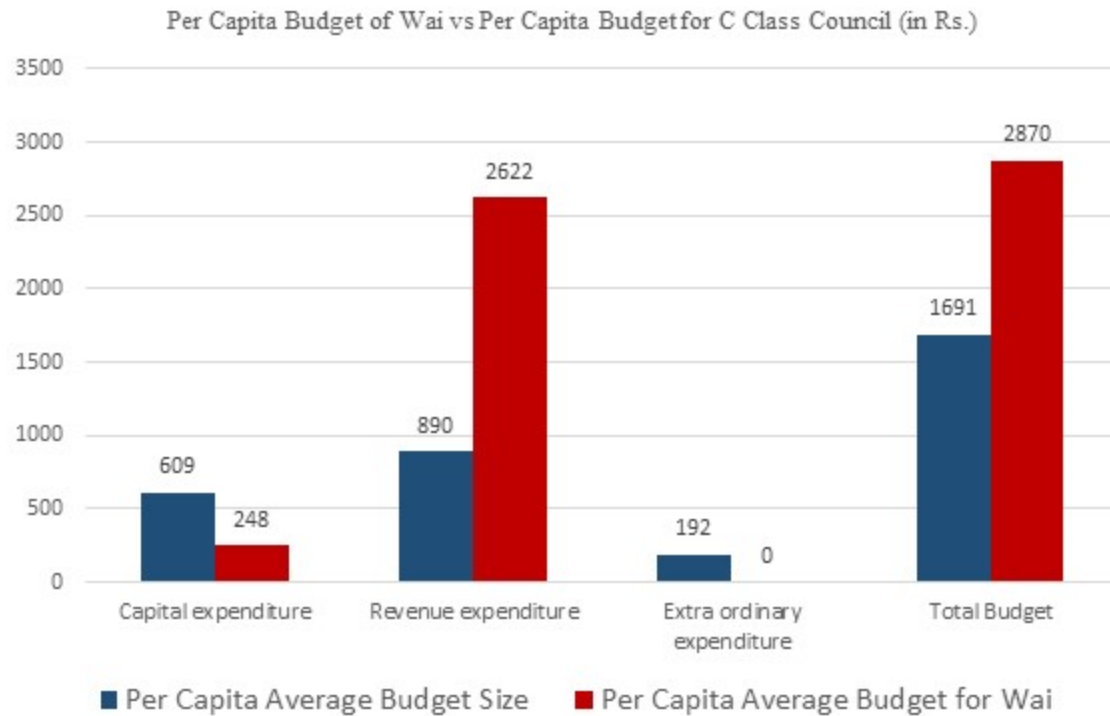


Timeline : Budget Preparation-Sinnar

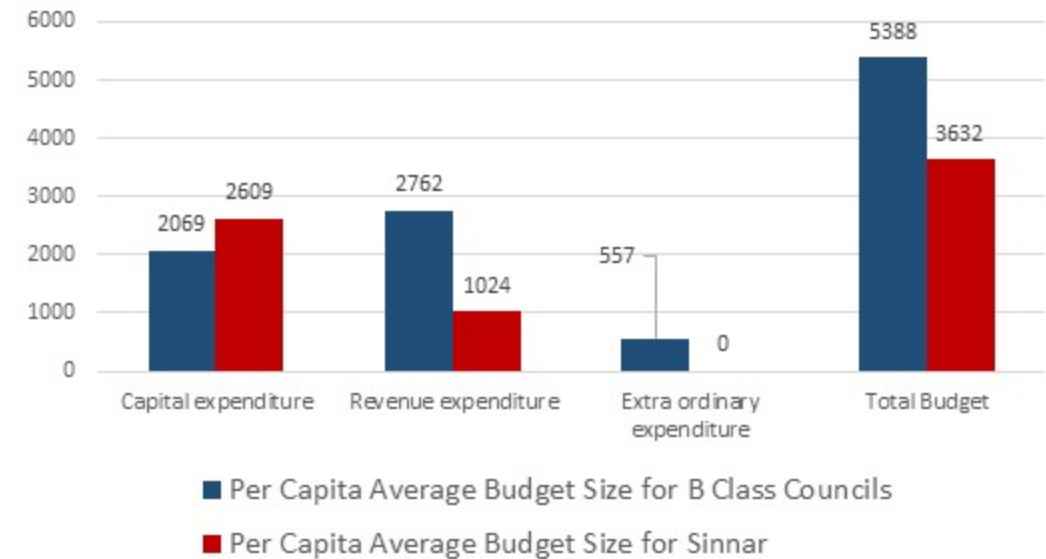
“Budget making is just a routine document preparation process”
-Chief Officer, Sinnar



The per capita budget of Wai is comparatively **higher than the average per capita** budget size of Class C towns.

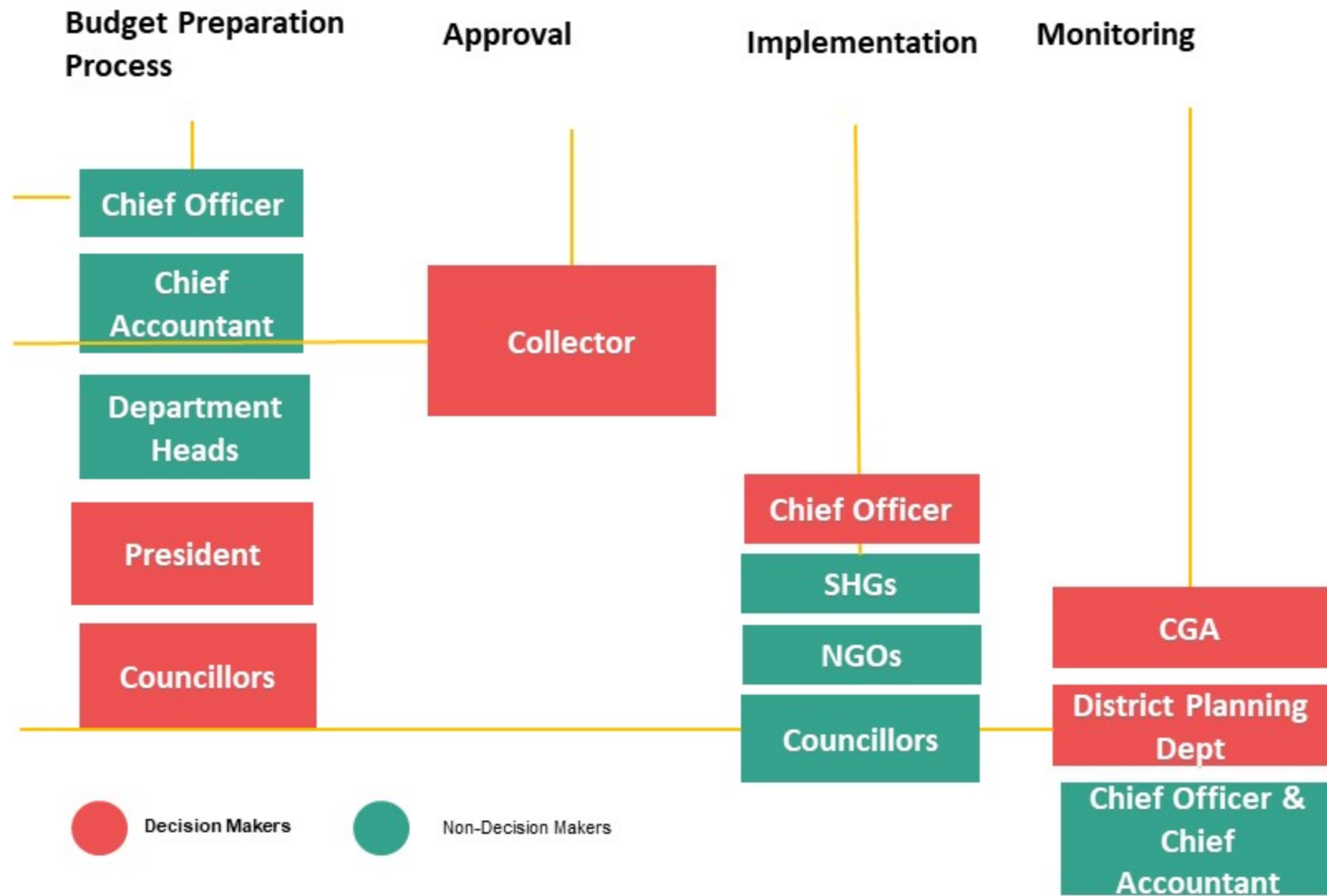


Per Capita Budget Size for Sinnar vs Per Capita Average Budget for Class B Councils (in Rs.)



