

Estimates of Receipts 2023-2024

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The budget of the Karachi Metropolitan Corporation primarily focuses on improving civic services, particularly for the less privileged members of society, as provided in the Sindh Local Government Act 2013. The key objectives include promoting good governance, ensuring efficient service delivery and encouragement transparency through the active participation of the public. The budget also aims to enhance environmental conditions and improve the overall quality of life for residents of Karachi.

The budgeting process for the Karachi Metropolitan Corporation faces challenges due to deteriorating infrastructure, rapid population growth, and limited financial resources. To address these, the budget should prioritize essential civic services, provide basic infrastructure development, accommodate the growing population, explore revenue generation opportunities, improve resource management, and implement monitoring and evaluation mechanisms. These strategies aim to balance the diverse needs of the city while promoting good governance, efficient service delivery, and transparency in the budgeting process.

In the light of the complex circumstances, effective budgeting for the KMC necessitates careful consideration and strategic resource allocation. The budget should aim to address the diverse needs of the city and its residents while taking into account the limited financial resources available. This involves prioritizing key areas such as essential civic services, infrastructure development, and social welfare programs. Additionally, it is important to explore innovative approaches for revenue generation and optimize resource management to maximize the impact of allocated funds. Balancing these factors is crucial to ensure that the budget effectively addresses the challenges and delivers the desired outcomes for the city and its residents.

The newly elected Mayor of Karachi is determined to present a budget that prioritizes the well-being of the people in a short period of time. Since taking office on 19 June 2023, the Mayor has committed to addressing the immediate repair and maintenance needs of the deteriorating infrastructure in Karachi. Additionally, the budget aims to provide essential services to citizens, with a particular focus on underprivileged areas.

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The primary objective is to enhance municipal and civic services throughout the city, ultimately leading to an improved quality of life for all residents. These efforts are in line with the provisions outlined in the Sindh Local Government Act 2013, which emphasize the importance of promoting good governance, efficient service delivery, and transparency in decision-making processes.

By allocating resources effectively and focusing on the urgent needs of the city, the Mayor, Karachi aims to bring about positive change and uplift the living standards of Karachi's residents and to enhance environmental conditions, including initiatives related to waste management and green spaces. Simultaneously, improving the basic infrastructure of the city remains a priority.

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BUDGET OUTLAY

The total outlay of budget estimates for the year 2023-2024 of Karachi Metropolitan Corporation comes to **Rs.38,225.704** million as under:

(Rs. in Million)

Sr. No.	Nomenclature	Budget Estimates 2023-2024	Budget Revised 2022-23	Budget Estimates 2022-2023
1	Current Receipts	32,499.391	21,087.174	26,616.774
2	Capital Receipts	725.313	233.070	594.313
	Total.	33,224.704	21,310.244	27,211.087

➤ Current Receipts

The current receipt of the Karachi Metropolitan Corporation consists of various components, which are described as follows:

Matching Grant in lieu of Octroi/ Zila Tax (OZT):

This grant is received from the Government of Sindh, which is provided by the Federal Government to Provincial Government as a share of the General Sales Tax.

Special Grant in Aid:

This grant is also received from the Government of Sindh specifically for disbursement of salary and pension purposes. It is being provided at a fixed amount of **Rs.650.00 million** per month.

Own Resources:

The KMC generates income through various sources as defined in the Sindh Local Government Act 2013. These sources include the recovery of fees, charges, taxes, rent, tolls, and other recoveries collected by different departments of the KMC.

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District Annual Development Programme.

The Government of Sindh provides funds to KMC as on account of District Annual Development Program (ADP). These funds are allocated for development projects/schemes within the jurisdiction of Karachi district.

CLICK Schemes / Projects:

The World Bank provides funds to KMC & DMCs for various mega projects / schemes known as CLICK (Competitive Liveable Inclusive Karachi) schemes. These funds are aimed at improving the liveability and inclusiveness of Karachi.

➤ Capital Receipts.

The main component of the capital receipts for the Karachi Metropolitan Corporation includes the following heads:

Income from Sale / Auction::

This refers to the revenue generated from the sale of Land owned by KMC within their jurisdiction. KMC sells Lands through auctions as per Government policy and receives income from these transactions.

Transfer / Mutation Fee:

Transfer or mutation fee is charged when the ownership of a property is transferred or mutated from one individual or entity to another. KMC collects this fee as part of the capital receipts.

Development Charges:

Development charges are levied on new construction projects or modifications to existing structures. These charges are collected by KMC to finance development activities and infrastructure in the city.

Lease Proceeds:

The KMC earns income from leasing out its properties to individuals or organizations. The lease proceeds contribute to the capital receipts and provide a source of revenue for the corporation.

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The estimated budget targets for the upcoming financial year 2023-2024 indicate a sum of **Rs.38,225.704 million**. This amount represents an increase amounting to **Rs.6,013.617** million as compared to the budget estimates of **Rs.32,212.087 million** for the current year's 2022-2023. However, the revised estimates for the current year have been reduced to **Rs.23,715.233 million**.

The reduction in the revised estimates is primarily due to the unresolved or stuck-up revenue recovery heads from KMC's own resources. These include outstanding dues from entities such as K-Electric and the Shabhuiddin Market at Saddar. Additionally, the non-finalization of disputed issues between KMC and other departments or the Government of Sindh (GoS) has also contributed to the reduction in the budget estimates.

These unresolved matters and disputes between KMC and other entities have resulted in decrease in the projected revenue, leading to the revised estimates being lower than initially anticipated.

