

# BUDGET

## 2025-26



## EXPLANATORY MEMORANDUM

### Vol: II



KARACHI METROPOLITAN CORPORATION

# ACKNOWLEDGEMENT

## 2025-2026

The financial year 2024-2025 presented numerous challenges due to limited government finances and significantly low revenue generation within the KMC. Budget targets were seldom met, which intensified the difficulties in managing disbursements from these restricted resources. Throughout their tenure, the elected Council faced serious financial constraints while compiling the budget.

Creating a realistic budget required us to eliminate unrealistic income and expenditure estimates, as directed by the Competent Authority. This task was both challenging and labor-intensive. However, with the guidance of Almighty Allah and the leadership of the Worthy Mayor Karachi, along with Metropolitan Commissioner Syed Mohammed Afzal Zaidi, we successfully prepared the budget estimates for 2025-2026. We significantly reduced non-development expenditures to ensure that development projects could continue.

The Karachi Municipal Corporation has launched an important initiative to improve the monthly salary system within the CLICK project software, SAP. This implementation is scheduled from April 2025 under the leadership of the Mayor Karachi and supervision of the Municipal Commissioner, KMC. This upgrade aims to modernize the payroll infrastructure and represents a significant step towards ensuring transparency and accuracy in managing employee data. By incorporating these enhancements, the system will prevent any unauthorized manipulation of information.

I would like to express my heartfelt gratitude to Mayor Karachi Barrister Murtaza Wahab and Metropolitan Commissioner, KMC Syed Muhammad Afzal Zaidi for their constant support and encouragement throughout the budget-making process. Their commitment to revenue generation and assistance in reducing unnecessary expenditures provided invaluable guidance to the Finance and Accounts Department of KMC.

The budget preparation involved extensive efforts of all officers/officials of the Budget Section, Finance Department, KMC and the KMC Printing Press team. Their cooperation, despite the personal inconveniences, made it possible to meet the requirements of this process. I am grateful for their willingness to take on extra work and respond promptly, even during odd hours. Their contributions and selfless support are deeply appreciated.

(Gulzar Ali)  
Financial Advisor, KMC

### **EXPLANATORY MEMORANDUM**

The explanatory memorandum of KMC's budget provides an overview and summary of revenue and expenditure budget estimates for various functions of the KMC as provided in the SLGA 2013. Its purpose is to serve as a guideline for the annual budget planning process of the KMC.

The memorandum covers two main components of the budget revenue and expenditure. In the revenue chapter, provides details about the revenue forecast for the upcoming fiscal year 2024-2025, as well as the performance of revenue in the preceding fiscal year 2023-2024. This section outlines the projected sources of revenue for KMC and helps in assessing the financial resources available for various projects and initiatives.

Similarly, the expenditure chapter, the memorandum explains significant details related to the spending aspects of the budget. It includes information about planned expenditures for different functions as assigned in the SLGA 2013. This section provides an overview of how the allocated funds will be utilized and gives insight into priorities and objectives of KMC's spending.

## **An Overview 2025-2026**

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The explanatory memorandum consists of following three main chapters:

### **1. An Overview:**

This chapter provides an overview of the fiscal policies of KMC. It outlines the guidelines, principles and strategies that govern the financial decisions and management of KMC's funds.

### **2. Estimates of Receipts:**

This chapter focuses on the revenue resources of KMC. It provides a detailed analysis and forecast of the expected receipts for the upcoming fiscal year 2024-2025 as well as analyze the over performance during current fiscal year's in revised revenue estimates. This chapter may also include information on various sources of revenue, such as taxes, fees, grants and other income streams.

### **3. Estimates of Expenditure:**

This chapter covers the current and development expenditures of KMC as well as its obligatory responsibilities. It outlines the projected expenditures for various functions and departments within KMC. This section provides a breakdown of the allocated funds to be utilized and may include information on priority areas. It highlighted the commitments & responsibilities of KMC for better infrastructure and maintenance of public services.

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The Local Government institutions are essential democratic entities and are recognized as the fundamental administrative units worldwide. These bodies are elected by the residents themselves to regulate and manage public affairs, meet the needs of the local population, and improve the delivery of efficient services at the local level. Their objective is to develop a sustainable quality of life for the people they serve. Around the world, provincial and federal governments play a crucial role in supporting local governments by overseeing their budgetary needs. These higher-level governments provide essential funds and grants, enabling local governments to run their assigned function smoothly. This financial support is necessary because local areas often have limited revenue sources and weak tax autonomy. As a result, local governments often have limited financial resources and rely heavily on grants and funds from higher-level governments to meet their budgetary needs, deliver public services, implement development projects, and maintain infrastructure.