The per capita budget of Sinnar is **less than the average per capita** of Class B towns of Maharashtra.

Role Of Stakeholders In Budget Process

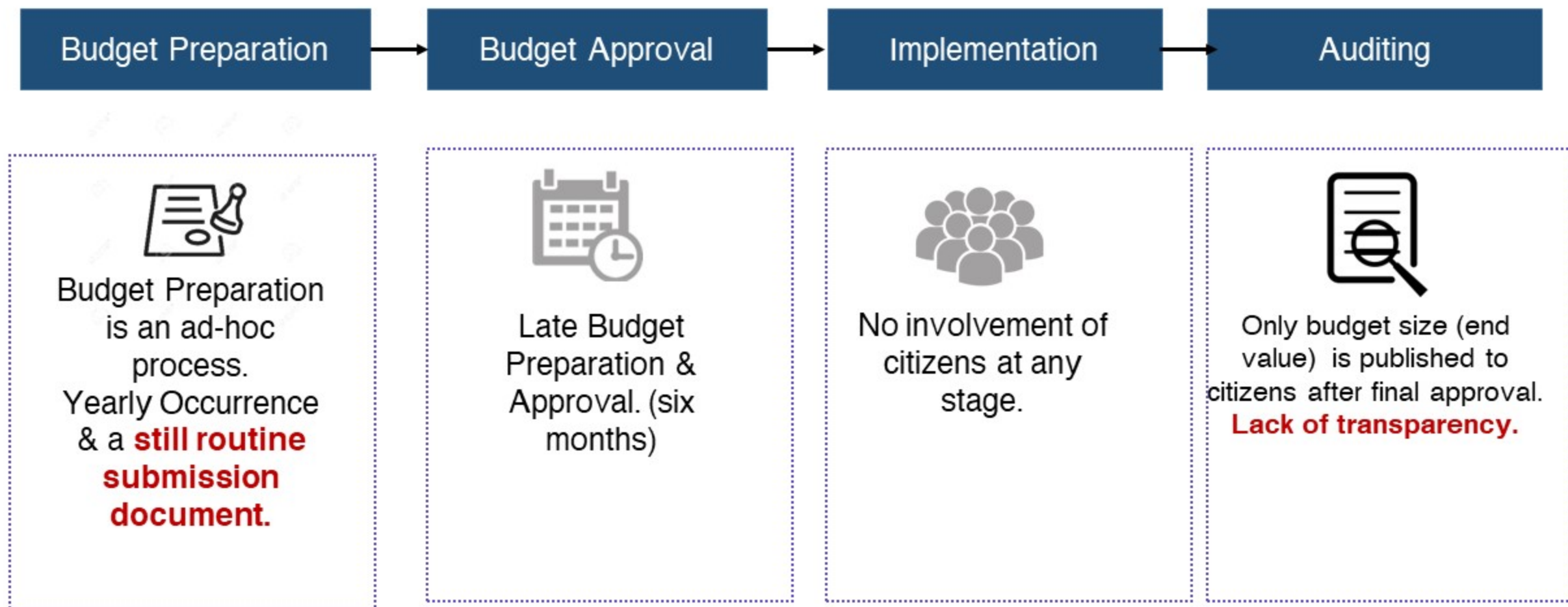


“People interact direct with us, yet we are unable to do anything as we don't have any funds”
-Councillor, Wai

Key Challenge:

Absence of participation of people in the budget making process

ISSUES IN BUDGET MAKING PROCESS



“A good budget making process is transparent, participatory and well planned”

-World Bank

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can we do this?

468 522	1 005 037
491 948	1 620 915
516 545	2 324 149
42 372	3 124 764
29 491	4 033 850
monthly	5 063 675
	R 35 414

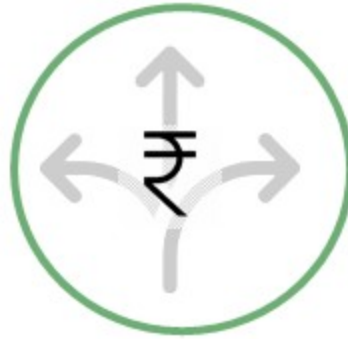
Parameters of Assessment of Budget



Transparency &
Accountability



Effectiveness



Flexibility



Avenues of Participation

Parameters of Assessment of Budget



Transparency &
Readability



Effectiveness



Flexibility



Avenues of Participation

Recasting of income is required

Particulars	Year 2013-14	Year 2014-15	Year 2015-16	Total Year 2016-17	Budget Estimate for Year 2017-18
आपत्तकालीन (आणीबाणी)	-	-	-	3,11,000	1,00,000
नगरी उपजिविका अभियान	-	-	15,78,302	16,00,000	16,50,000
सामान्य प्रत्येक	2,58,400			2,19,000	1,000
महाराष्ट्र स्वच्छ अभियान	-	-	17,76,000	30,00,000	30,00,000
करमजूर कर अनुदान	-	-	10,83,000	11,00,000	12,00,000
शिक्षण उपकर रिबेट	-	-	1,33,391	1,35,000	1,40,000
रोजगार हमीकर रिबेट	-	-	15,414	1,000	1,500
राज्यीय गांधी घरकृत योजना अनुदान	-	15,26,250	-	-	-
रामई घरकृत योजना अनुदान	-	1,80,000	75,000	70,000	-
मुख्याधिकारी वेतन व भत्ता अनुदान	3,57,400	1,36,800	1,12,000	3,00,000	3,50,000
कुटुंब अनुदान	-	7,04,120	2,37,000	8,99,705	9,00,000

Swachh Bharat Abhiyaan, RAY grant, Ramai Aawas Yojana all **capital grants recorded under revenue income head.**

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Income	7,30,94,401	7,17,85,724	8,36,63,892	9,73,62,031	11,25,80,500
(+)13th Finance commission	1,73,58,123	91,71,392	92,48,532	18,75,149	
(+)14th Finance commission			2,05,61,130	2,69,96,477	3,00,00,000
(-)Maharashtra Swachh Abhiyan	-	-	17,76,000	30,00,000	30,00,000
(-)RAY Grant	-	15,26,250	-	-	-
(-)Ramai housing subsidy scheme	-	1,80,000	75,000	70,000	-
(-)family grant	-	7,04,120	2,37,000	8,99,705	9,00,000
(-)Livestock counting fees	5,499				
(-)Golden Jubilee Urban Employment Scheme	34,00,800				
(-)Contribution from Debt Relief Fund	-	-	8,21,410	9,00,000	9,00,000
Recasted Revenue Income	8,70,46,225	7,85,46,746	11,05,64,144	12,13,63,952	13,77,80,500
Revenue Expenditure	6,19,65,123	8,13,02,627	8,00,24,683	10,05,16,950	10,20,99,910
(-)Development Plan		15,00,000			
(-)Grant for toilet				1350000	1350000
(-)Golden Jubilee esayuelaema urban planning	-	0	15,78,302	6192588	1650000
(-)Maharashtra Swachata Abhiyan	-	0	17,76,000	3000000	500000
(-)Municipal Development Plan related Public order	-	0	-	500000	500000
(-)Integrated housing contribution, Slum development schemes	-	0	28,651	500000	500000
(-)Individual Toilet -contribution	-	0	5,80,000	675000	675000
Recasted Revenue Expenditure	6,19,65,123	7,98,02,627	7,60,61,730	8,82,99,362	9,69,24,910