- Land Commercialization Fee on KMC's Major Roads.
- Fee on BTS Towers.
- License Fee on Milching Animals.
- Toll Tax from Link Road b/w National Highway to Super Highway.

The above important revenue recovery heads are not materialized / decided during the current financial year 2022-2023 and resultantly, the budget targets have nullified in the revised budget estimates.

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The following table shall further reveal the department-wise revenue income of KMC for the next financial year 2023-2024 and revised budget estimates for the financial year 2022-2023 and budget estimates of the same year:

(Rs.in million)				
Sr. No.	Department	Budget Estimates 2023-2024	Revised Estimates 2022-2023	Budget Estimates 2022-2023
1	Grants /Share from Government			
	Matching Grants in lieu of Octroi & Zila Tax (OZT).	4,500.000	3,214.920	2,950.000
	Special Grant in Aid. (Salary & Pension)	7,150.000	8,400.000	7,200.000
	Misc. Grant in Aid.	662.500	2,768.875	750.000
	OZT share of DMCs for Pensioners	4,217.244	3,867.306	3,500.000
	Bailout Package for payment of Pensioners dues	4,200.000	-	4,200.000
	Total	20,729.744	18,251.101	18,600.000
2.	Revenue Department.			
	Land	910.600	505.425	799.600
	P.D.Orangi	276.213	82.500	181.213
	Katchi Abadis	175.000	78.000	110.000
	Estate	290.600	150.500	171.100
	Charged Parking / Toll Tax.	140.100	85.050	105.100
	Enforcement / Anti-Encroachment.	136.550	69.550	110.600
	Total	1,929.063	971.025	1,477.613
3.	Recreation, Culture & Sports.			
	Culture & Sports & Sports Complex	55.850	27.525	47.750
	Zoo.	125.775	38.700	111.300
	Safari Park.	55.692	12.652	45.200
	Total	237.317	78.877	204.250
4.	Engineering	140.000	36.000	125.000
	Total	140.000	36.000	125.000

Estimates of Receipts 2023-2024

Sr. No.	Department	Budget Estimates 2023-2024	Revised Estimates 2022-2023	Budget Estimates 2022-2023
5.	Finance & Accounts.			
	Financial Resources & Others.	507.560	422.835	367.560
	Municipal Utility Charges & Tax (MUCT).	2,000.000	200.000	2,000.000
	Advertisement Tax	500.100	30.000	500.100
	Total	3,007.660	652.835	2,867.660
6.	M.C. Secretariat			
	Misc. Income from different departments.	1.260	0.245	1.100
	Parks & Horticultural.	71.440	49.200	36.000
	Veterinary.	224.150	21.175	213.024
	Total	296.850	70.620	250.124
7	E & I Promotion	25.550	12.000	20.550
8	Medical & Health Services	71.035	30.695	67.705
9	Transport & Communication/ Terminals	200.250	22.000	198.500
10	Municipal Services	341.000	15.700	311.000
11	Information Technology	0.100	0.010	0.100
	Total.(1 to 11)	26,978.569	20,140.863	27,211.087
12.	Other Revenues			
	District ADP.	5,001.000	2,404.989	5,001.000
	CLICK Project (World Bank)	4,046.135	902.781	888.586
	KMC dues against <u>K-Electric.</u>	1,850.000	-	1,850.000
	Transfer of income on account of Entertainment Tax (Current & Arrears) from GoS	200.000	-	200.000
	Transfer of income from <u>SBCA.</u>	50.000	35.000	50.000
	KMC dues against KPT.	100.000	231.600	100.000
	Grand Total (1 to 12)	38,225.704	23,715.233	32,212.087

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The major sources of revenue income of KMCs various departments as shown in the above table are detailed and discussed as under:

Matching Grant in lieu of OZT.

- ✓ **Matching Grant from Provincial Government in lieu of Octroi & Zila Tax (OZT) has been estimated as follows:**

(Rs.in Million)		
Nomenclature	Year	Amount
• Budget Estimates	2023-2024	Rs.4,500.000
• Revised Estimates	2022-2023	Rs.3,214.920
• Budget Estimates	2022-2023	Rs.2,950.000

A sum of **Rs.2,950.000** million was estimated in the current financial year 2022-2023 on account of releases on account of Matching Grants from Provincial Government in lieu of Octroi. In pursuance of revision of basic pay scale 2022 as announced by the Federal Government, the Provincial Government has increased the share of OZT after laps of three months and released the funds with increases from the month of October, 2022. Thus, KMC has received a sum of **Rs.3,214.920 million** from GoS on account of OZT share and budget target has been revised to **Rs.3,214.920 million** as per actual funds released by GoS. It may be pointed out that the GoS has announced payment of advance salary and pension to employees on the occasion of Eid ul Azha, therefore additional amount equal to one month release has also been reflected in the revised budget estimates. An amount of **Rs.4,500.000 million** has been projected in the upcoming budget for the year 2023-2024 including the increased amount on account of salary / pension to Government employees @35% for BPS-01 to BPS-16 and @30% from BPS-17 and above. Whereas increase in pension @17.50% as per announcement of the Hon'able Chief Minister Sindh in his Budget Speech.

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✓ Special Grant in Aid.

