CHAPTER VI

A CRITICAL ANALYSIS OF BUDGETING SYSTEM

6.1 Introduction

Every organization has to prepare its budget indicating the estimate requirement and gaps in receipts and payment. When an organization prepares its budget; it indicates how effectively the funds are utilized. Using funds effectively is the principal indicator of the budgeting system. Budget and budgeting has become essential because it helps in measuring income and controlling expenditures. Sound budgeting is the result of right analysis of past estimation and proper analysis of present requirement and accurate estimate of changes. If a right budget is prepared then the organization can balance rightly its income and expenditures, Receipts and Payments and other variety of activities. From this point of view, designing a right type of budget is an integral part & important function of every organization.

Municipal Corporation is a public institution. A Public Institution should utilize funds properly. It is naturally accountable and responsible to the society and people. The accountability can be access rightly by utilizing the funds efficiently. Management has three dimensions – acquisition, appropriation and allotment. It is notice that municipal corporation acquired funds through people, State and Central government. Levied taxes, Collecting tax and levies constitute the principal sources of income. Similarly Municipal Corporation spent on variety of activities which include administration, maintenance, development and creation of new facilities.

Pune Municipal Corporation is one of the prime local authority in country. This corporation has a long history and very large in size. In this study an attempt is made to know the process and approach of PMC towards its budgeting system.
6.2 Purpose of writing this chapter

The chapter is written with the following objectives:

1. To understand the budgeting system of PMC.
2. To examine the salient features of budget making process.
3. To analyse various components of budget.
4. To evaluate strength and limitation of system.

6.3 Order of writing this chapter

The chapter is written in the following phases:

- To discuss the salient features of budgeting of PMC.
- To examine trends in budgeting.
- To study the pattern of revenue and expenditures of various functions, heads and departments.
- To examine the manner in which funds are generated.
- To identify the limitation in the present system of the study.

6.4 Process of budgeting in PMC

The budget of Pune Municipal Corporation is presented as per clause 95 to 100 of Mumbai Provincial Municipal Corporation Act, 1949. Following are the stages of budget preparation:

1) The Commissioner of the Corporation shall prepare a Receipts and Payment Statement on annual basis.
2) The statement shall be submitted to the Standing committee in a prescribed format.
3) The budget estimation include followings factors such as taxes, rates & rents, levy, duty, rate of services, fees, fines, donations, subsidies, grants, etc.
The sources of expenditures shall include the followings: Maintenance, salaries, overheads, operational expenses, eradication of slum, maintenance and repairs of building and premises, transportation maintenance and other services. The budget expenditures shall also include maintenance of road, street light, cleanliness of sewage, etc.

4) There shall be a budget committee constituted by the house. The budget committee shall have officers and corporators as a member.

5) The budget committee shall prepared Receipts and Payment Statement. And shall be submitting to the standing committee. The standing committee shall reviewed the budget estimate.

6) The budget shall be divided into 3 parts:
   Part A includes general revenue.
   Part B includes various services of public welfare and development.
   Part C consider capital receipts and expenditures.

7) The budget shall also decide the rates and rents to be revised and the new structure of taxes, if required.

8) The budget must be approved by the Committee in annual general meeting.

9) It is mandatory that the budget should approve on or before 31\textsuperscript{st} March of every financial year.

6.4.A  Budget Making Process:

Every organization has a budgeting system. This budgeting system is a result of right understanding of expectations, requirement and areas of expenses consider by the organization. Pune Municipal Corporation being a local body having elected representative of people has to prepare its budget considering its specific requirement.

The budget reflects aspirations and expectation of people, requirement of institutions and the manner in which the funds shall be utilized. The budget making system of PMC is explained in the diagram which is presented below:
After going through the budget making process; it is noticed that the process of budgeting is influenced by both the administrative body and the representatives of people. The ward members – Corporators and the head of various administrative and functional departments prepare the budget of ward and different functional activities. The ward-wise budget is consolidated by the Commissioner and they are placed before the Standing committee for approval. The Standing committee prepares the draft of budget estimate and then it is placed before the final authority i.e. General Body for approval.