Data entry of capital income in revenue accounts

Recasting of revenue income & expenditure is required

Tax revenue recorded in DCB table

वाई नगरपरिषद वाई						
From Date / दिनांकप्रारम्भ : 01-04-2015 To Date / दिनांकपर्यंत : 31-03-2016						
Zone= सर्व						
करांचा सारांश						
क्रमांक	कराचे नाव	मागपी			मंजूर	
		वकील (₹)	वानू (₹)	एकूण (₹)	वकील (₹)	एकूण (₹)
1	संकलित कर	1488489.00	11307321.00	12795810.00	683822.00	10478425.00
2	वृक्ष कर	67989.00	457426.00	525415.00	30763.00	420867.00
3	शिजण कर	370415.00	3145155.00	3515570.00	186342.00	2918116.00
4	पत्रगार वृक्षी कर	32617.00	363806.00	396423.00	19536.00	336125.00
5	अग्निशामक कर	34966.00	225959.00	260925.00	21827.00	201144.00
6	२% वसाहत कर	711547.00	1180358.00	1891905.00	292021.00	481572.00
एकूण (₹)		2706023.00	16680025.00	19386048.00	1234311.00	14836249.00
आगाऊ रकम (₹)		41338.00	आगाऊ सिल्लक रकम (₹)		242.00	

Discrepancy in recording tax revenues in DCB table and budgets

Budget recordings are inclusive of arrears

Difficult in historical trend analysis & preparing estimates

Tax revenue recorded in Budgets

कर महसूल	Tax revenue	FY 2015-'16
एकत्रित मालमत्ता कर (संकलितकर)	Property tax	1,11,83,191
अग्निशामन कर	Fire tax	2,22,772
वृक्ष कर	Tree tax	4,51,126
जाहिरात कर, पोस्टर आणि बॅनर फ्लेक्स	Advertising tax, posters and banners flex	2,16,500
पाणी कर	Water tax	1,01,11,783
सिनेमा (थिएटर टॅक्स)	Cinema (Theaters tax)	10,206
एकूण (क)	Total (c)	2,05,25,809

तपशील Particulars	प्रत्यक्ष मागील तीन वर्षा करिता Actuals for last 3 years					एकूण सन 2016-17 Total Year 2016-17	अर्धसकलपीय अंदाजपत्रक सन 2017-18 Budget Estimate for Year 2017-18
	Year 2011-12	Year 2012-13	वर्ष - (1) 2013-2014 Year 2013-14	वर्ष -(2) 2014-2015 Year 2014-15	वर्ष -(3) 2015- 2016 Year 2015-16		
	नागरी उपजिविका अभियान			-	-		
जनगणना मानधन			2,58,400	-	-	2,19,000	1,000
महाराष्ट्र स्वच्छ अभियान			-	-	17,76,000	30,00,000	30,00,000
करमणूक कर अनुदान			-	-	10,89,000	11,00,000	12,00,000
शिक्षण उपकर रिबेट			-	-	1,33,391	1,35,000	1,40,000
रोजगार हमीकर रिबेट			-	-	15,414	1,000	1,500

Formats of budget till 2016-'17

Sr. No.	Particulars	Code Number	प्रत्यक्ष मागील तीन महिन्यांकरिता Actuals for last three years			बाबत वर्षाकरिता अर्धसकलपीय अंदाजपत्रक सन २०१६-१६ Budget estimate for the current year 2015-16		एकूण सन २०१६-१६ Total Year 2015-16	अर्धसकलपीय अंदाजपत्रक सन २०१६-१७ Budget Estimate for Year 2016-17	वाढ/घट द्याव्याचे स्पष्टीकरण Explanation for increase/decrease
			२०१२-२०१३	२०१३-२०१४	२०१४-२०१५	प्रत्यक्ष ८ महिन्यांकरिता 8 months	अपेक्षित उर्वरित ४ महिन्यांकरिता Probables for			
			१	२	३	४	५			
	साप्ताहिक प्रदान (वृत्त)	०५२ १५१३	०	०	०	१५००	३००	२०००	२०००	
	घरा वसाहत घरा ता. पी	१३१ १११३	०	०	०	३५५००	१५००	५००००	५००००	
	साप्ताहिक वाढी वृत्त	०५१ १५१३	२००	०	०	२१	५१	१००	१००००	
	साप्ताहिक घट वृत्त	०५२ १५१३	०	०	०	०	०	०	१००००	
	भांडारे उत्ती भांडार वाढी वृत्त	०५१ १५१०	०	०	०	१११३	८८	१००००	११०००	
	एकूण प्रत्यक्ष भांडार वृत्त जुन साप्ताहिक वृत्त	१३६ १५१०	०	०	२१५२५१	२११०००	५१०००	३०००००	३०००००	

Formats of budget in 2017

Source: Primary Analysis of Wai & Sinnar Municipal Budget

Non-uniform budget formats

Do not follow Maharashtra Municipal Code

Budget head changes every year. Thus, difficult for historical trend analysis.

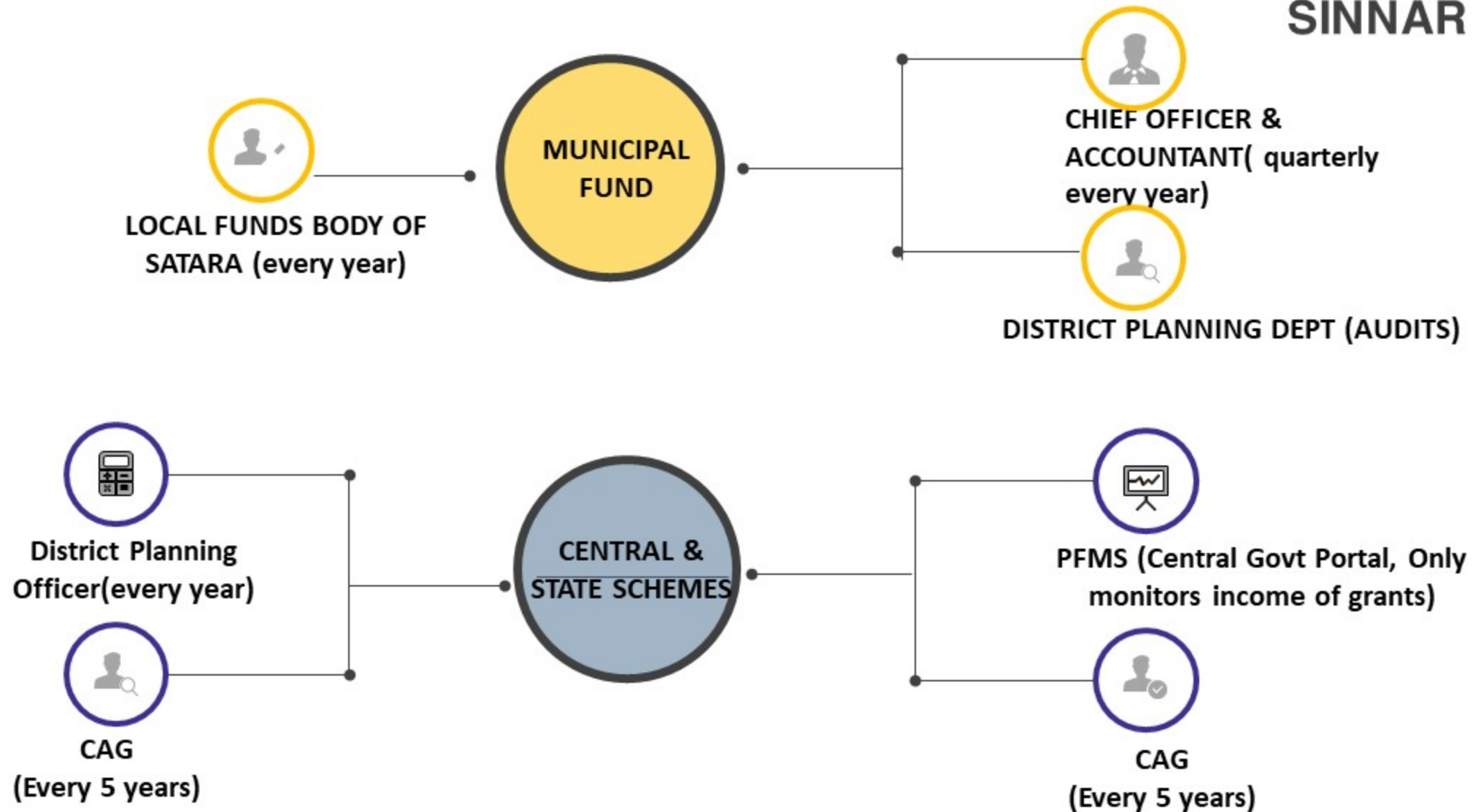
Absence of consistent structures in budgeting.