(Rs.in Million)		
Nomenclature	Year	Amount
• Budget Estimates	2023-2024	Rs. 7,150.000
• Revised Estimates	2021-2022	Rs.8,400.000
• Budget Estimates	2022-2023	Rs.7,200.000

The Provincial Government has increased the amount of the Special Grant-in-Aid to KMC to Rs.650.00 million per month from November 2022. The increase of Rs.50.00 million per month is primarily covered for the purpose to cover up the gap of the increased amount on implementation of revised pay scales 2022 as announced by the GoS. Unfortunately, GoS has adjusted an amount of Rs.50.00 million per month from the share of Special Grant to KMC for salary / pension, against the funds Rs.1,500.000 million separately released for patch work in the city.

In the financial year 2022-2023, KMC was estimated a sum of Rs.7,200 million against the head of Grant-in-Aid @Rs.600.00 million per month, out of which Rs.600.00 million was released until October 2022 per month. The remaining amount for the current financial year 2022-2023 is being released at the rate of Rs.650.00 million per month from the Provincial Government until June 2023. Consequently, the revised estimates have been increased to Rs.8,400.00 million for the year 2022-2023. An amount of Rs.7,800.00 million projected to be released by the GoS in the next financial year 2023-2024.

The Government of Sindh releases Grant-in-Aid to KMC from since 2011-2012. The GoS was providing funds Rs.500.00 million per month to KMC as Grant-in-Aid to bridge the shortfalls in salary of KMC employees. This was continued until August 2016. However, with the revival of Karachi Development Authority in May 2016, the GoS reduced the Grant-in-Aid to KMC from Rs.500.00 million to Rs.300.00 million per month. The remaining Rs.200.00 million per month was provided to KDA for their employee salaries, which did not fully address the needs of KMC employees.

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Efforts were made by the Ex-Mayor of Karachi to address this issue, and in October 2017, the Secretary of the Local Government Department, GoS, recommended to the Chief Minister for the restoration of Grant-in-Aid to KMC @Rs.500.00 million per month for salaries. The Chief Minister, Sindh approved the same @Rs.200.00 million per month. However, the Finance Department, GoS, increased a sum of Rs.130.00 million from November 2017 and released Special Grant-in-Aid to Rs.430.00 million per month instead of the aforesaid agreed amount, excluding certain salary components like KM&DC salaries, Stipends, and Fire Risk allowances for Fire Brigade Department.

In 2021-2022, the GoS recognized the longstanding issue of salary and pension payment shortfalls and increased the Special Grant-in-Aid to KMC by Rs.170.00 million per month and released funds Rs.600.00 million per month.

In the current year 2022-23, in anticipation of pay scale revisions 2022, the GoS has again increased the Grant-in-Aid by Rs.50.00 million per month and the share of KMC has rose to Rs.650 million per month. Thereafter, GoS has deducted this increased amount of Rs.50 million from the monthly releases of KMC funds. It has surfaced that the instability in the release of Special Grant-in-Aid and the ongoing efforts to address monthly salary and pension challenges faced by KMC employees.

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Entertainment Tax.

The entertainment tax is levied on entertainment places such as theaters, Cinemas, Cineplex, amusements, parks, variety shows and Recreation & Sports activities etc.

<u>(Rs.in Million)</u>		
Nomenclature	Year	Amount
• Budget Estimates	2023-2024	Rs.200.000
• Revised Estimates	2022-2023	-----
• Budget Estimates	2022-2023	Rs.200.000

As provided in the Schedule-V (Part-I) of Sindh Local Government Act 2013, wherein it is clearly mentioned that the “ENTERTAINMENT TAX” is required to be collected by Karachi Metropolitan Corporation. On the contrary, this tax is collecting by the Excise & Taxation Department, Government of Sindh. Accordingly, a new revenue head of Entertainment Tax was created / reflected in the Budget estimates for the year 2022-2023 with estimated revenue of Rs.200 million but the Excise & Taxation Department, GoS is reluctant to shift the above revenue head and collection on account of Entertainment Tax to KMC administration. Resultantly, KMC has nullified the estimates of Rs. Nil in the Revised Budget 2022-2023. However, KMC has again earmarked an amount of Rs.200 million in the Budget Estimates FY 2023-2024 with the hope that the Provincial Government will realize the ground reality and will direct the Excise & Taxation Department, GoS to devolve the collection in the treasury of KMC in accordance with the provision of rules in SLGA 2013.

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✓ Revenue Departments KMC.

(Rs.in Million)

Revenue Department.	Budget Estimates 2023-2024	Revised Estimates 2022-2023	Budget Estimates 2022-2023
Land (Lease)	910.600	505.425	799.600
P.D.Orangi	276.213	82.500	181.213
Katchi Abadis	175.000	78.000	110.000
Estate	290.600	150.500	171.100
Charged Parking / Toll Tax.	140.100	85.050	105.100
Enforcement/ Anti-Encroachment.	136.550	69.550	110.600
Total	1,929.063	971.025	1,477.613

Upon reviewing the above table, it is noteworthy that the budgetary estimates for the major revenue-earning departments of KMC indicates a total of Rs.1,477.613 million was to be realized. In anticipation to Revision of Rates through Council Resolutions for various revenue heads of different departments that the main sources of income for KMC will increase and generate a sum of Rs.1,929.063 million in the upcoming financial year 2023-2024. However, it is pertinent to mention that the total revised budget estimates for the year 2022-2023 have been reduced both in terms of percentage and absolute terms. The revised estimates for the current year have reduced to Rs.971.025 million as against the estimated budget targets for the year 2022-23.