In summary, local government institutions are essential democratic and administrative units globally and as well in Pakistan recognized for their role in managing public affairs and delivering services efficiently. Their dependence on provincial and federal support highlights the interconnected nature of governance. Karachi, the largest city in Pakistan and the twelfth largest city globally, represent the importance of effective local governance. As the capital of Sindh province and most widespread Metropolitan Corporation in the country, covers an area of 4000 square kilometer. Geographically Karachi situated on the cost of the Arabian Sea. Just northwest of the Indus River Delta, this adds to its strategic importance. Karachi holds a significant position as Pakistan's premier industrial and financial center. Recognized as a beta-global city, it plays a vital role in the national and regional economy. Karachi's cosmopolitan character is enhanced by its



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strategic location, making it a crucial transport hub for the country. The Karachi city's infrastructure requires its status being a major economic powerhouse. Karachi hosts two of Pakistan's largest seaports i.e Karachi Port and Bin Qasim Port, these ports are crucial for the nation's maritime trade, handling a substantial portion of it. Further Jinnah International Airport, the largest and busiest airport in Pakistan, facilitates extensive domestic and international connectivity. The extensive infrastructure of Karachi plays a crucial role in both Pakistan's and the global economy and these ports handling of about 95% of the country's foreign trade. As the city's infrastructure serves the entire country, it requires substantial funds for maintenance and development. Despite these facts and the significant revenue generated billions of rupees annually for both the federal and provincial governments from the ports and airport, the city of Karachi does not receive any straight transfer of share of this income. Further it is the largest tax-paying city, contributing 85% of the national total tax collection. Additionally Karachi's industrial out represents approximately 30% of the country total production. This oversight neglects the financial needs of the city that supports such crucial economic activities. KMC deserves more financial support and recognition for its crucial role in Pakistan's economy and infrastructure development.

In the absence of the Provincial Finance Commission (PFC) Award which was awarded in the year 2007, it has affected the ability of almost all local councils in Sindh, including Karachi and to address the needs of the people. This lack of funding has slowed down their capacity to Meet the demands of the poor people's/ residents, Redress challenges effectively & Deliver services efficiently.

## **An Overview 2025-2026**

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Despite these challenges, local government institutions like the KMC continue to play a vital role in managing public affairs, delivering essential services, and improving the lives of citizens.

They strive to do so in a responsible and accountable manner, but the financial constraints and lack of support from the provincial government limit their effectiveness. It's essential to address this issue and ensure that local governments receive the necessary funding to fulfill their responsibilities and serve their communities adequately. A new PFC Award is long overdue, and its announcement would be a welcome step towards empowering local governments in Sindh.

Despite the challenges and financial crunch, KMC in the young leadership of Mayor Karachi is still committed to serving poor peoples and working hard to manage public affairs effectively, deliver essential services to residents, improve the quality of life for citizens, address the needs and concerns of the people and operate in a responsible and accountable manner.

Their dedication and efforts are commendable, and it's important to recognize their spirit in the face of financial challenges. It's crucial to support and empower them with the necessary resources, including a new PFC Award, to enhance their capabilities and enable them to make an even more significant impact in the lives of the people they serve.

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- **Evolution of Local Legislation in Karachi (Sindh):**

### **A Historical Overview**

From the perspective of Karachi, the local government system has a strong historical background. It can be proudly claimed that Karachi is one of the few cities in the Indo-Pak sub-continent where municipal administration was initially established during the early British period. The establishment of the municipal administration was primarily driven by the need to address the epidemic of cholera, which was devastating the city at that time. Since its early beginnings, the local government in Karachi has played a significant role in managing public health and addressing the needs of the residents. Ultimately its responsibilities have expanded to cover a wide range of areas, including infrastructure development, service delivery, urban planning, and environmental management.

It can easily be declared that local government institutions are crucial in promoting democratic governance and ensure the effectiveness of service delivery at the local at the grassroots level. Karachi has a strong historical background in local government, dating back to the early British period when it was established to address the cholera epidemic. Since then, the local government in Karachi has evolved and expanded its role over the time addressing various areas such as infrastructure development, service delivery, urban planning, and environmental management and to regulate and manage public affairs, meet local needs, and improve service delivery:



**"In 1846, the "Board of Conservancy" was established in Karachi. By 1852, it was transformed into the "Municipal Commission" under the Municipal Act of 1850. The Bombay District Municipal Act was extended to Sindh, including Karachi, in 1878. The "City of Karachi Municipal Act, 1933" established the "Municipal Corporation of the City of Karachi" in 1933. In 1947, the Karachi Metropolitan Corporation (KMC) created its own rules. The Basic Democracies Act of 1959 restructured the local bodies system until 1971. After the separation of East Pakistan, each province enacted its own local bodies laws. The "Sindh Peoples' Local Government Ordinance" was introduced in 1972. In 1976, KMC was granted Metropolitan Corporation status. The 1972 ordinance was replaced by "The Sindh Local Government Ordinance" in 1979. In 1982, a Water & Sewerage Board was formed under KMC. Martial law dissolved KMC's council in 1986, replacing it with an Advisory Committee. A two-tier system was introduced in 1987 with four Zonal Municipal Committees. In 1992, the councils of KMC and the Zonal Municipal Committees were abolished, and Administrators were appointed. In 1994, a unified KMC system was established, absorbing the Zonal Municipal Committees. In 1996, the two-tier system was restored with District Municipal Corporations. The Sindh Local Government Ordinance 2001 introduced a third tier, establishing the City District Government Karachi and 18 Town Municipal Administrations, replacing KMC and the five DMCs with Town Administration as well as 178 Union Councils were created. The Sindh Local Government Ordinance 2001 expired in 2010. The Sindh People Local Government Act 2012 was repealed in 2013. In 2013, the Sindh Local Government Act 2013 reinstated KMC and the District Municipal Corporations. Subsequent amendments created two more DMCs, and another amendment established 26 Town Municipal Corporations".**

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### **BUDGET 2024-2025.**

KMC's budget is prepared according to section 110 of SLGA 2013 read with Sindh Local Council Budget Rules, 2017, as required under section-109(1) of SLGA 2013 and adhering to its schedules and procedures accordingly.

Effective budgeting is crucial for fulfilling the functions assigned under the SLGA 2013, especially when dealing with significant financial crises and a large gap between realized revenue and committed essential expenditures. In this context, budget preparation faces several significant challenges, including Inflation Pressure which affects the cost of goods and services, increasing the overall expenditure required to maintain current levels of service. Rising Maintenance Costs of infrastructure of period and the cost of materials and labor charges rises, maintenance of existing facilities/ infrastructure becomes more expensive. Increase in monthly Salary and Pension is necessary to which also add to the enormous financial burden on exchequer. Rapid population growth can outpace the city's ability to provide necessary services, requiring additional funds for infrastructure, Medical & health care facilities, recreational activates, Development and Maintenance of Parks/ Playground and other essential services especially Fire Brigade. The Finance & Accounts Department implemented financial controls and streamlined expenditures, emphasizing the recovery of targeted income by revenue-earning departments to align essential expenditures with financial resources, which often fell short of expectations or remained static. When formulating the budget, constant efforts are made to develop and diversify strategies for revenue growth that ensure fruitful economic development.

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The Government of Sindh was announced increase in monthly salaries @10% & 12% of BPS 1 to 16 and 17 and above respectively whereas @8% in monthly pension for government retired employees in the fiscal year 2025-26. To meet the increases in salary and pension expenses, it is expected that the Government of Sindh will enhance KMC's monthly share on account of OZT (Octroi Zila Tax) and Special Grant in Aid, as follows:

- OZT Share: Rs.714.466 million Per month.
- Grant in Aid: Rs.861.987 million Per month.

<b>Total:</b>	<b>Rs.1,576.453 million Per month</b>
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Whereas an amount of Rs.49.251 million was also increased on account of the OZT share of DMCs/KMCs pensions for disbursement of monthly pension as against total calculated impact of monthly pension comes to Rs.448.000 million.

### Pension Affairs.

KMC is disbursing pension amounting to **Rs.700.00 million** per month to over 25,000 retired employees of KMC, defunct DMCs / District Council Karachi through 550 designated bank branches of HBL & NBP throughout Pakistan on 1<sup>st</sup> day of every month.

(Rs. In million)

- Pension contribution of employees of defunct DMCs/DCK (released by GoS on account of OZT) **Rs.399.00**
- Pension contribution of employees of KMC **Rs.130.00**
- Shortfall arranged by KMC from own resources **Rs.171.00**

On the contrary, KMC unable to make payment to the retired employees and family of the deceased employees of KMC, defunct DMCs / District Council Karachi on account of Pension Commutation, Gratuity & Restoration. A huge pensioner liability amounting to **Rs.11,783.780 million** has been accumulated on account of Pension Commutation / Gratuity, Family Pension, Restoration etc. belonging to the retired employees of Karachi Metropolitan Corporation, defunct District Municipal Corporations and defunct District Council, Karachi for the year 2017-18 to 2024-25 (till March 2025). The summary of outstanding claims is given below:

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### Pension Commutation / Family Pension and Restoration Dues