Decision making becomes difficult

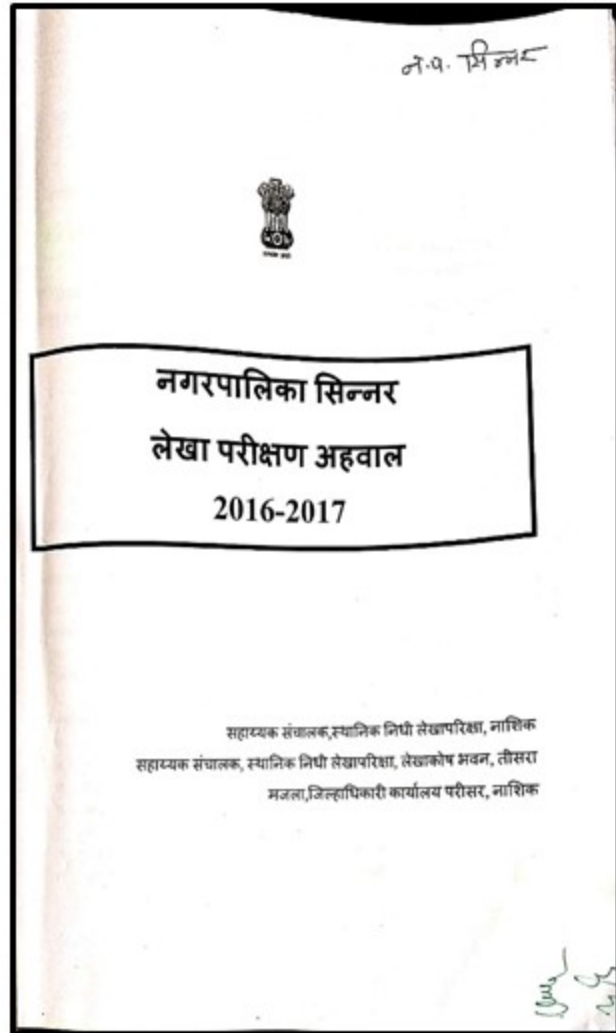
Discrepancy is observed every year in records, making it difficult to read.

WAI

SINNAR



*Data obtained through Primary Survey by discussion with officials

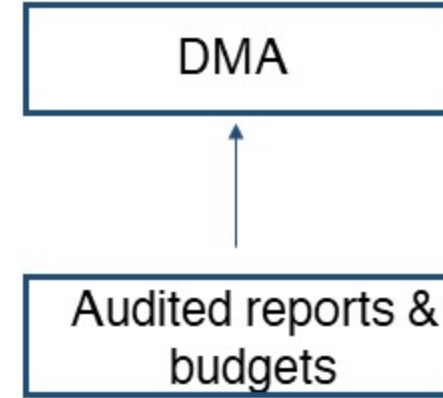


नगरपालिका सिन्नर

	44,45,46,47,48,49,50,51,53,54,55,56,57,56,60,61,62,63,65,67,68,71,76,77, 78,80,82,85.	
87-88 ते 90-91	7,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,44,46,49,50,51,53,55,59,60,61,62,63.	66
91-92 ते 96-97	2,3,4,5,6,7,8,9,10,11,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,31,33,34,35,37,38,41,43,44,45,46,47,48,49,52,53,54,55,56,57,58,59,61,62,63,64,65,68,70,71,72,73,74,75,76,77,79,80,81,82,83.	116
1997-98 ते 99-2000	3,4,5,6,7,8,9,10,11,12,14,15,16,17,18,20(4),21,22,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42(1 ते 3),43,44,45,46,48,49,50,51,52,53,54,55,56,58,59,60,61,62,66,67,68,71,72,75,76,77,78,79,80,81,82,83,84,85,86,87,88,89,90,91,92,94,95,96,97,98,99,100,101,103,104,105,106,107,108,109,110,112,113,114,115,116,117,118,119,120,121,122,123,124(अ,ब),125,127,128,130,131,134,135	66
2000-2001	4,5,6(1),(3),7,10,12(1,2),13,14,15,16,18,19,20,21,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38	30

परि.क्र. 4 - अतिरिक्त रोजगारीसाठी संचालक - रुपये 381179/-

परि.क्र.26 - विशेष स्वयंसेवा कराचे सुचविलेले दराने प्रत्येकी रु



Challenge:

No Provisions of reporting 14th FC grants

Audited reports not being uploaded by Councils

Changes suggested in the audit by the district planning dept. are not cleared by the Council yet carry forwarded.

*Data obtained by Interview (Asst Accountant, Sinhar)

Recasting of
income is
required

Discrepancy in
recording revenue
data

Non-uniform formats
of budgets



**Budgets aren't readable &
transparent**

Absence of consistent
structures in
budgeting

Do not follow
Maharashtra Municipal
Code

Lack of transparency
in monitoring

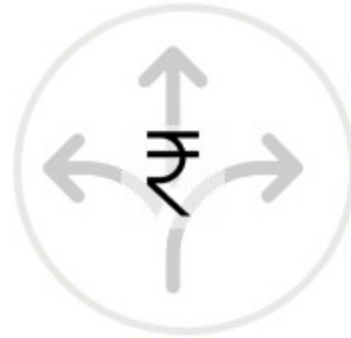
Parameters of Assessment of Budget



Transparency &
Readability



Effectiveness



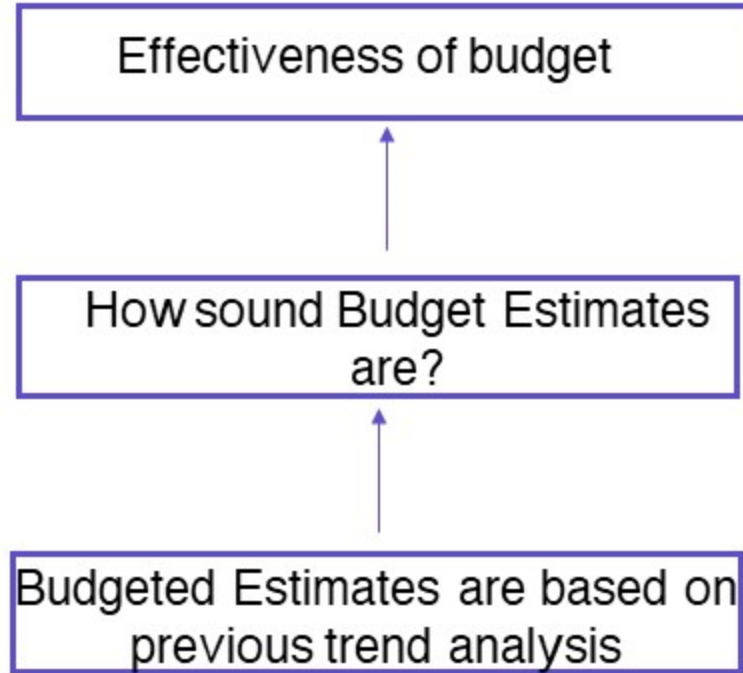
Flexibility



Avenues of Participation

“The effectiveness of a budget depends on how sound and accurate the estimates are.”