The above budget targets for the year 2023-2024 and revised targets 2022-23 of the each departments has further discussed separately in the following manner:

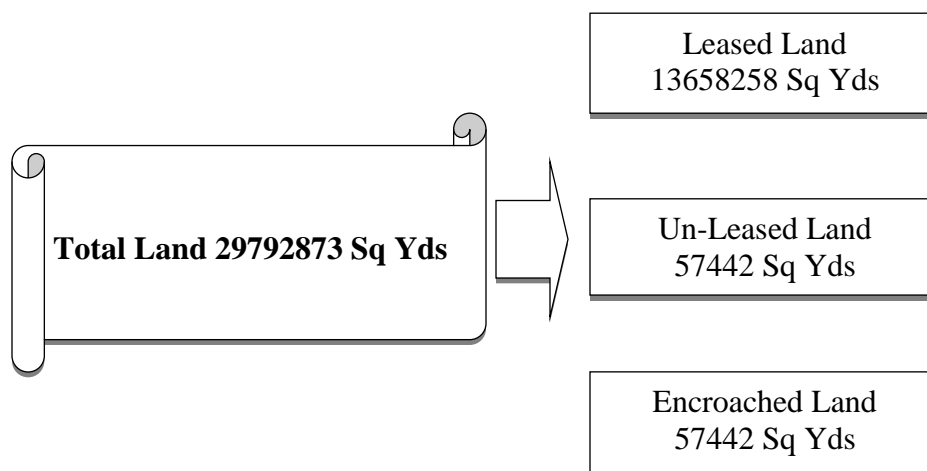
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- Land Department KMC.

(Rs.in Million)

S.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.910.600
2.	Revised Estimates	2022-2023	Rs.505.425
3.	Budget Estimates	2022-2023	Rs.799.600

❖ Land occupy by KMC in square yards is given hereunder:-



❖ District wise details of KMCs Lands / Plots with land area:-

Sr. No	District	Unit	No of Plots
1	Central	4	20457
2	East	11	14387
3	South	22	28763
4	West	5	2392
5	Korangi	1	1100
6	Malir	2	626
7	Kemari	2	48535
	Total	47	116260

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❖ KMC Petrol Pumps.

Total 11 Petrol Pumps Measuring 6686 Sq Yds
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❖ KMC Huts at Hawksbay

Total 99 Huts Measuring 27000 Sq Yds

The income from Land Department, KMC is generated through Renewal of Leases, Land Rent, Mutation Charges & etc. In anticipation of CR No.134 dated 02-6-2023, the rates of the different revenue heads have been increased manifold therefore the budget targets of Land Leases Department, KMC has increased to **Rs.910.00 million** in the next year's Budget 2023-2024 as against the current year's targets of **Rs.799.600 million** @12.19% in terms of percentage. The revised estimates have also been reduced to **Rs.505.425 million**.

The reduction of Rs.505.425 million in the revised estimates for the current year can be attributed to several reasons. The Provincial Government has imposed ban on the auction of land, leading to the inability of the Land Department, KMC to sale KMC land throughout in the current financial year. This restriction has impacted the revenue generation from land auctions.

Furthermore, the policy for the collection of fees for the Commercialization Fee of KMC land has not yet been finalized, and its approval from the Provincial Government is pending for long time. This delay has also created uncertainties in revenue realization and collection from commercialization fees.

These factors collectively contribute to the reduction in the targets and estimates for the current year, highlighting the challenges faced in revenue generation under these specific heads.

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- **Enforcement / Anti Encroachment.**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.136.550
2.	Revised Estimates	2022-2023	Rs.69.550
3.	Budget Estimates	2022-2023	Rs.100.600

The primary function of the Enforcement / Anti Enforcement Department, KMC is to remove unauthorized structures or obstacles that impede the smooth flow to traffic or hinder the provision of municipal services to the general public, ensuring the efficient delivery of services to the community as a whole. The Anti-Encroachment Department, KMC focused on addressing unauthorized encroachments and ensuring the smooth functioning of the KMC, rather than generating revenue.

In anticipation of CR.132 dated 02-06-2023, in the Budget Estimates for the upcoming financial year 2023-2024, an amount of Rs.136.550 million has been increased over current year's projection @19.04% in terms of percentage. However, in the revised Budget Estimates for the current financial year 2022-2023, the target amount has been reduced to Rs.69.550 million from the initial projection of the current financial year 2022-23.

Estimates of Receipts 2023-2024

- PD Orangi Town.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs. 276.213
2.	Revised Estimates	2022-2023	Rs.82.500
3.	Budget Estimates	2022-2023	Rs.181.213

The income from PD Orangi is mainly realized through Renewal of Leases, Land Rent, Mutation Charges, NOCs, Amalgamation, Development Charges, Ground Rent etc. As an amount of Rs.35.00 million has projected to be increased in pursuance of per CR.133 dated 02/06/23 therefore an amount of **Rs.276.213 million** has reflected in next year's Budget Estimates for the year 2023-2024 as against the budget estimates 2022-23 of **Rs.181.213 million** and registered an increase of 34.63% in terms of percentage over Rs.95.00 million in absolute terms. A new revenue head under the title of "**Auction of Land**" was created in the current year's budget estimates 2022-23. Unfortunately, due to frequent transfer /postings of the departmental heads, no cogent action/progress has taken in the matter whatsoever on record.

The Budget Estimates for the year 2022-23 includes the outstanding dues and claims against PTCL (Pakistan Telecommunication Company Limited) and the Police Department, Government of Sindh. These claims were based on the directives of the then Administrator, KMC.