**Insight gained:** The purpose of budget as noticed here has one strength i.e. reflects the aspiration of people. However, because of divergent objectives, conflict of interest and clash of diversity there are many limitations in budget process.

### 6.4.B Components of Budget

The components of budget indicate how the budget is prepared and what are the factors considered while formulating the budget. The components of budget changes with the changes in the priority, change in environmental factors and changes in availability of funds. As such the PMC can not have a constant budgeting system. Further, there is a high degree of flexibility and budget requirement from year to year. The following diagram explained the components of the budget:
From the above diagram, it is clear that the major components of budget are revenue, income and expenditures i.e. current receipts and current payment. But for an institution like PMC a long term view of budget is required. The PMC should consider not only immediately required funds but how the funds shall be utilized in long term. However, what are the constraints in developing an appropriate financial plan to meet the requirement of city in a longer perspective is often missed because of this short sited approach.

**Insight Gained:** It fails to prepare two types of budgets. One for each financial year and one with a long term perspectives of 5 to 7 years to accommodate continuous long term program.
6.4.C Budget Proforma

Like every institutions the budget is prepared in standard format by the PMC. The format of budget is presented here:

Diagram 6.3 : Budget Proforma

6.4.D Trends in PMC Budget

It is necessary to analyse the trends in PMC budget. Budget is an exercise in financial planning. No organization can work effectively if the budgeting is not properly done. From this point of view budgeting needs to be properly formulated. What are the variations and changes in trends in budgeting need to be studied. This is very important for an institution like PMC.

The trends in budget also explain how the budget estimates has changed and what are the implications of these changes in PMC.
From the data presented in the above diagram it is clear that there is a consistent increase in budget estimate and actual of revenue. However, this increase is uneven in nature. It was highest in the financial year 2013-14 followed by 2010-11 whereas the estimate was significantly low as in the financial year 2011-12 and 2012-13.

**Insights Gained:**
1. *There is a gradual increase in the budget estimate of PMC. However in 2013-14, it has increased at a higher rate than previous rate.*
2. *There is continuous enhancement in budget as indicated by the trends.*

### 6.4.E Break up of Revenue Income

The corporation is a principal local authority which collects funds through various means and sources to meet its financial requirement. PMC is one of the largest municipal corporations as such it has collected revenue by using multiple sources. The sources used by the corporation for earning the revenue over the period of 5 years are presented here. The diagram explains the estimated and actual earning of PMC.
From the data presented in the above diagram few important observations can be easily made:

1. There is a continuous increase in the budget estimate of revenue.

2. The actual earning or revenue is also on rise. However, the percentage of estimate increase is much higher than actual increase which indicates a gap between estimate and earning.

3. There are various leakages & the gap in the actual and estimate revenue.

4. The earning from taxes are on rise whereas grants is increased at a higher quantum than taxes. This also indicates the dependent of the local authority on State and Central government for revenue.

5. The break up revenue income indicates that the corporation has still adopted conventional method of earnings and has not searched for innovative method of revenue generation.
**Insight Gained:** It is noticed that there is a consistent increase in estimate and actual earning. However, the actual earning is not in proportion with estimated earnings. Further, there are leakages in the different types responsible for decrease in revenue income.

### 6.4. F Trends in Earning

The trend in earning is noticed if one considers the contribution of sources of income and earnings. For this purpose three indicators are selected which are: Octroi/LBT, Property Tax and Building and development charges. The data of all these three indicators are presented in tables:

**Diagram 6.5 (a): Octroi/LBT**

- Octroi replaced with LBT in April 2013 – led to shortfall in 2013-2014
- LBT to be abolished effective August 2015 – replacement not yet finalized

**Insight Gained:** The trend in earning clearly indicates that the overall estimate of earnings is much higher than the actual receipts. Further actual receipts are comparatively low due to leakages in income and change in the tax structure.
Insights gained: The income from property tax is growing and has become major source of income. This indicates that corporation has levied heavy taxes on real estate land properties, whether commercial or residential.