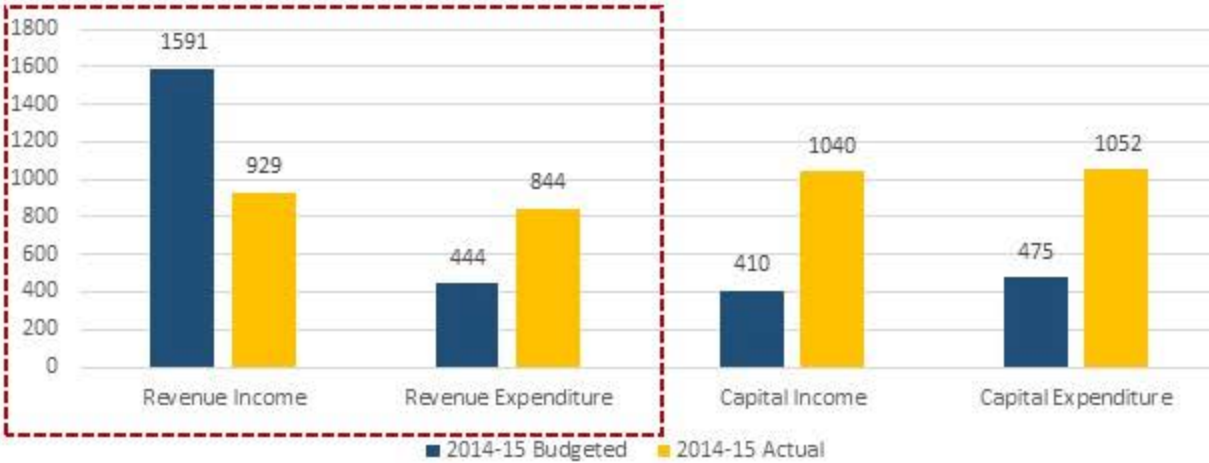
-Economic Times, 2018





Budgeted vs Actuals

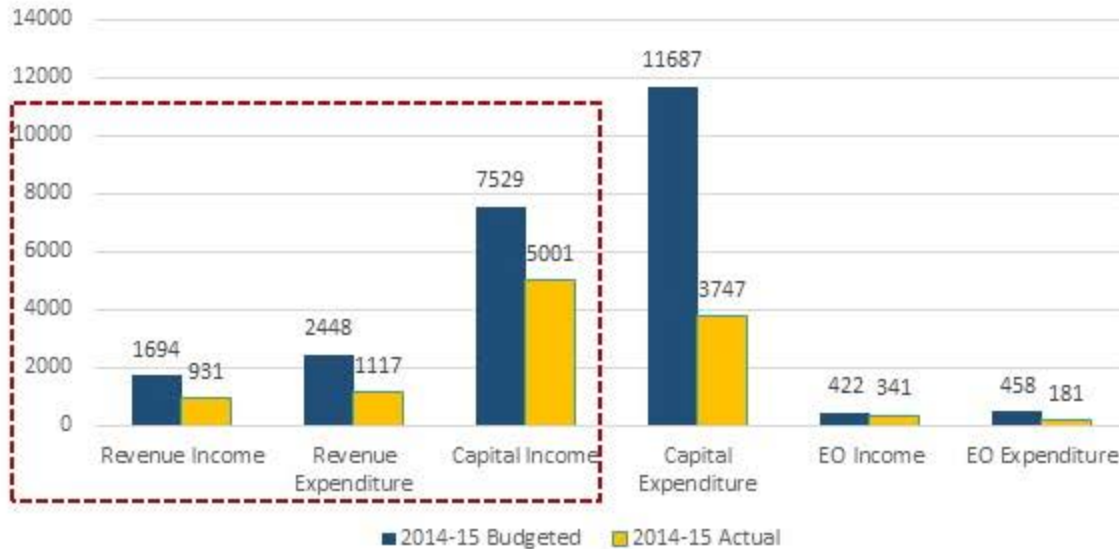
Wai: Budgeted vs Actual (in lakhs) : FY 2014-'15



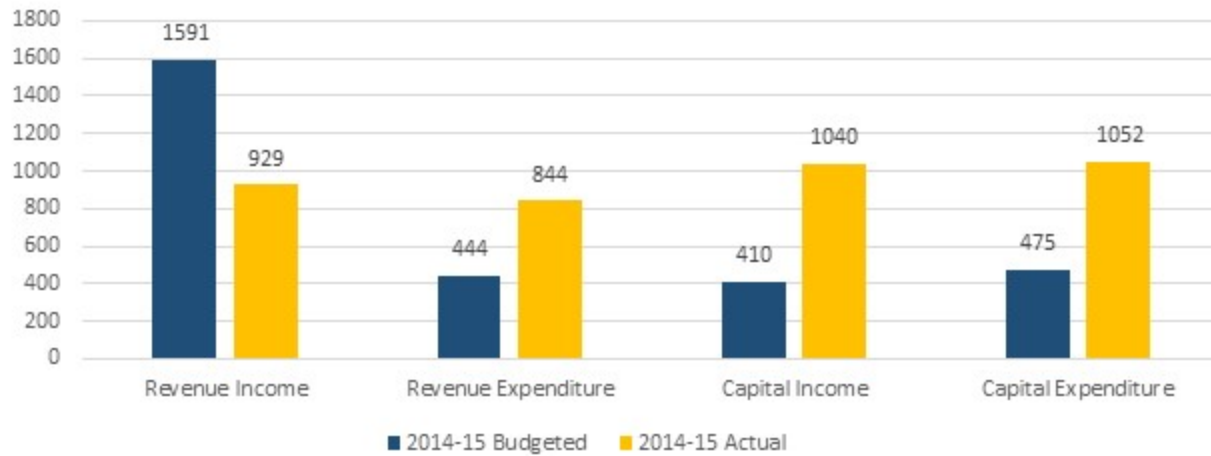
Key Challenges & Observations:

- The budgeted estimates of Wai in terms of revenue income are **42% higher** than the actuals.
- The budgeted estimates of Sinnar in terms of revenue income was **35% than the actuals.**
- In terms of expenditure, the budgeted revenue estimates are Rs.444 lakhs with an actual spending of Rs.844 lakhs. **The actual spending is almost double the budgeted one.**

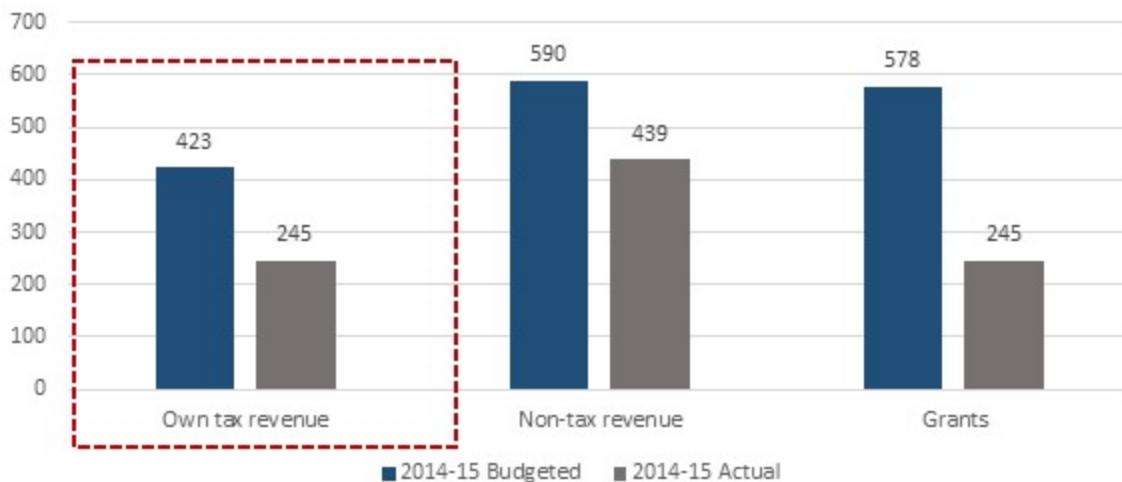
Sinnar: Budgeted vs Actual (in lakhs) : FY 2014-'15



Wai: Budgeted vs Actual (in lakhs)



Wai : Budgeted vs Actual Revenue Income (in lakhs)



Source: Primary Analysis of Wai & Sinnar Municipal Budget

Key Challenges & Observations:

- The budgeted estimates of Wai in terms of revenue income are **42% higher** than the actuals.
- The budgeted estimates of Sinnar in terms of revenue income was **35% than the actuals.**
- In terms of expenditure, the budgeted revenue estimates are Rs.444 lakhs with an actual spending of Rs.844 lakhs. **The actual spending is almost double the budgeted one.**

Overestimation projections of revenue income

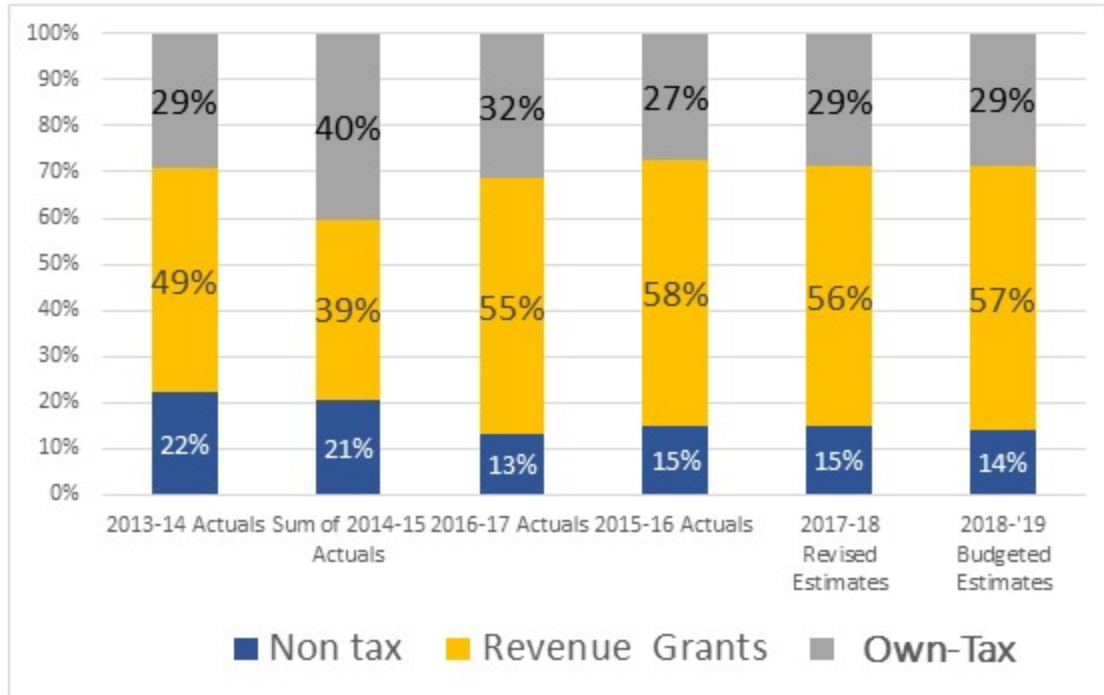
High Projections of Expenditure

Overspending of revenue expenditure

Key Challenge: Overestimation of revenue income in budget leading to over expenditure. Thus, the budgets are ineffective, compromising on various projects.

Suggestions by DMA to overcome shortcomings of bad-budgeting. One of them is to look into overestimation of revenues. However, it isn't translated on ground.

Wai

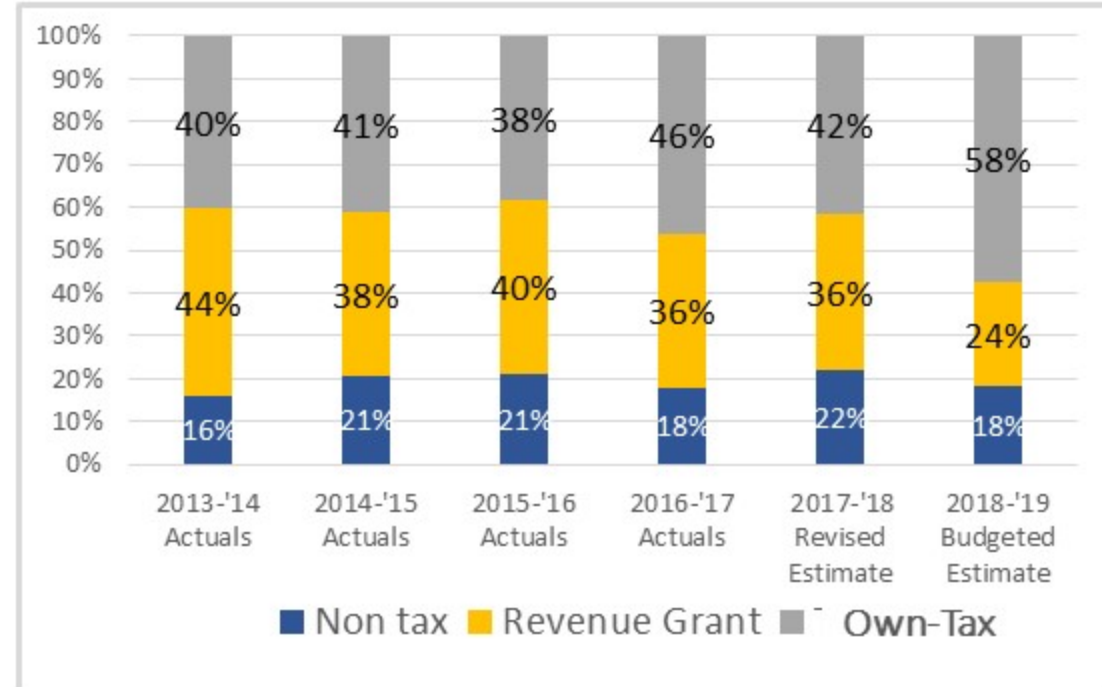


Own Tax Sources: **31%** Non-Tax Sources: **17%** Revenue Grants: **52%**

- Share of revenue through own sources is **half the total revenue income**.
- Property tax & water tax dominate in own revenue sources of income.

Source: Wai & Sinnar Municipal Budget Analysis

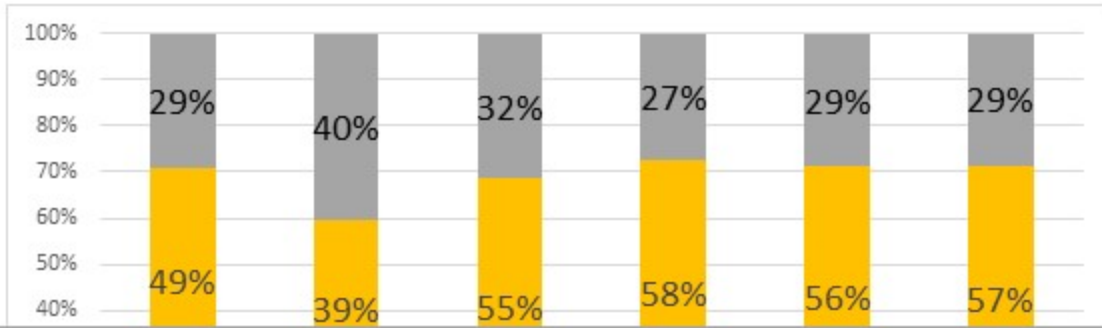
Sinnar



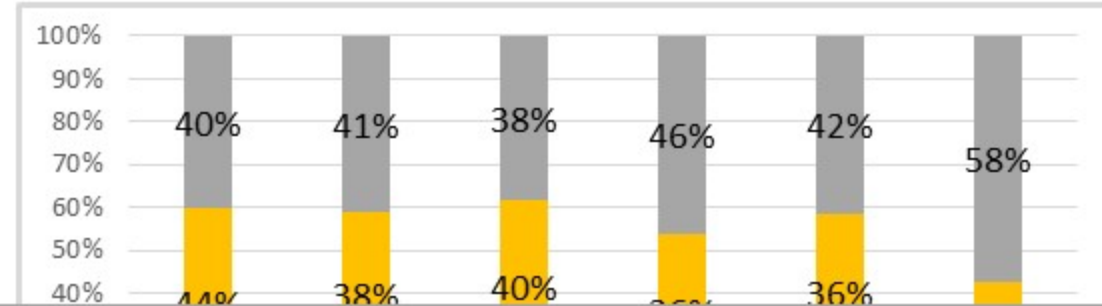
Own Tax Sources: **44%** Non-Tax Sources: **19%** Revenue Grants: **37%**

- **Share of own revenue source** dominates in the contribution of revenue income.