To pursue these claims, 50% of the claim amount was included in the budget estimates for the year 2022-2023, the same 50% claim has been included once again in the budget estimates for the year 2023-2024.

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The specific claim amounts against PTCL and the Police Department, Government of Sindh, for PD Orangi are as follows:

- PTCL Rs.48.326 million
 - Police Department, GoS Rs.54.100 million
- Total** **Rs.102.426 million**

Above amounts represent the outstanding dues and claims that KMC is seeking to recover from PTCL and the Police Department, GoS. The inclusion of these claims in the budget estimates indicates the ongoing efforts of KMC to address and resolve this financial matters. The Project Director Orangi, KMC has also filed a recovery suit against both the government departments, which are pending before Sindh High Court.

- **Katchi Abadies.**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.175.000
2.	Revised Estimates	2022-2023	Rs.78.000
3.	Budget Estimates	2022-2023	Rs.110.000

A sum of **Rs.175.000 million** has been projected to realize in the upcoming Budget Estimates for the year 2023-2024. Whereas the revised estimates 2022-23 have reduced to Rs.78.000 million. In anticipation of CR.135 dated 02/06/2023 the income from Katchi Abadies is projected to be realized to Rs.175.000 million as against the budget target for the year 2022-23 and registered increase of Rs.55.00 million, on account of recovery from Renewal of Leases, Land Rent, Mutation Charges, Ground Rent, Development Charges, NOCs & etc.

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- Estate Department.**

(Rs. in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.290.600
2.	Revised Estimates	2022-2023	Rs.150.500
3.	Budget Estimates	2022-2022	Rs.171.100

The District-wise detail of KMC Markets is given hereunder:-

Sr. No	District	No. of Markets	No. of Shops
1	Central	9	1186
2	East	7	547
3	South	38	6335
4	Korangi	2	95
5	Malir	2	937
6	Kemari	3	92
	Total	61	9192

Total Active Markets 53

Total Active Units 7913

The Estate Department, KMC generates its revenue primarily from the rental income of shops, offices, KMC's markets, and stalls, as well as through the regularization of shops and stalls. In anticipation and implementation of CR No.129 dated 22-5-2023, which proposes a revision of rates @150.00%, the implementation will arise in two phases. The first phase for revision of rates will implemented from 1st July 2023 to 31st December 2023 and the second phase will resume from 1st January 2024 onwards, as mentioned in aforesaid CR. Consequently, an amount of Rs. 290.600 million has projected to be fetched in the upcoming year financial year 2023-24 and represents an increase of Rs.119.500 million over current year budget estimates of Rs.171.100 in absolute terms and 41.12% in terms of percentage.

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• Charged Parking

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.140.100
2.	Revised Estimates	2022-2023	Rs.85.050
3.	Budget Estimates	2022-2023	Rs. 105.100

The District-wise detail of KMC Charged Parking Sites is given hereunder:-

Sr. No	District	Parking Sites
1	Central	18
2	East	34
3	South	16
4	West	1
5	Korangi	11
6	Malir	2
7	Keamari	1
	Total	83

- | | |
|----------------------|----|
| • Auction Sites | 33 |
| • Reserved Sites | 17 |
| • Experimental Sites | 14 |

In anticipation of CR.127 dated 18-04-2023 regarding enhancement in rates of Charged Parking, the budget target for next financial year 2023-24 has anticipated to Rs.140.100 million as compared to current year's budget targets of Rs.105.100 million registered an increase of Rs.35.000 million expected to be realized over the current year's estimates 2022-2023.

As the facts are always kept on record that as per notification issued by the Local Government Department, GoS, DMCs were also authorized to collect the Parking Fee on DMCs roads and KMC is restricted to collect Charged Parking Fee only on main roads belongs to KMC, whereas the Schedule-V Part-I item 09 of Sindh Local Government Act 2013, empowers KMC to collect / recover Charged Parking Fee.

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- **Zulfiqarabad Oil Terminal**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.135.000
2.	Revised Estimates	2022-2023	Rs.10.000
3.	Budget Estimates	2022-2023	Rs. 135.500

The Zulfaqarabad Oil Terminals Project aimed to address traffic congestion in Karachi and provide facilities for oil tankers drivers. The project involved reserving 150 acres for a parking lot capable of accommodating 3200 oil tankers, and the remaining 50 acres were allocated for the development of basic facilities within the terminal. Additionally, there were plans to develop civil infrastructure to accommodate over 10,000 oil tankers including drivers, and also to establish 1,500 shops for spare parts and oil tanker repair.

In budget estimates for the year 2022-2023, it was projected that the Zulfaqarabad Oil Terminals would generate revenue of Rs.135.500 million through charged parking fees and rent from the shops within the terminal. However, for reasons that are unknown, the actual collection did not meet the projected amount as estimated during the budget estimation for the year 2022-2023. The reasons for the shortfall in revenue collection are not précised in the available information provided.

Estimates of Receipts 2023-2024

✓ Engineering Department.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.140.000
2.	Revised Estimates	2022-2023	Rs.36.000
3.	Budget Estimates	2023-2024	Rs.125.000

The Engineering Department KMC plays a crucial role in providing and maintaining the infrastructure of the city. This includes the construction, development and maintenance of roads, bridges, underpasses, and street lights along major roads in Karachi. The Engineering Department, KMC realized in various revenue resources, such as Road Cutting Charges, Asphalt Plants, and Tender Fee Forms, to fund its operations.

