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## Report on Municipal Finances

Today, the Reserve Bank of India (RBI) released the [Report on Municipal Finances](#). The Report with the theme "Own Sources of Revenue Generation in Municipal Corporations: Opportunities and Challenges" presents an analysis of the budgetary data for 232 municipal corporations (MCs), which covers more than 90 per cent of total MCs in the country. It may be recalled that the Reserve Bank had released its maiden [Report on Municipal Finances in November 2022](#) followed by a study on the [Finances of Panchayati Raj Institutions in January 2024](#).

The present Report extends these initiatives. The analysis in this Report has been widened to cover more MCs and strengthened with findings from a primary survey of MCs on property taxes, a significant revenue source for the corporations. The key highlights of the Report are:

- While the revenue account of the MCs has remained in surplus, their heavy reliance on transfers and grants from the upper tiers of the government continues.
- The own source revenues are not adequate for meeting the revenue expenditure for most of the corporations, which can affect their functional and financial autonomy.
- Property tax revenues of MCs would benefit from initiatives such as adoption of Geographic Information System (GIS) mapping, digital payment systems, dynamic valuation systems, and better monitoring to plug leakages.

This Report has been prepared in the Division of Local Finances, Department of Economic and Policy Research. The Report is available on the Reserve Bank's website ([www.rbi.org.in](http://www.rbi.org.in)). Comments on this publication may be sent to the Director, Division of Local Finances, Department of Economic and Policy Research, Reserve Bank of India, 1st Floor, Maratha Mandir Road, Mumbai-400 008 or through [e-mail](#).

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