Wai



Sinnar



Key Challenge: Municipal Councils have higher dependency on revenue grants

■ Non tax ■ Revenue Grants ■ Own-Tax

■ Non tax ■ Revenue Grant ■ Own-Tax

Own Tax Sources: **31%** Non-Tax Sources: **17%** Revenue Grants: **52%**

Own Tax Sources: **44%** Non-Tax Sources: **19%** Revenue Grants: **37%**

- Share of revenue through own sources is **half the total revenue income**.
- Property tax & water tax dominate in own revenue sources of income.

- **Share of own revenue source** dominates in the contribution of revenue income.

Overestimation of revenue
income budget



Budgets aren't effective

Higher Dependency on Grants

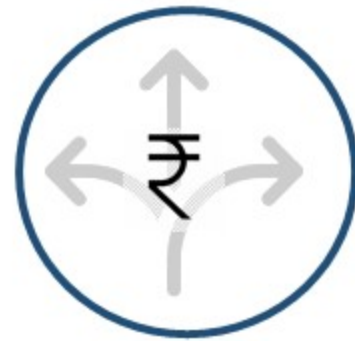
Parameters of Assessment of Budget



Transparency &
Accountability



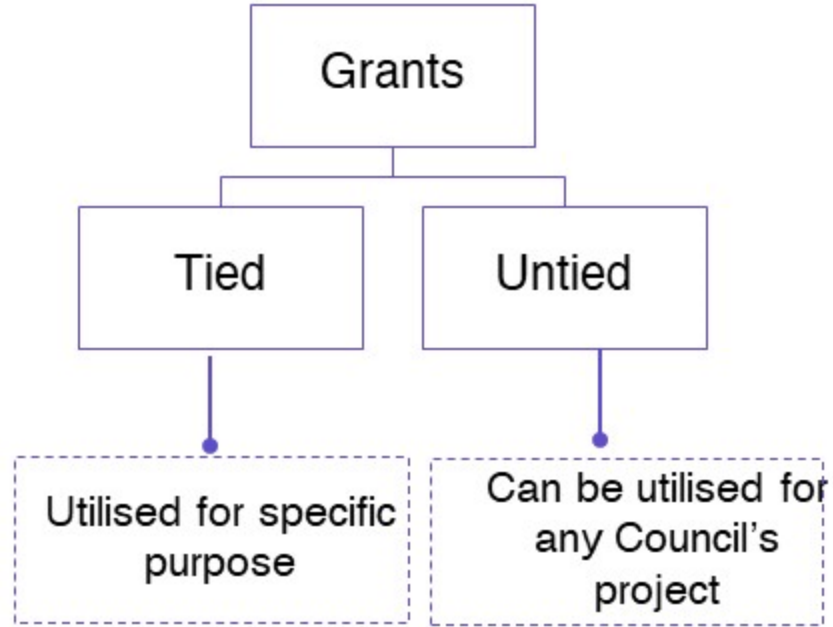
Effectiveness



Flexibility



Avenues of Participation



Flexibility of using 30% of capital grants

Wai (30%): 3 crore
Sinnar(30%): 10 crore

Question of prioritization of projects

Key Challenge:

Municipal Councils do not have much flexibility in utilising their capital & revenue grants.
 Much controlled by State & Central government.

		Tied	Un-tied
Capital		70%	30%
	Wai & Sinnar		
Revenue	Wai	35%	50%
	Sinnar	30%	50%

Particulars	Title	Code Number	2013-14 Actuals	2014-15 Actuals	2015-16 Actuals	2016-17 Actuals	2017-18 Revised Estimates	2018-19 Budgeted Estimates
श्रमसाफल्य योजना	shram Safalya Scheme	710 3230	-	-	-	-	0	0
पर्यटन/तिर्थक्षेत्र विकास योजना, कृष्णा रिक्टर फ्रंट डेव्हलपमेंट, राष्ट्रीय नदी कृती योजना	Tourism / Pilgrimage development plan, the Krishna River Front Development, the National River Action Plan	043 3229	-	-	-	-	0	19200000
अल्पसंख्यांक बहुमोल क्षेत्रात मुलभूत नागरी सोयी	Minority Area in basic urban infrastructure	729 3229	-	10,00,000	-	-	0	100000

Initiatives by the government for abatement of pollution in identified polluting stretches under the National River Conservation Plan (NRCP)

Maharashtra Pollution Control Board had assigned the project of **Comprehensive Study on Krishna River Stretch**

Grants are allocated under the National River Action Plan since past three years, however, no implementation of grants

Council has to dependency on loans for such projects to get implemented

Thus, it is necessary to allow the pursuit of **local** objectives to achieve **local flexibility** and thereby ensure a sufficient **autonomy**.

AIM: TO UNDERSTAND BUDGET & BUDGET PREPARATION AT LOCAL BODIES

OBJECTIVES:

1. To analyse budget & budget preparation process of small & medium towns taking case of Wai & Sinnar of Maharashtra
2. To analyse municipal budget for small and medium towns to understand how much flexibility, openness, transparency, accountability do councils have in terms of spending and utilizing their resources.
3. To assess the extent for which participation is there in budget.

Parameters of Assessment of Budget



Transparency &
Accountability



Effectiveness



Flexibility



Avenues of Participation

Special allocations in budget :

Budget Head	Account Code	Actuals 2013-'14	Actuals 2014-'15	Actuals 2015-'16	Revised 2016-'17	Revised 2017-'18	Budgeted 2018-'19
Janatekanita Welfare Program (Blind Handicapped Schemes)	7242590	-	-	-	7,00,000	4,00,000	4,00,000
Women & Child Welfare Fund	7202590	1,37,551	23,560	45,927	7,00,000	5,00,000	5,00,000
Weaker Section Fund	7202590	-	-	-	9,00,000	5,00,000	5,00,000

Women & Child Welfare Fund: 5%

Blind & Handicapped Fund: 5%

Weaker Section Fund: 5%

Senior Citizen Fund: 5%

Account Head	Account Code	2013-14 Actuals	2014-15 Actuals	2015-16 Actuals	2016-17 Actuals	2017-18 Revised	2018-19 Budgeted
Backward (weakening constituents)	725/2720						40,00,000
Women and Child Welfare Committee Fund	7252720						40,00,000
Funding for blind, disabled and mentally challenged	724/2720					10,00,000	18,00,000
Sports and Art						5,00,000	5,00,000
Senior Citizen Fund	723/2720					1,00,000	5,00,000
Depreciation Fund	0434430					1,00,000	30,00,000
State Urban Livelihood Campaign Grants	043/2720		90,100			35,00,000	20,00,000

Key Challenge: Budgetary allocations are done for potential users, however the funds remain un-utilised.

Lack of awareness among SHG's & NGO's about special allocations of budget.

“We allot special heads because it is mentioned in the Act, there is no plan for where these funds will be utilised.”