One of the main sources of revenue for the Engineering Department, KMC is the collection of Road Cutting Charges, Trenches, and other related fees from different departments and organizations. The department retains 16% of the amount recovered from these charges as service charges, while the remaining 84% funds are utilized for the improvement of trenches and related infrastructure projects.

An amount of **Rs.125.000 million** was estimated to earn during the year 2022-2023 and revised to Rs.36.000 million. It has again reflected the same Budget Estimates of **Rs.140.000 million** for the year 2023-2024 and it is anticipated to be realized during the next financial year successfully.

• Culture & Sports.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2022-2023	Rs.55.850
2.	Revised Estimates	2021-2022	Rs.27.525
3.	Budget Estimates	2021-2022	Rs. 47.750

By organizing cultural and sports events and collecting fees, the department aims to generate revenue that can be utilized for the development and promotion of cultural and sports activities in Karachi. This revenue contributes to the overall budget of the KMC and supports the department's efforts in providing cultural and sports opportunities to the residents of the city.

Estimates of Receipts 2023-2024

The income for the Culture & Sports Department, KMC is anticipated to derive from various culture and sports activities organized at the Sports Complexes of KMC. The department collects fee from participants and attendees through different heads of income within the Culture & Sports Department. An amount of **Rs.55.850 million** has reflected in the budget estimates for the year 2023-2024 expected to be realized as against the current year budget target of Rs.47.750 million. The projected income of Culture & Sports Department, KMC is anticipated to be derived from Culture and Sports activities to be arranged at Sports Complexes of KMC against various fees collection by the different sections of Culture & Sports Department, KMC.

✓ **Recreation Department.**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.181.467
2.	Revised Estimates	2022-2023	Rs.51.450
3.	Budget Estimates	2022-2023	Rs.156.500

The above position reflects that in the next year's budget, an amount of Rs.156.500 million has been estimated to be achieved by the Recreation Department, KMC and registered an increase of Rs.24.967 million from the revised budget estimates of Rs.156.500 million for the year 2022-2023. The main sources of income for the Recreation Department, KMC are the entrance fees collected from the Zoo, Safari Park, and Landhi Korangi Zoo operated by the KMC. The budget estimates for the Recreation Department, KMC in the upcoming fiscal year have been slightly reduced to Rs.51.352 million compared to the current year's budget estimates of Rs.156.50 million.

Estimates of Receipts 2023-2024

- **Finance & Accounts Department.**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.507.560
2.	Revised Estimates	2022-2023	Rs.422.835
3.	Budget Estimates	2022-2023	Rs. 367.560

The revenue from Finance & Accounts Department, KMC is primarily derived from profit earned in investments made by KMC in profitable schemes through authorized scheduled banks on a yearly basis as well as monthly profit earned on PLS Savings accounts and daily product accounts. The department aims to generate profit through effective fund management system. Further opening balance of various accounts has also been incorporated in budget estimates.

An amount of **Rs.507.835 million** has projected to fetch in the upcoming budget estimates 2023-2024 from the financial resources as well as opening balances of various bank accounts, an amount of Rs.100.000 million has also earmarked for “Auction of Unserviceable Articles” through Store & Procurement Department, KMC, whereas an amount of **Rs.422.835 million** has reflected in revised budget estimates 2022-2023.

- **Municipal Utility Charges.**

Estimates of Receipts 2023-2024

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.2,000.000
2.	Revised Estimates	2022-2023	Rs.180.000
3.	Budget Estimates	2022-2023	Rs.2,000.000

The Municipal Utility Charges Department, KMC came into being in January 2009 through a Council Resolution (CR) No.364, dated 02nd June 2008 under section 39 (b) in the repealed SLGO 2001. An amount of Rs.2,130.00 million has been provided in the next year's budget 2022-2023.

As provided in the Section 100(1) Chapter-X of SLGA 2013, KMC Council vide Resolution No. dated 21-6-2022 was approved the collection of MUCT Charges of Karachi Metropolitan Corporation through monthly Electric billing (K-Electric). The collection of MUCT Charges through the electricity bill (K-Elect.) was commenced from July 2022 through monthly bill but the same has stopped on the directives of Hon'able High Court of Sindh.

The proper tax mechanism for MUCT have been developed which is mainly based on electricity units consumed during the month and fixed slabs by reducing the current MUCT Charges have been defined according to the units consumed by the consumers during each month in the following manner:

Sr.No.	Type	Category	Amount
1	Residential	Up to 50	Exempted
		51 to 100	40
		101 to 200	50
		201 to 300	60
		301 to 400	75
		401 to 500	90
		501 to 600	100
		601 to 700	125
		700 and above	150
2	General	All Categories	300
3	Commercial	All Categories	400
4	Industrial	All Categories	500

Estimates of Receipts 2023-2024

The main purpose for the collaboration of KMC with M/s K-Elect is to increase collection of MUCT bills at a reasonable level. The consumers will have to pay the MUCT bills with reduced rates as mentioned in their bills. This will decrease the burden on the individual with maximum reduced rates as similar to the way the people and entities are paying TV license fees without any hesitation.

On the implementation of CR No.78 on June 21, 2022, was expected to significantly improve the collection of MUCT (Municipal Utility Charges and Taxes) bills. In the Budget Estimates for the year 2022-2023, it was initially projected that an amount of Rs. 2,000.00 million would be collected through MUCT charges.

However, a suit has been filed before the Hon'able High Court of Sindh, and a stay order has been granted, preventing the collection of MUCT charges through the M/s K-electric monthly bill. Therefore, this legal development has hindered the anticipated collection of revenue through this avenue, consequently the budget estimates has reduced to Rs.180.00 million.