Diagram 6.5 (c) : Building and Development Charges

Insights gained: The income from property tax is growing and has become major source of income. This indicates that corporation has levied heavy taxes on real estate land properties, whether commercial or residential.
From the above diagrams following observations can be made:

1. There is a large variation in actual and estimate of revenue.

2. As the estimate varies significantly the spending also changes in the same proportion.

3. The revenue sources are consistent with certain specific sources of income.

4. There is an absence of creative and new sources of income.

5. There is a lack of diversified sources of income.

At present the internal revenue sources are contributing more but soon with the change in the tax structure and levying of certain taxes the revenue generation will sharply decline. The corporation is financially very sound and solvent. But it has not used its credit generation capacity in the right manner.

**Insights gained:** The developmental charges are also on rise which indicates that the corporation has emphasized on conventional sources of earnings.

### 6.4.G Analysis Of Expenses

The budget of Pune Municipal Corporation is done as per the conventional system of budgeting of the government. As such budget is divided into two parts i.e. Receipts and Payments.

The municipal corporation has witnessed a significant variation in budget estimates and actuals. There is a continuity of trend of budget deficit because of which often there is an unbalanced budgeting. The estimates of expenses do not match with actual expenses. The expense of salary is on rise basically after the declaration of Sixth Pay Commission. Further there is an increase in number of employees which has resulted in collapse of entire budgeting system of Pune Municipal Corporation (PMC). A detail of actual and estimated expenses is presented here.
Insights gained: If one considers various expenses for which amount is spent then it is noticed that expenditure on general administration has increased at a very high rate as compared to other developmental expenses.

The expenditure is divided mainly in two parts i.e. Revenue and Capital.

The Revenue Expense has three components:

1. Salary
2. Operations and maintenance
3. Developmental schemes.

It is noticed that the manner in which the salary expense is increasing is much higher as compared to other expenses.
Analysis of Expenses:

Mainly expenses are classified into two heads.

1) Salary
2) Operation maintenance and revenue expenditure by function

Insights gained: a critical analysis of salary expenses indicates that expenditure on salary has especially increased since 2013-14. This is mainly because of increase in salary expenditure due to payment of Sixth Pay Commission as well as increase in contract labour and increase in the wage rate.
Diagram 6.6 (b): Employees

Insights gained: The number of employees in corporation is growing. This has also burdened the expenditure of PMC in many ways. It has added an increase in expenditure on maintenance, administration and salary.

Diagram 6.6 (c): Salary trends and function wise

From the above presentend tables; it clearly indicates that the salary, operation maintenance & revenue expenditure are increasing significantly as compared to expenditure on other developmental expenses like urban forestry, public work, public health, civic amenities, water & sewage activities etc. In other
words, the overall expenditure on other development is much low as compared to maintenance and administration.

**Diagram 6.6 (d): Operation and Maintainance**

**Insights gained:** There is no vast gap in budgeted and actual expenses on operation and maintenance expenses

- O&M expenditures include maintenance and repair works.
- These have been consistently 8-10% of the total expenditures.
- Easy to estimate if database on assets is maintained.


6.5 Expenditure on various activities of department

The principal function of corporation is to develop cities. Unless and until corporation worked for the development of cities; it will not be able to justify its existence. From this point of view the Corporation undertakes various activities of development, improvement and progressive welfare of the society. Thus the activities undertaken by the corporation needed to be studied. The corporation presently help to work on activities like Public health, education department both primary and secondary, slum improvement, urban transport, women and child development, backward class development, etc. To what extent the corporation has given justice to budgetary provisions to fulfill the objectives has to be studied. The expenditures incurred and revenue earned by the corporation is presented here.