-Chief Officer, Sinnar



Ranking of cities is done on the basis of citizen's feedback

Swachch Sarvekshan Ranking

45%

Municipal
Documentation

30%

Citizen's
Feedback

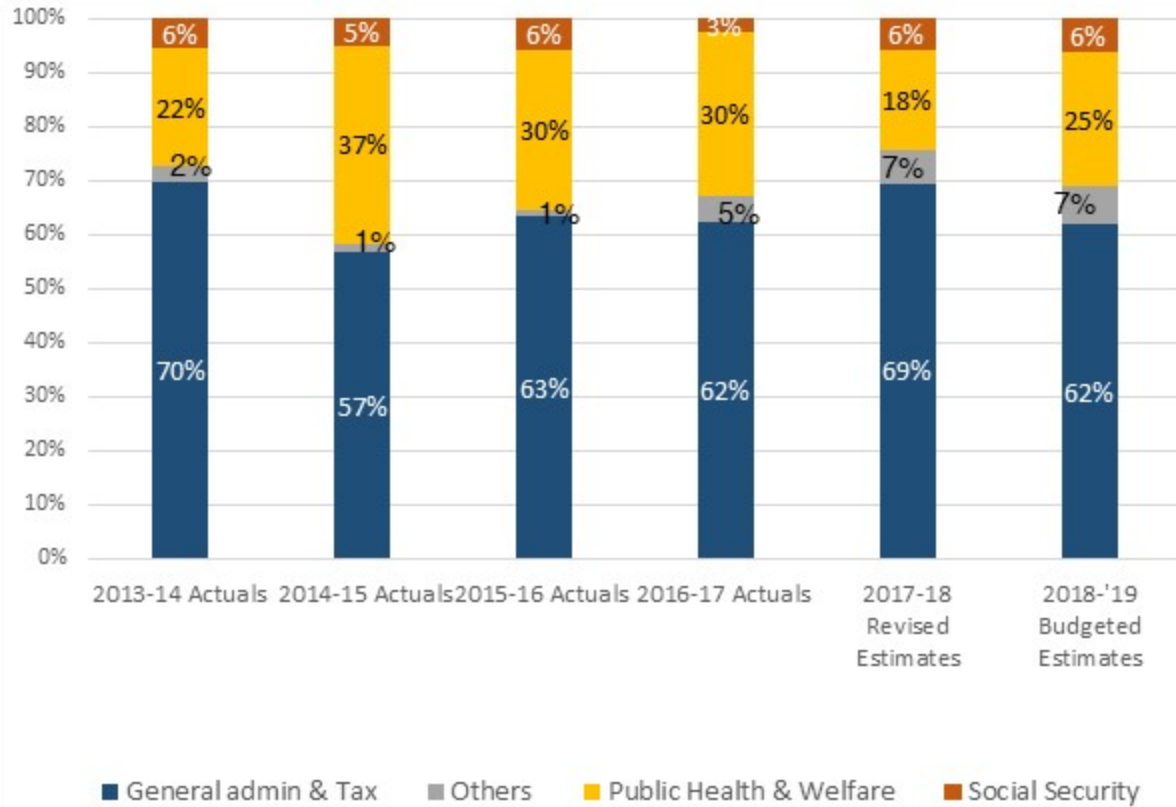
25%

Independent
Observation

Both Wai (State Rank: 166) & Sinnar have Swachch Sarvekhsan Rank below state average

Key Challenge: Ranking is done by citizens, however, there is no participation of citizens in decision making of sanitation heads/ projects.

Other Challenges: No guidelines for spending



General administration: **64%**

Public Health & Welfare: **27%**

Social Security: **5%**

Miscellaneous: **4%**

Key Challenge: No guidelines for spending on revenue expenditure except for HPEC Norms prepared by Zakaria Committee in 2011

Other Challenges: Underspending in Wat-San

“Credible budgets that are executed credibly and controlled credibly will contribute citizen’s better”

Governments spend less than 10% than promised in their budgets weakening public trust, transparency , public financial management.

Sectors	Water Supply	Sewerage	Solid Waste
O&M Requirement (HPEC Norms)	30%	13%	15%
Actual Spending in Wai	7%	4%	3%
	UNDERSPENDING		
Actual Spending in Sinnar	22%	13%	5%
	UNDERSPENDING		

Key Challenge: Under spending in Water & Sanitation..Is it due to lack of fund availability?

Key Challenges in Budget & Budget Making Process:

Budget Making Process is not based on any rationale

Budget Making Process is **non participatory, ad-hoc & routine submission** document which doesn't follow a framework. .

Budgets are not readable

- Not Readable
- No monitoring of funds
- Discrepancy in revenue records
- Non-uniformity in recording data

Budgets are ineffectively planned

- Very high overestimation of revenues.
- Poor Expenditure Management.
- Councils have higher dependency on grants.

Poor flexibility & freedom with Councils

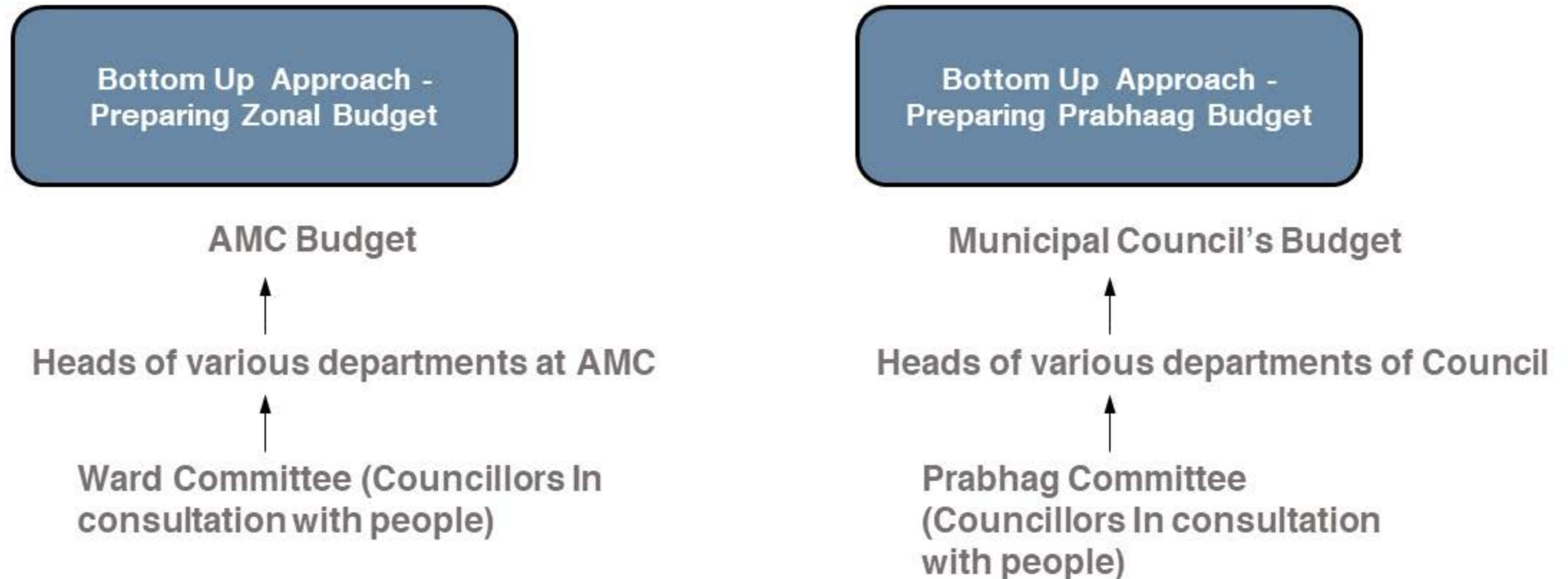
- Poor freedom with Councils to utilise grants due to two-third grants being tied.

Poor Avenues of participation in budget

- Special budgetary heads for potential users, however not utilised.

Recommendations:

1. **Adapt Bottom-Up Approach for Budget Preparation for making it citizen participatory.**



Recommendations:

2.

Efficiency of budget can be improved.

State level uniform formats should be prepared to record budget data. IT softwares can be used in recording and monitoring data within the Council.

3.

Budgets can be made more transparent.

Regular monitoring of income and expenditure should be done. PFMS software used for monitoring income of grants can be used for expenditure as well.

4.

Budgets can be made a medium term goal / plan.

Tenure of Chief Officer & President: 3 years, thus budgets can be prepared as 3 year plan.

5.

Awareness among SHGs and NGOs should be made through IEC Campaigns to utilise funds for potential users.

Potential users like women & children, senior citizen, poor and handicapped etc. must be identified through SHGs and NGOs & projects can be planned accordingly.

THANK YOU!

1 296 731
1 859 317
2 499 808
3 227 076
4 050 935
R 28 331

424 463
446 211
468 522
491 948
516 545
542 372
569 491

467 459
1 005 037
1 620 915
2 324 149
3 124 764
4 033 850
5 063 675
R 35 414

Start at monthly
Can we do this?