In case the Honorable High Court Sindh disagrees with the KMC's plan to collect the Utility Charges / Tax (MUCT) at source through M/s K-Electric bills, alternative measures should be taken to enhance and improve the recovery of MUCT, which remains a vital source of income for the KMC. Here are some suggested actions:

To enhance and improve the recovery mechanism of Utility Charges / Tax (MUCT) for the KMC, the following steps can be taken:

- Conduct a systematic city-wide survey to identify properties and individuals liable for MUCT, creating an accurate database for targeted collection efforts.
- Strengthen collection mechanisms by establishing dedicated teams or departments for MUCT collection, providing them with proper training and resources.
- Launch awareness campaigns to educate citizens about their MUCT obligations, including payment methods, due dates, and consequences of non-compliance as well.

Estimates of Receipts 2023-2024

- Simplify payment procedures for MUCT, offering multiple convenient options such as online platforms, mobile applications, and designated payment centers as well as explore the use of technology, such as data analytics and automation, to streamline the collection process and identify potential defaulters.
- Introduce incentives for early or prompt payment to encourage timely payments.
- Collaborate with stakeholders such as community leaders, business associations, and financial institutions to promote MUCT compliance and facilitate payment options.

By implementing the afore-mentioned measures, it has expected that the revenue recovery for MUCT will definitely enhanced by the KMC. These measures could improving the management of funds, making timely and informed decisions, and effectively implementing the collection process.

Estimates of Receipts 2023-2024

• Advertisement Tax.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.500.100
2.	Revised Estimates	2022-2023	Rs.50.000
3.	Budget Estimates	2022-2023	Rs.500.100

The Local Government & Housing Town Planning Department, Government of Sindh vide Notification vide No.RO/MISC/4(74)/2016 dated 01-11-2021 has been promulgating the "Sindh Local Councils (Advertisement) Rules, 2021" under the provisions of the Sindh Local Government Act 2013. These rules allow Karachi Metropolitan Corporation to collect Advertisement Tax on Billboards located within its jurisdiction.

Karachi Metropolitan Corporation has been empowered to impose and collect taxes on advertisements displayed on billboards & etc. This move aims to regulate the advertising sector and generate revenue for the betterment of metropolis city. As per the budget estimates for the upcoming year, it is projected that KMC will realize an amount of **Rs.500.00 million** through Advertisement Tax.

Through imposition of the Advertisement Tax, it was anticipated to provide a significant financial boost to KMC and address the needs, including the shortfall in monthly employee salaries. However, the recovery against the advertisement head has fallen down against the expectations and has not yielded the projected revenue. As a result, the revised estimates for the current year 2022-23 have been reduced to **Rs.50.00** million.

Efforts will require to be made to take cogent measures to explore potential for gigantic recovery and to implement drastic measures to enhance the effectiveness of the Advertisement Tax collection. This may involve improving enforcement, strengthening regulations, and implementing strategies to encourage compliance from advertisers.

Estimates of Receipts 2023-2024

M.C. Secretariat, KMC.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.296.850
2.	Revised Estimates	2022-2023	Rs.70.620
3.	Budget Estimates	2022-2023	Rs.250.124

The MC Secretariat means that departments / sections who are controlled directly by the Metropolitan Commissioner Secretariat, KMC which includes Parks & Horticulture Department, Veterinary Department, Law Department, Municipal Services, HRM Department etc. An amount of **Rs.296.850 million** is projected to be realized in the next year budget 2023-2024 with revised budget estimates of **Rs.70.620 million** for the year 2022-2023.

The department-wise elucidation of Metropolitan Commissioner Secretariat, KMC is given here under:-

- Veterinary Department, KMC.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.224.150
2.	Revised Estimates	2022-2023	Rs.21.175
3.	Budget Estimates	2022-2023	Rs. 213.024

The Veterinary Department, KMC is assigned to overseeing and regulating the slaughtering of animals in KMC Slaughter Houses in Karachi. In the current fiscal year budget of 2022-2023, an estimated amount of **Rs. 213.024 million** was set to recover by the Veterinary Department. Unfortunately this target could not be achieved. As a result, the revised estimates for the revenue target in the current fiscal year have been reduced to Rs. 21.175 million, significantly lower than the originally earmarked target of Rs. 213.024 million.

Estimates of Receipts 2023-2024

• Municipal Services KMC.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.341.000
2.	Revised Estimates	2022-2023	Rs.15.700
3.	Budget Estimates	2022-2023	Rs.311.000

The Budget estimates of **Rs.311.000 million** including an amount of Rs.220.00 million has been earmarked for collection of "**Fire and Building Safety Inspection Fee**" as amended and provided in the Schedule-V (Part-I) of Sindh Local Government ACT 2013.

Attention is invited to the directives of Honorable High Court of Sindh in a Constitution Petition to SBCA filed by the NGOs regarding tragic incidents in Karachi for ensuring the installation of Fire Protection System in High Rise Buildings to avoid such tragic incidents in future. The Hon'able Sindh High Court also directed to the SBCA to obtain NOC of Fire Brigade Department, KMC before approval of completion building plan of High Rise Buildings". The income is mainly to be realized from different departments of KMC i.e. Food Laboratory, Fire Brigade, Solid Waste Management, Incineration Plant & etc.

✓ Enterprise & Investment Promotion Department.