S.NO	NAME OF ORANIZATION	NOS OF RETIRED EMPLOYEES CASES	AMOUNT (MILLION)
1	K.M.C	3345	3,654.000
2	DMC CENTRAL	1076	1,121.594
3	DMC EAST	710	639.579
4	DMC WEST / KEMARI	456	453.124
5	DMC SOUTH	1058	1,060.662
6	DMC KORANGI	565	650.270
7	DMC MALIR	217	252.257
8	DISTRICT COUNCIL	104	86.871
9	S.C.U.G (Pension Contribution)	152	230.733
10	KMDC (Pension Contribution)	14	4.374
11	KDA (Pension Contribution)	21	11.637
<b>TOTAL</b>		<b>7718</b>	<b>8,165.10</b>

### ACCUMULATED IMPACT IN MONTHLY PENSION INCREASE UPTO JUNE-2024

S.No	DESCRIPTION	AMOUNT (MILLION)
1	INCREASE FY 2019-2020 (UPTO JUNE-2024)	1,980.000
2	INCREASE FY 2020-2021 (UPTO JUNE-2024)	990.000
3	INCREASE FY 2022-2023 (UPTO NOV-2022)	110.000
4	INCREASE FY 2023-2024 (Jul-2023)	89.000
<b>TOTAL MONTHLY IMPACT</b>		<b>3,169.000</b>

<b>OVER ALL GRAND TOTAL LIABILITIES</b>	<b>11334.10</b>
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Owing to non-payment of pension dues to the retired employees since 2017, the pensioners are frustrated and Karachi Metropolitan Corporation is facing frequent agitation of retired employees as well as families of the deceased employees in the Main Head Office of KMC.

A large number of pensioners have also approached to the court of law as well as to Provincial Ombudsman (Mohtasib) Sindh to get their legitimate pensioner dues cleared. Presently, over 40 constitutional petitions regarding pensioner dues over Rs.350.00 million (approx.) are taken up in the Honorable High Court of Sindh, Karachi.

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The Honorable High Court of Sindh, Karachi has also passed an order dated 22.12.2021 in the combined CP No.D-5057/2017, CPs No.D-7530/2019, CP Nos.D-2193,3178, 5817, 5898 of 2019 CPs No.1625, 5083, 6243 & 6389 of 2020 CPs No.D-4605, 2904, 5234 of 2021 wherein it has directed to the Chief Secretary Sindh and Principal Secretary to Chief Minister Sindh to put up the matter before the Chief Minister Sindh for a bailout package of **Rs.4.20 billion** was suggested in November 2020, so that the matter, which pending since quite some-time, could be decided without any further delay.

In this regard, the Chief Minister Sindh has accorded approval of summary on 10.08.2023 moved by the Local Government & Housing Town Planning Department, Government of Sindh regarding Special Grant-in aid to KMC for disbursement of post retirement benefits / dues of KMC employees as under:

**“Meeting with Mayor, KMC held. Summary recalled. In line with the decision of Cabinet Sub-Committee on Finance dated 07.04.2022, 50% of Rs.2.76 billion may be released by Finance Department subject to its re-authentication by the same committee in current fiscal year (2023-24)”**

The Sub-Committee in its meeting held on 10.08.2023 has been re-authenticated the decision of the Sub-Committee of Provincial Cabinet on financial matters minutes of the said committee dated 07.04.2022, which is reproduced as under:

**“Minutes of Sub-Committee of Provincial Cabinet dated 07.04.2022 are hereby re-authenticated and 50% of Rs.2.76 billion loan should be released by the Finance Department in current fiscal year (2023-24), as recommended by the Chief Minister Sindh”**

Over eight (09) months have been lapsed after the above decision/recommendations, the requisite funds have still not released by the



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Finance Department, GoS. Meanwhile, the pensionary liabilities have rose to over **Rs.7.80 billion** which is increasing with every passing day and over 8000 pensioners are running pillar to post to get their pension / gratuity dues cleared.

The Mayor, Karachi vide letter dated has requested to the Chief Minister Sindh to release **50% of Rs.2.76 billion** in the current fiscal year 2023-24 as per recommendation of Sub-Committee of Provincial Cabinet as well as approval of the Chief Minister Sindh. The grant will be used specifically to clear the outstanding pension dues this will have a significant impact on the lives of the retired employees, enabling them to get treatment of chronic diseases, wedding of their daughters, educational expenses of children and other family issues since long.

To resolve the issue devolution of the post-retirement dues / payments may be decentralized at the level of Town Municipal Corporations as required under section 125(1) of the Sindh Local Government Act, 2013 which stipulates that every Local Council has to establish & maintain:-

- a). **Provident Fund** for the benefit of its employees, who shall contribute to such fund in such manner and proportion as may be prescribed;
- b). **Pension Fund** from which pension, shall, in the prescribed manner, be paid to the employees of the Council;
- c). **Benevolent Fund**, in the prescribed manner from which any special pension or gratuity, shall, in the prescribed manner be paid to the family of an employee of the Council, who dies of disease or injury contracted or suffered by him in the discharge of his official duties.