Table 6.1: Revenue expenditures and Capital expenditures

(Department-wise classification)

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Department</th>
<th>Revenue Expenditure</th>
<th>Capital Expenditure</th>
<th>Total</th>
<th>% Of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Water</td>
<td>354</td>
<td>369</td>
<td>723</td>
<td>16%</td>
</tr>
<tr>
<td>2</td>
<td>Road Improvement Department</td>
<td>85</td>
<td>585</td>
<td>670</td>
<td>15%</td>
</tr>
<tr>
<td>3</td>
<td>Sanitation And Solid Waste Management</td>
<td>262</td>
<td>117</td>
<td>380</td>
<td>8%</td>
</tr>
<tr>
<td>4</td>
<td>Education</td>
<td>340</td>
<td>34</td>
<td>374</td>
<td>8%</td>
</tr>
<tr>
<td>5</td>
<td>Public Health</td>
<td>162</td>
<td>36</td>
<td>198</td>
<td>4%</td>
</tr>
<tr>
<td>6</td>
<td>Slum Improvement</td>
<td>33</td>
<td>58</td>
<td>91</td>
<td>2%</td>
</tr>
</tbody>
</table>

In Rs Cr
The data presented in the above table helps to draw many useful observations:

i. The revenue on various heads of department is on rise. However, the actual expenditures on this head of expenditure is not enhancing in the same proportion.

ii. There is a continuous increase in the capital expenditures and is higher than the rate of revenue increase.

iii. The receipts from the heads is coming from tax collected from citizen, developmental grant from the State or the Central Government as well as other national and international agency.

The quantum of receipts generated by the corporation basically is meant for the improvement of existing structure, modification of present system and development of new structure. It is also observed that the income is meant for the development of the area like road cleaning, waste transport, sanitation and solid waste management, slum improvement, urban transport, etc.

**Insights gained:** A comparison of revenue and capital expenditure clearly indicates that the amount of revenue expenses is increasing at higher rate than the amount of capital expenses. It is definitely a cause of concern.

6.5.A Education Improvement

In case of education, the earning and payments are classified into two categories i.e. Primary and secondary education. If one analysed the data of 2010 – 2015 one can easily notice that there is merely 25% incurred through government grant through primary education and equal amount for secondary education also. Of which the revenue expenditure is 60% and capital expenditure is 32%.
Insights gained: Expenditure on education department indicates that expenditure on primary education is comparatively higher than secondary education. Further revenue earnings are comparatively very low to capital expenses. This results into a deficit and has created a situation of burden on education budget. A major part of expenditure is related with maintenance expenses leaving a small amount for developmental and extension activities.
6.5.B Public Health

Diagram 6.8 (a): Revenue Income of Public Health

Insights gained: A critical analysis of public health indicates that in year 2011-12 to 2014-15, there is a decline in revenue income. Estimated income could not be achieved because of lack of efforts and low response. The revenue expenditure is much lower as compared to capital expenditure.
Diagram 6.8 (b): Expenditures of Public Health

**PUBLIC HEALTH**

### Revenue Expenditure (2015-16)

<table>
<thead>
<tr>
<th>Salary</th>
<th>Material purchase</th>
<th>Grants/assistance to weaker sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>56.4%</td>
<td>23%</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Capital Expenditure (2015-16)

<table>
<thead>
<tr>
<th>Development works in hospitals</th>
<th>Provisions for incomplete works of previous years</th>
<th>Development of crematoriums</th>
</tr>
</thead>
<tbody>
<tr>
<td>48%</td>
<td>26%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Budget 2015-16**

- Total Revenue Expenditure = Rs. 161.5 cr
- Total Capital Expenditure = Rs. 36.3 cr
- Total Expenditure = Rs. 200 cr
- Total Number of Hospitals and Clinics = 87
- Expenditure per clinic/hospital = Rs. 2.3 cr

If one goes through the analysis of public health and compares it with others then it is noticed that the revenue income of public health is on rise. This income is from sources like: Sale of forms, miscellaneous receipts, Grants and assistance, Fees/charges/license, etc. Whereas the expenditures is mainly allocated to salary, material purchase, grant/assistance to weaker sections, etc. Nearly 56% is incurred on salary and 48% is development work expenditures.