(Rs. in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.25.550
2.	Revised Estimates	2022-2023	Rs.12.000
3.	Budget Estimates	2022-2023	Rs.20.550

An amount of **Rs.25.550 million** has been earmarked in the next year's Budget Estimates 2023-2024 as against the Revised Budget Estimates for the year 2022-2023 of **Rs.20.550 million**. The income in E&IP Department mainly derives from "Establishment of Buchat Bazar in the City" and "Income from Ready Mix Batching Plant" etc. On enhancement of rent of stalls in Bachat Bazars, the Association of Bachat Bazar Organization filed a CP against the enhancement of rent the same is pending before Honorable Court of law.

Estimates of Receipts 2023-2024

- Medical & Health Department.

(Rs.in Million)

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.71.035
2.	Revised Estimates	2022-2023	Rs.30.695
3.	Budget Estimates	2022-2023	Rs.67.705

An amount of **Rs.71.035 million** has reflected in the Budget Estimates for the year 2023-2024 and it has anticipated realizing in the different heads of all Medical Institutions of KMC. As the Medical & Health Department KMC is not a revenue generating department, therefore the revised budget estimates has reduced to **Rs.30.695 million** as against to **Rs.67.705 million** of current FY 2021-2022.

- Transport & Communication/ Terminals.

(Rs.in Million)

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.200.250
2.	Revised Estimates	2022-2023	Rs.22.000
3.	Budget Estimates	2022-2023	Rs.198.500

An amount of **Rs.200.250 million** is reflected in the Budget Estimates for the year 2023-2024 as compared to **Rs.198.500 million** of FY 2022-2023 because the revenue / income head of ZOT has been transferred from T&C Department, KMC to Estate department, KMC and it is expected to be realized.

The main income of T&C Department, KMC comprises of Recover of Misc. Fee and Charges from ZOT & Occupancy value of Shahabuuddin Market.

Estimates of Receipts 2023-2024

Other Revenues.

- Recovery of Dues of KMC from K-Electric.

(Rs.in Million)

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.1,850.000
2.	Revised Estimates	2022-2023	Nil.
3.	Budget Estimates	2022-2023	Rs.1,850.000

There is genuine claim of KMC against M/s K-Electric for the recovery of **Rs.1,850.000** million from M/s K-Electric. This amount represents the cost of precious KMC Land that is currently under the use or possession of M/s K-Electric at Elvender Road. The estimation of the land cost was conducted by a private consultant firm.

Although KMC is principally a service-rendering agency, M/s K-Electric (formerly known as KESC) has been billing to KMC based on commercial charges, along with additional levies such as additional surcharges, energy charges, fixed charges, fuel adjustment charges, electricity duty, sales tax, and late payment charges.

In order to save KMC from heavy financial lose, it is suggested that M/s K-Electric should have a separate tariff structure introduced exclusively for KMC which may distinct from industrial and commercial organizations, similar to the tariff structure of other organizations like WASA (Water and Sanitation Agency) in Lahore. KMC believes that M/s K-Electric should have a separate tariff category with charges more aligned with the charges applicable to WASA in Lahore.

Estimates of Receipts 2023-2024

- **Transfer of Betterment Charges from SBCA.**
(Rs.in Million)

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs.50.000
2.	Revised Estimates	2022-2023	Rs.35.000
3.	Budget Estimates	2022-2023	Rs.50.000

The income from SBCA is mainly derived from the Regularization, Commercialization and Betterment Charges of buildings within the limit of Karachi". According to the determined sharing formula, KMC share @10% is being released by the SBCA. An amount of Rs.50.00 million has again been earmarked in the next year budget 2023-2024.

- **Claim of MUCT Charges from KPT.**
(Rs. in Million)

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs..100.000
2.	Revised Estimates	2022-2023	Rs.231.600
3.	Budget Estimates	2022-2023	Rs.100.000

It has already been described in the previous years that Karachi Port Trust is collecting municipal / conservancy tax from the people residing in their limits. As per the procedure / policy the collection / realized amount should be remitted to the KMC through KW&SB. Since the introduction / imposition of Municipal Utility Charges and suspension of Conservancy and Fire Tax by the defunct CDGK in 2008, KPT has stopped the remittance of collected municipal / conservancy tax to KW&SB or other organization. In this context of funds remittance by the KPT to the KMC, a sum of Rs.280.460 million have been received on account of MUCT claim in the following manners:

✓ **2019-2020** **Rs. 49.300 million.**

✓ **2022-2023** **Rs.231.160 million**

An Amount of Rs.100.000 million has again been projected to be recovered from KPT in upcoming budget estimates for the year 2023-2024, whereas amount received from KPT during the current financial year thus accordingly reflected in revised budget estimates 2022-23.

Estimates of Receipts 2023-2024

- **District A.D.P.**

(Rs.in Million)

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2023-2024	Rs. 5,001.000
2.	Revised Estimates	2022-2023	Rs.2,404.989
3.	Budget Estimates	2022-2023	Rs. 5,001.000

The Provincial Government of Sindh in the Budget Estimates for the year 2023-2024 has again been allocated Rs.20,000.000 million for on-going development scheme for all the local councils in Sindh under District ADP as well as Rs.10,000 million for New Schemes under Block Allocation. The share of Karachi District @16.67% comes to Rs.5,001.000 million for On-going and New Schemes and the same has been reflected in the Budget Estimates of KMC under District ADP for the year 2023-2024. The above figures reflect that an amount of Rs.2404.989 million has been released by GoS during the current FY 2022-2023. Accordingly an amount of Rs.2404.989 million has reflected in the revised budget 2022-23 under the head of District ADP.