Presently, except Karachi Metropolitan Corporation no any council in Karachi is maintaining above accounts, which is mandatorily required under Sindh Local Government Act, 2013.

Under section 18(3) of Sindh Local Government Act, 2013 “**Town Municipal Corporations**” are substituted with “District Municipal Corporation”. The Local Bodies Elections have been held on 15.01.2023 in 25 Town Municipal Corporations in Karachi and these TMCs came into existence w.e.f. 01.07.2023.

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Pursuant to rule *ibid*, the Mayor, Karachi vide letter No.Sec/Mayor/143/2024 dated 6/5/2024 has intimated to the Local Government Department, GoS that KMC will not entertain the pension claims of retired / deceased employees defunct DMCs/DCK (now TMCs) w.e.f. 16.10.2023.

In order to facilitate to the newly created TMCs in preparation of pension claims, three days training session has been arranged by KMC to the officers & officials of 25 TMCs (nominated by TMCs) in City Institute of Image Management situated at KMC Head Office with the collaboration of Welfare Department, KMC.

### **Budget Preparation Exercise.**

The KMC's budgeting is being prepared as per the Sindh Council Budget Rules 2017 adhering to its schedules and procedures.

The budgeting process for the Karachi Metropolitan Corporation for the upcoming fiscal year 2024-2025 has encountered numerous challenges and financial constraints faced since long. Main challenges are resource limitations, making it difficult to balance projected income with indispensable expenditures. Additionally, the process must account for the demands of newly elected council members, who bring their own priorities and expectations, as well as the vision of the Mayor, which may include new initiatives and projects. Compounding these difficulties, substantial funds are already required for the most necessary and immediate expenditures, putting further strain on the budget and complicating efforts to allocate resources effectively.

The budgeting process for Karachi Metropolitan Corporation for the upcoming fiscal year 2024-2025 has faced numerous challenges and constraints. These challenges include resource constraints, difficulties in aligning projected income with essential expenditures, and the need to accommodate the demands of newly elected council members and the vision of the incoming Mayor. Whereas heavy funds are already required for the most necessary and immediate nature expenditure an adequate provision need to be made for the supply of fuel and lubricants required for Fire Brigade, Heavy Machinery and equipment used by KMC for the various operations in the whole city and officials vehicles, funds are also required to be allocated to ensure the proper repair and maintenance of Fire-

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fighting Tenders / Vehicles and Snorkel to ensure their operational readiness, the maintenance of service vehicles and Heavy Machinery used by the different departments of KMC, requires funding to keep them in proper working condition, necessary provisions must be made to maintain medical equipment in KMC hospitals and healthcare facilities to provide quality healthcare services, funds are also required to pay of the utility bills for various KMC offices, including telephone bills, gas bills, and other essential services, given the ongoing needs for medical/ oxygen gas in hospitals, enough funding is to be allocated to ensure a continuous and reliable supply, the provision of funds is necessary for janitorial services to maintain cleanliness in public hospitals and KMC Head Office Buildings, funds required to be allocated for the Hiring of Heavy Machinery and Equipment needed for the removal of encroachments and cleaning of Strom Water Drains.

The budgeting process for KMC is certainly complicated by various additional key factors, if the country's currency has experienced heavy devaluation, it can have significant implications for the budgeting process. Imported goods and materials required for maintenance services may become more expensive, which can put pressure on the available funds inflation can impact the purchasing power of the budgeted funds. Prices of goods and services may rise, including the cost of maintenance materials, utility bills, and other essential expenses. It is crucial to account for inflationary trends and to ensure that allocated funds are sufficient to meet expenses, if there has been an increased in the cost of maintenance materials. The budgeting process needs to consider these rising costs and adjust the allocations accordingly to ensure adequate provision for maintenance requirements, annual salary increments and increases in salary announced by the GoS for employees need to be incorporated into the budget estimates 2024-2025. The projected increase in salaries should be considered to ensure that sufficient and additional funds are required to be projected in the revenue estimates to cover the additional expenses associated with salary increments. Considering these factors, the budgeting process becomes even more challenging as KMC needs to navigate through various financial considerations.

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It appears that there have been no significant changes or improvements in achieving budgeted revenue targets and managing development projects during the current financial year 2023-2024 for KMC and other councils in the province of Sindh as well. This has affected various sectors such as infrastructure, medical and health, recreational and sports activities, social welfare, and essential municipal services in Karachi.

It appears there have been no significant improvements in achieving budgeted revenue targets and managing development projects for KMC and other councils in Sindh during the financial year 2023-2024. This has negatively impacted infrastructure, healthcare, recreational activities, social welfare, and essential municipal services in Karachi.