### 6.5.C Slum Improvement

A comparative study of revenue income and revenue expenditures helps to draw some useful conclusions. These conclusions are useful to understand the pattern of income and expenses on slum improvement. The data for slum improvement are presented here:
Insights gained: The revenue income from various activities is very low which indicates that the slum improvement activities are not rightly focused by Municipal Corporation for revenue generation.

It is essential to understand the pattern of expenditures on slum area as to know how the money is spent. It is clear that the activities of slum improvement are seen form the services like service charge, photo pass receipts, miscellaneous, housing schemes, health assistance scheme, fee/charges/license, etc. whereas the expenditures is basically on the ward
office works, salary, toilet repairs, school repairs, and maintenance. Similarly assistance in the form of grant is also incurred as expenditures. Thus the majority is spent on maintenance. The ratio of development to expenditures is also adverse. From this point of view it is clear that the amount spent on capital expenditures is just 22% and 78% is spent on revenue activities.

**Insights gained:** Expenditure on slum improvement (revenue) is also very nominal as compared to actual required expenditure of slum improvement program. Inspite of huge requirement for this purpose, the actual provision is very low.

### 6.5.D Urban Transport

Urban transport is very complex issue in Pune transport. At present there is an urban transport funds. Considering the importance of transport facility the corporation has paid special attention to urban transport. However, though there is a continuous increase of revenue income through government grant and other; at the same time the expenditure on transportation is also on rise.

**Diagram 6.10 : Urban Transport Fund**

- **Revenue Income** comes from JNNURM grants, advertisement permission fee, hawker fee, deposits for road repairs, street tax
- **Revenue Expenditure** is for road repairs, street lights, PMPML allocations, PMPML salaries and pension, PMPML passes
- **Capital expenditures** are for road repairs, public transport project, procurement of buses under JNNURM, vehicle management department, electricity department.
From the above diagram it is noticed that a majority of expenditure spent on salary - revenue expenditures of the staff and thus not on developmental activities.

**Insights gained:** Pune is facing a major problem of urban transport. It requires a huge provision for urban transport development but present provisions are inadequate and can not meet expectations and requirements.

### 6.6 Salient Features of Budgeting

It is critical to understand issues related to budgeting. For this purpose the researcher has analyzed certain salient features of budgeting system. These are:

1) Budgeting per capita
2) Quality of budgeting estimates
3) Self-reliance in budgeting
4) Self-reliance in fund generation
5) Expenditure on Capex
6) Urban capacity development

#### 6.6.1 Per Capita Budgeting

This concept explains the amount available to an individual from the total budget, rather what amount is earned per individual and what amount is spent for an individual in a particular financial year. The increase in per capita expenses indicates efficiency, productivity and profitability of corporation. The data regarding Per Capita Budgeting is presented here.
Table 6.2 : Budget Per Capita & Quality of Budget Estimates

<table>
<thead>
<tr>
<th>City</th>
<th>Bangalore</th>
<th>Chennai</th>
<th>Jaipur</th>
<th>Surat</th>
<th>Hyderabad</th>
<th>Mumbai</th>
<th>Pune</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Allocation</td>
<td>7,974</td>
<td>9,615</td>
<td>3,980</td>
<td>10,202</td>
<td>8,247</td>
<td>28,414</td>
<td>14,356</td>
</tr>
</tbody>
</table>

Similarly the quality of budget is analyzed by comparing budget estimates of city of Bangalore, Chennai, Jaipur, Surat, Hyderabad, Mumbai and Pune. Data is presented here.

