

Landscaping of municipal finance statutes across Indian States

Storyline...

The client is a Bangalore based Non-Profit Organization working actively in the area of municipal finance. The client approached MaGC to prepare a landscape of municipal finance Statutes across all Indian States.

MaGC studied and developed the landscape comparing the municipal finance provisions available in the Municipal Acts, Rules and manuals relating to Finance, Budget and Audit provisions.

Once upon a time...

The client was in the process of bringing out a model municipal finance code which would act as a guiding framework for States to develop their municipal laws. As a preliminary activity to preparing the Model code, a landscaping of the existing guidance framework for municipal financial management in different Indian states was taken up.

Moving on...

To begin with, MaGC team created a repository of all the Municipal Acts, Rules and regulations, Municipal Accounting manuals and Municipal Budget manuals of Indian states. In total, 74 Acts, 12 Rules and Regulations, and 18 Manuals were collected. The team then came up with a framework for comparison. The framework consisted of 70 questions across 13 parameters.

MaGC team analysed the statutes and manuals against the parameters and questions of the framework. The analysis was presented in the form of short and precise answers. The analysis focused on the following themes: fiscal prudence and transparency, system of accounting, system of budgeting, preparation and presentation of financial statements, financial reporting, types of audit and role of different audit agencies, performance reporting, preparation and presentation of annual report, and public disclosure of financial information.

States Where Budget Calendar is Prescribed



Compare States

Comparison of Municipal Finance Provisions

Presented here is a comparison of the pronouncements of various Municipal Acts, underlying Rules and Regulations, and Accounts and Budget Manuals of different Indian states so far as they pertain to aspects of finance, accounts, budget, audit, financial disclosure and so on in municipalities.

One will find answers to questions such as:

- What is the system of accounting prescribed?
- What is the timeline for presenting the municipal budget?
- Is a budget calendar prescribed? If so, where is it prescribed?
- What are the limits on municipal borrowing?
- Do the laws require citizens participation in budget preparation?

The comparison attempts to answer a total of 70 questions across 13 criteria. Answers have been kept short and precise. Where found necessary, additional explanations have been provided for better understanding as a pop-up which can be seen upon hovering the mouse pointer over the answer. Reference to the specific provision of the Act/Rule/Manual is also given wherever possible for the benefit of anyone desirous of doing a deep-dive.

The landscape was accompanied by a Summary Note on the key findings of the comparison which included aspects like the number of states where municipal Accounting/financial rules are available, aspects either not adequately covered or completely left out and topics generally discussed in the State guidance framework among others.

Finally...

The first of its kind Municipal Finance comparison landscape is currently hosted on the City finance portal of the Ministry of Housing and Urban Affairs, Government of India (<https://cityfinance.in/municipal-law>). The portal allows the user to download the analysis in spreadsheet format as well. It serves as an invaluable database for researchers and others seeking information about Municipal finance provisions across Indian States.