To optimize the current fiscal deficit, the following recommendations and suggestions can be considered:

- **Pending Issues of different heads of recovery with GoS.**

- Distribution of Property Tax collection:**

- To reinstate the pre-September 2015 arrangement, where the Finance Department, GoS, shares the collection of Property Tax in Karachi with the KMC.

- Collection of Entertainment Tax:**

- As specified in the Sindh Local Government Act 2013, the collection on account of Entertainment Tax should be remitted to the KMC by the Excise & Taxation Department, GoS.

- Fee on BTS Towers:**

- The already collected Fee on account of BTS Towers should be remitted to the KMC by the SBCA from its promulgation of Local Government Act 2013. Further, a new provision for renewal of license can be introduced to boost up of the recovery on account of Fee of BRS Towers.

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### **Commercialization Fee on KMC Land:**

The issue regarding the commercialization fee imposed by the KMC and subsequently banned by the Housing Town Planning Department, GoS, needs to be resolved.

### **License Fee on Mulching Animals:**

The collection of the License Fee for Mulching Animals is required to be resolved properly and assigned to KMC authority.

### **Sharing formula of Betterment Tax between:**

The sharing formula between KMC, KWSB, DMCs, and SBCA should be revised to ensure a fair distribution of Betterment Tax share in the following manners:

S.No.	Department	% of share	Revised/ proposed % of share
1.	SBCA	25%	05%
2.	KWSB	20%	25%
3.	KMC	10%	25%
4.	DMCs	45%	45%

### **PFC Award:**

The pending finalization of the PFC Award, as provided in the Sindh Local Government Act 2013 since 2007, should be addressed.

- **Steps required for enhancement of income of Own Resources generation.**

### **MUCT”**

If the Honorable High Court disagrees with the KMC's proposal 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.

### **Pending issues with Court:**

The pending issues with Courts are to be settled i.e the recovery of amounts deposited with the Nazir of Court of Landhi Abattoir, PD Orangi, claim against PTCL, and any other pending cases.

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### **Auction of unserviceable articles:**

Conduct auctions for unserviceable articles by the Store & Procurement Department, KMC.

### **Road Restoration Recovery:**

Develop a new mechanism for the recovery of road restoration/trenches costs and ensure the collection of the 16% service charges from the relevant parties.

### **New Avenues of Revenue:**

Direct departmental heads of revenue collecting departments of KMC to explore new revenue generation avenues, such as:

- Identifying untapped sources.
- Expedite the matters for collection of arrears.
- Assessing licensing fees.
- Computerization/ Digitalization of all revenue portfolio of KMC.

Spreading income streams and optimizing revenue generation for the KMC is essential. Implementing these recommendations and addressing the pending issues and revenue heads will help alleviate the current shortfall in delivery of services to the citizens and improve KMC's financial position. The absence of a Provincial Finance Commission (PFC) Award has exacerbated the financial problems faced by KMC and other local councils in Sindh, with the last PFC Award announced in 2007. The PFC Award, mandated by Section 112(1) of the Sindh Local Government Act, 2013, is crucial for allocating financial resources to local government bodies, including the KMC. To address these financial challenges and enable effective management and planning of development projects, the government must announce a new PFC Award. This would provide essential financial support and resources to local government bodies, allowing them to overcome long-standing financial issues and effectively deliver essential services to residents of Karachi and other areas in Sindh. Adhering to the provisions of the Sindh Local Government Act, 2013, including the announcement of a new PFC Award, will enable KMC and other councils in the province to improve and develop



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infrastructure, healthcare, recreational activities, social welfare, and other vital sectors in Karachi and the wider province of Sindh.

Adhering to the provisions of the Sindh Local Government Act, 2013, including the announcement of a new PFC Award, will enable KMC and other councils in the province to improve and develop infrastructure, healthcare, recreational activities, social welfare, and other vital sectors in Karachi and the wider province of Sindh.

### **KMC's Sources of Revenues:**

The followings are the main sources of KMC from which the income is derived;

- (a). Matching Grant (in lieu of Octroi / Zila tax) from the Provincial Government.
- (b). Special Grant-in Aid for salary & pension from the Provincial Government.
- (c). Income from Municipal Utility Charges bills.
- (d). Newly established Advertisement Tax.
- (d). Sale of land and transfer/ mutation of lease.
- (e). Funds for District ADP from the Provincial Government.

Besides, some other departments of KMC collected revenues income like Veterinary, Estate, Enforcement, Zulfarqarabad Oil Terminals, Charged Parking and Katchi Abadies.

### **Matching Grants in lieu of Octroi and Zila tax**

Abolishing the Octroi / Zila tax in 1999 by the Federal Government, the local councils were to be compensated for their losses from the additional 2.5% GST levied with the objective of setting the loss of Octroi and Zila tax. Octroi used to be the back bone of the local council finances and together accounted for more than 70% revenues of local councils. Unfortunately, the income from the additional 2.5% GST has not been able to make up for the foregone Octroi / Zila tax which used to cover the entire non-development expenditure including salaries which has now swelled up enormously. The OZT was abolished on the agreement that the federal government would compensate the local councils for their losses through the additional 2.5% GST.