Diagram 6.11 : Receipt and Payment of Corporation

Table No. 6.3 Budget Per Capita & Population

<table>
<thead>
<tr>
<th>City</th>
<th>Bangalore</th>
<th>Chennai</th>
<th>Jaipur</th>
<th>Surat</th>
<th>Hyderabad</th>
<th>Mumbai</th>
<th>Pune</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 Pop (Lacs)</td>
<td>84.4</td>
<td>46.5</td>
<td>30.5</td>
<td>44.7</td>
<td>67.3</td>
<td>124.4</td>
<td>31.2</td>
</tr>
<tr>
<td>ULB Area</td>
<td>741</td>
<td>426</td>
<td>467</td>
<td>327</td>
<td>923</td>
<td>437</td>
<td>244</td>
</tr>
<tr>
<td>Per capita allocation</td>
<td>7,974</td>
<td>9,615</td>
<td>3,980</td>
<td>10,202</td>
<td>8,247</td>
<td>28,414</td>
<td>14,356</td>
</tr>
</tbody>
</table>

From the data it is clear that the Budget Per Capita from Pune is Rs 14000 which is next to Mumbai and ULB area is very low as compared to Bangalore, Chennai and other cities. Thus budget system of Pune Municipal Corporation is very satisfactory and comparatively stands on a very good standard.
**Insights gained:** The budget per capita is comparatively very low when compared with other major cities in the country. Pune stands very low on parameter of receipts. Per capita expenditure when compared with ULB area is also very low.

### 6.6.2 (a) Proportion of Capital Expenditure

How the amount available for developmental process is spent needs to be properly studied. For this purpose the researcher had analyzed the budget by three simple parameters:

(a) Proportion of capital expenditure  
(b) Generation of own revenue  
(c) Comparison of Capex budget to Capex requirement

### 6.6.2 (b) Comparision of Proportion of Capital Expenditure

A good budget indicates how the amount is spent on developmental activities. A good budget has higher proportion of developmental activities and capital expenditure as compared to revenue expenses. On this parameter, the comparision of Pune Municipal Corporation is made with Bangalore, Chennai, Jaipur, Surat, Hyderabad and Mumbai.

It is noticed that performance of Pune Municipal Corporation is much better than other municipal corporations as Rs2240 crores was spent on Capital Expenditure which is much higher than expenditure made by other cities. Thus PMC has shown a higher degree of efficiency while spending the money on Capital Expenses.

### 6.6.3 Generation of own revenue:

Self-reliance is true criteria of success of corporation. From this point of view, the performance of PMC is evaluated. It is clear that Pune stands very low as compared to Bangalore, Chennai and Mumbai. This is mainly because the
corporation relies mainly on government grants & subsidies and it has not used its potential to generate revenue in effective manner.

6.6.4 Comparison of Capex budget to Capex requirement:

A comparison to Capex budget to requirement is equally important. This indicates the set of priorities adopted by the corporation. From the data it is clear that the budget estimates on capital expenditure is unevenly set against capital expenditure requirements. The corporation required huge investment for water sewage, solid waste management, road development, public transport and slum improvement. However the proportion of money available is very low as compared to actual requirement.

Diagram 6.12 : Capex Budget vs Capex Requirement

6.7 Social development funds

The most important aspect of budgeting is social development. Modern institutions were basically formed for social development and welfare. The sole purpose is to develop the social structure, amenities, infrastructure and facilities of social welfare. From this point of view, the social budgeting constitutes a very important aspect of municipal budgeting. Following are 3 social aspects of social budgeting:

1) Women and child development
2) Backward class development
3) Urban-poor development

6.7.1 Women and Child Development

The most neglected and vulnerable section of society is women and children. Unless and until right attention is given to the development of women and children, the purpose of urbanization can not be achieved. The decline in status of women indicated the poor developmental approach of society. Furthermore, failure to improve the status of women definitely is an indicator of failure of concept of welfare economics.
From the data it is indicated that the amount allocated for the development of women and children is very negligible i.e. 3% and has further declined to 2%, which is reflects the fall and negligence. Further it is noticed that a major portion of this expenditure is spent only on education of children, whereas other aspect of welfare are often neglected.

