

XVI. Budget Estimates

18. *Although the 74th Amendment does not include any provisions relating to budget estimates, the municipal laws, conventionally, provide for a Chapter on Budget Estimates. The question for consideration is as to what variations may be made in the municipal laws having regard to the new innovations under the Chapter on Budget Estimates.*

- (1) Each State Government needs to consider the relevant issues having regard to the facts that the Chapter on “Budget Estimates”, conventionally, specifies the procedure and the time schedule for preparation of the Budget based on the receipts and expenditures of the concerned Municipalities and its approval, at different levels, such as in Calcutta’s case, by the Mayor-in-Council, the Municipal Corporation and, ultimately, by the State Government.

Such a Chapter also provides that the Budget shall specify the rates at which various taxes, surcharges, cesses and fees shall be levied in the year next following.

It also requires that the Budget would include an estimate of the anticipated borrowings of the Municipality in the year following.

- (2) A strategic difference in the preparation and processing of the Budget Estimate is that, in some cases, more than one Budget Estimate is prepared. Thus, for instance, the Bombay Municipal Corporation presents the Budget Estimates under six different heads, namely :

- (a) Budget Estimate ‘A’ (Revenue)
- (b) Budget Estimate ‘B’ (Slums, etc.)
- (c) Budget Estimate ‘C’ (Bombay Electric Supply and Transport Undertaking)
- (d) Budget Estimate ‘E’ (Primary Education)
- (e) Budget Estimate ‘G’ (Water Supply, Sewerage and Drainage), and
- (f) The Tree Authority Budget.

- (3) In case of Ahmedabad, Budget Estimate ‘A’ pertains to the income and expenditure of the Corporation for the next financial year, other than the income and

expenditure in respect of the Transport Undertaking, whereas Budget Estimate 'B' pertains to the income and expenditure in respect of the Transport Undertaking.

- (4) Both, under the Bombay and Gujarat Acts, different authorities are specified for preparation of the different Budget Estimates.

Thus, in Bombay, the Budget Estimates 'A', 'B' and 'G' are prepared by the Standing Committee whereas, in the case of Budget Estimate 'C', the Bombay Electric Supply and Transport Committee considers the Budget Estimate prepared by the General Manager, BEST; and the Education Committee initiates the process for preparation of Budget Estimate 'E'.

In the case of Gujarat, Budget Estimate 'A' is initiated by the Commissioner whereas the Budget Estimate 'B' is prepared by the Transport Manager.

- (5) In case of Calcutta, the Budget Estimates are prepared by the Municipal Commissioner, Account head-wise, namely, under the Water Supply, Sewerage and Drainage Account; the Road Development and Maintenance Account, the *Bustee* Services Account; the Commercial Projects Account and the General Account which is a residual Account.

The advantages of preparing separate Budgets in the manner as specified above is that both the incomes and expenditures can be allocated, headwise, with a view to ensure that the general establishment costs do not eat in to the entire incomes of the Corporation.

- (6) An interesting innovation of the Calcutta Act is to enclose a statement, along with the Budget, on the immovable properties of the Corporation, clearly indicating the new acquisitions as well as the disposals during the previous year. This was done with a view to check a whole lot of malpractices by the Corporation's own employees which were in vogue relating to its lands and buildings.
- (7) Another interesting compulsion which has been created under the Calcutta Act relates to the inclusion along with the Budget statement of the "Establishment Schedule" wherein the changes proposed by the Mayor-in-Council relating to the category 'A', category 'B' and category 'C' posts must be clearly specified and which, after approval of the Budget by the Municipal Corporation and the State Government, would become binding for the year following.
- (8) Each State Government would have to consider its own options for preparation and processing of the Budget Estimates of the Municipalities under its enactments.

Provisions Made in the Municipal Law

22. *The Municipal Law has provided for the following :*

- (1) *Clause 84, under sub-clause (1), provides for preparation by the Chief Municipal Officer of the Budget Estimate along with an Establishment Schedule of the Municipality for the ensuing year which shall be an estimate of the income and expenditure of the Municipality.*
- (2) *Sub-clause (2) of this clause requires that the income and expenditure of the Municipality to be received and incurred shall be presented in terms of the various heads of accounts as referred to in sub-clause (2) of clause 75 and such heads of accounts may include water-supply, drainage and sewerage, solid waste management, road development and maintenance, slum services, commercial projects and other accounts heads.*

Sub-clause (3) of clause 84 provides that the budget estimate shall state the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following.

Sub-clause (7) of this clause provides that the enclosures of the budget estimate shall include annual statements on : changes in the inventory of immovable property, amount paid into the Sinking Fund and allied matters, report on services provided at a subsidized rate including the extent of subsidy, the reasons therefor, the source from which the subsidy is being met and the beneficiaries thereof, and a report on the environmental status of the municipal area.

- (3) *Clause 86 specifies the different authorities to which the Budget Estimate would be submitted, namely, the State Government, in the case of a Municipal Corporation; the Director of Local Bodies, in the case of a Class 'A' Municipal Council, and the Regional Deputy Director of Local Bodies, in the case of a Class 'B' Municipal Council, a Class 'C' Municipal Council or a Nagar Panchayat.*
- (4) *Enabling provisions have also been made in clause 87 for altering the budget grants.*