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The Provincial Finance Commission (PFC) determined the income of Octroi of the entire province @ Rs6,500.000 million on 01 July 1999 out of which the collection of the Octroi by KMC was Rs3,904.236 million as it is indicative from PFC Award of 2002 which further reveals that KMC's collection was more than 60% of the total collection of Octroi of Sindh and 40% was the total Octroi collection by the rest of the province.

The following points have to be kept in view while rationalizing the share of KMC on account of OZT:

- As per report of PFC, the income of Octroi on 01 July 1999 was Rs.6,500.00 million.
- 60% used to be recovered by KMC and remaining 40% was recovered by rest of Sindh.
- Of 60% the distribution between KMC and DMCs was 52%: 48% as the functions of Health and Education was looked after by the KMC. In case otherwise, the ratio between KMC and DMCs would be 33%: 67%.
- Octroi used to be the main stay of KMC and the non-development expenditure including salaries / pension used to be met out of the Octroi income.
- The Government has increased salaries / pension upto 255% or more during the last years as against the OZT share was increased only 95%, thus the burden of increase in salaries pension had to be sustained by the KMC through its own meager resources.
- On the one hand the share of OZT determined is not sufficient to meet KMC's own non-development expenditure whereas on the other hand KDA's non-development expenditure including salary / pension is also to be met by KMC which has imbalanced the financial sustainability.
- The GST was increased from 12.5% to 15% in order to compensate the revenue loss of local governments due to abolishment of Octroi, out of the additional 2.5% GST. The income out of the addition GST of 2.5% has been transferred to the local governments without questioning as to how much the local governments earn from their own resources.

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- There is already huge gap between the income and expenditure which has rendered KMC almost financially handicapped to meet its essential obligations.
- In the current financial year 2023-24, the total funds required for salary and non-salary expenditures amounted to Rs. 28,939.071 million. However, the Government of Sindh (GoS) released only Rs. 17,982.548 million, resulting in a shortfall of Rs. 11,199.844 million. As a result, all own fund incomes were diverted towards current expenditures, leaving no funds available to meet the development requirements in the city. This financial situation underscores the challenges faced in balancing operational needs with developmental goals in Karachi.

### **Municipal Utility Charges.**

In compliance with the orders of the Honorable Sindh High Court in Constitution Petition No.D-2774/2022 matter relating to imposition and collection. The Municipal Commissioner, KMC has constituted a committee of the following members of council of different parties vide order No.Secy/MC/KMC/2024/183 dated 31/5/2024:

S.No.	Name of Member	Party
1.	Barriester Murtaza Whahab (Chair)	Mayor
2.	Mr.Salaman Abdullah Murad (Member)	Deputy Mayor
3.	Mr.Najmi Alam (Member)	Parliamentary Leader PPP
4.	Mr.Saifuddin (Member)	Parliamentary Leader JI
5.	Mr. Mubahi Hafiz(Member)	Parliamentary Leader PTI
6.	Mr.Asadullah Awan (Member)	Parliamentary Leader PTI
7.	Mr.Feroz Khan (Member)	Parliamentary Leader PML(N)
8.	Mr.Mufti Khalid	Parliamentary Leader JUI

## An Overview 2025-2026

### Brief History of MUCT Charges

- MUCT Charges was imposed by the defunct CDGK through CR No.364 dated 02/02/2008 and were based on size of the property and collected by the defunct CDGK itself through private company.
- Year-wise summary of collection and payment to the private printer and distributor is given here under:-

Income (Rs.in million)				Expenditure ((Rs.in million)		
S. No.	Year	Budget Estimates	Actual Recovery	Budget Estimates	Actual Expenditure	Bal. After payment of Contractor
1	2024-25	2,000.00	1,680.000	---	---	---
2	2023-24	2,000.00	168.724	80.731	17.648	
3	2022-23	2,000.00	98.702	50.000	Nil	98.702
4	2021-22	1,000.00	130.326	50.000	51.028	79.298
5	2020-21	1,000.00	218.500	60.000	11.239	207.261
6	2019-20	1,000.00	160.814	60.000	18.534	142.280
7	2018-19	1,000.00	231.465	60.000	27.852	203.613
8	2017-18	1,000.00	196.186	55.000	46.526	149.660
9	2016-17	1,000.00	276.235	60.000	17.789	258.446
10	2015-16	1,000.00	205.877	60.000	55.401	150.476
11	2014-15	1,000.00	132.851	60.000	28.587	104.264
12	2013-14	1,500.00	220.307	52.200	28.875	191.432
13	2012-13	1,500.00	193.988	52.200	39.031	154.957
14	2011-12	1,500.00	70.049	36.736	36.736	33.313
15	2010-11	1,500.00	101.974	25.000	22.006	79.968
16	2009-10	2,500.00	109.042	-	-	109.042
17	2008-09	1,580.00	89.982	-	-	89.982