### 6.7.2 Backward class development

Backward class fund is another important aspect of Municipal Corporation budget. The term “backward class indicates people belonging to backward class section, especially those who are under social ladder of society. It is the social, legal and moral duty of the municipal corporation to develop backward class.
Diagram 6.2: Backward class fund - B budget

- **Rising trend in allocations to B Budget.**
- 5 percent of the entire budget shall be allocated for the backward class citizens from 1992-93.
- Year-on-year growth is 23%.

### Notes
*Actuals are not available*

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>2%</td>
</tr>
<tr>
<td>2011-12</td>
<td>3%</td>
</tr>
<tr>
<td>2012-13</td>
<td>3%</td>
</tr>
<tr>
<td>2013-14</td>
<td>3%</td>
</tr>
<tr>
<td>2014-15</td>
<td>4%</td>
</tr>
<tr>
<td>2015-16</td>
<td>5%</td>
</tr>
</tbody>
</table>

Dalit population (Census 2011) - 4,53,421 (14% of total population)

Non Dalit Population (Census 2011) - 26,71,037

Per capita allocation = Rs **5212** per person

The trends of backward class budget are presented here. From data it is clear that backward class has shown a upward trend. There is a rising trend in the allocation of budget to backward class. This amount is basically spent for development of facilities, amenities and welfare of backward class. The per person allocation for last year is Rs. 5212, which is significant.

### 6.7.3 Urban-poor budget

This is also called ‘P’ budget. This budget indicates how municipality spent money on the economically backward section of the society. This budget constitutes important aspect of total budget of the corporation. Nearly 40% of the budget is spent on urban-poor. This includes improvement of the slums, development of roads in slum areas, sanitation and other facilities. The urban-poor budget is a representative budget of backward and neglected section of the society.
Insights gained: Urban-poor constitutes a major portion of population. People living below poverty line are large in number. The basic amenities required are not provided by municipal corporation. It is necessary to have a higher provision for urban-poor. This provisions are not made rightly available.

6.8 A Study of Selected Schemes of PMC

In this project, an analysis of certain Selected Schemes of PMC is done. The study focuses at analysis of estimated receipts and expenses for a period of 15 years.

In this study the researcher has tried to establish a trend in changes of receipts and payments of certain representative schemes of PMC. These are as follows:

6.8 A Slum Development Expenses.

6.8 B Path Sudharna (Road Development) Expenses.
6.8 A Analysis of Slum Development Expenses

Analysis of slum development project indicates that there is a significant amount allocated for eradication of slum areas. Slum area is a major problem in Corporation limit. With a growth of urbanization, slum areas are also on a rise. As such it has become essential to eradicate problem of slum area on priority basis.

From this point of view, expenses and receipts are made. If one goes through receipts and grants allocated for slum area eradication, in first year there is a 535% increase. In subsequent years, the increase is 112% which then declined to 150%, which means amount allocated for slum area eradication has reduced marginally.

The allocation of expenses indicates a contrary trend. Initially the amount of expenditure was low which increases considerably from 138% to 634%. This indicates that expenditure on slum area eradication is very high.
6.8 B: Analysis of Road Development (Path Sudharna) Expenses

This project deals with improvement of Roads in PMC. The PMC has taken initiative to improve the roads, for which the amount is sanctioned and allocated. The estimated amount of PMC is presented in Table 1. From the table it is clear that there is a continuous increase in amount allocated for this particular activity. The increase is very high in nature. If one considers 2000-2001 as base year, then there is a gradual increase in the receipts and this has further increased from 94% to 873%. In certain years it has increased even upto 1800%, which means increase is consistent, high and in tune with requirement of PMC.

If one considers expenses, even on expense side; there is a consistent increase. However it is noticed that increase in expenses is much lesser than increase in receipts, which means PMC has not utilized funds properly for this scheme.

Thus it can be said that though the amount allocated for road development is very high, but PMC has not utilized this grant in a proper manner.