- In July 2022, the collection of Municipal Utility Charges (MUCT) through the electricity bill was launched, and an agreement was signed with K-Electric to facilitate the process. M/s K-Electric commenced billing in September 2022, but unfortunately, the collection was halted by a court order in CP No. 2774/2022, just nine days after its inception.
- In the event that the Honorable High Court of Sindh agreed with the Karachi Metropolitan Corporation's (KMC) visionary plan to collect Utility Charges/Tax (MUCT) directly through M/s K-Electric bills, a bold target of 2 billion rupees was set for the current fiscal year. To

## **An Overview 2025-2026**

date, a remarkable 1.601 billion rupees has been collected, achieving an impressive 80.05% of the target. This milestone stands as a testament to the unwavering dedication and leadership of the Mayor of Karachi, and the KMC team in enhancing their revenue collection strategies and underscores their commitment to improving financial resources for the city.

- As per directives of the Sindh High Court rates are revised.

The comparative rates table is given here under:-

<b>Sr. No.</b>	<b>Type</b>	<b>Category</b>	<b>Old Rates</b>	<b>New rates</b>
1	Residential	Up to 50	Exempted	Exempted
		51 to 100	Exempted	50
		101 to 200	20	50
		201 to 300	40	60
		301 to 400	100	200
		401 to 500	125	225
		501 to 600	150	275
		601 to 700	175	300
		700 and above	300	750
2	General	All Categories	300	600
3	Commercial	All Categories	400	550
4	Industrial	All Categories	400	750

### **Implementation and Enforcement Department**

The chapter-XV under section 136(2)(3) & (4) of SLGA 2013 (third Amendment) as specified in table 1 to 15, Part-I of Schedule-V of SLGA 2013 regarding violation of Municipal Laws collection / recovery of KMC rents, Fees, Charges Tolls, Levies, Challans & especially to fines over illegal dumping of Debris / Garbage / Construction material, discharging any type dangerous / hazardous commercial waste or industrial waste, dilapidated and worst looking buildings, wall chalking including advertisement on public property, as well as Road/ Footpaths or General Public / Pedestrians Mobility Rights etc.

Under section 133(1) of SLGA 2013 and implementation of 3<sup>rd</sup> amendment to maintain / protect / better care of the Infrastructure of metropolis city, the Karachi Metropolitan Corporation have established the Enforcement and Implementation Department, KMC vide CR No.9 dated 7/12/2023 and become

## **An Overview 2025-2026**

functional in the current year and it is expected to generate a sizeable revenue and will control the mushroom growth of illegal actives in the mega city.

According to SLGA 2013, the local councils inspectors empowered to issue notices against the violation and imposed penalty of fine (not exceeding) 50,000/- (Fifty Thousand only) and in case of repeated offence by the same violators / offender, the department shall file case before the competent court for a penalty (not exceeding 500,000/-five hundred thousand only) or imprisonment for a term which may be extended to three years or with both, as per Act *ibid*).

Prior to the promulgation of this Act, all recovery departments of KMC were unable to take any legal action against the defaulters / violators. Now the cases against the defaulters / violators may be referred to E&I Department, KMC for legal action and assistance. Initially an amount of **Rs.250.00 million** is proposed to be realized in the fiscal year 2024-2025.

### **BUDGET AT A GLANCE 2025-2026**

The Budget at a Glance for the year 2024-2025 in a nut-shell is summarized as under:

<b>(Rs. in Millions)</b>	
<b><u>RECEIPTS</u></b>	
Current Receipts	44,149.843
Capital Receipts	2,133.763
<b>Total</b>	<b>46,283.606</b>
Funds for District ADP.	9,000.000
<b>Grand Total Receipts.</b>	<b>55,283.606</b>
<b><u>EXPENDITURE</u></b>	
Establishment.	31,591.494
Funds of KMC, DMCs and Distt. Council Karachi transfer to Pension Account and Bailout Package for Pension.	13,410.000
<b>Total</b>	<b>45,001.494</b>
Contingent.	3,048.015
Repair & Maintenance.	414.601
<b>Total.</b>	<b>35,054.119</b>
Major Development Projects/ Works.	11,083.215
Funds for District ADP.	9,000.000
<b>Total.</b>	<b>18,154.76</b>
<b>Grand Total Expenditure</b>	<b>55,137.334</b>
<b>Surplus(+)</b>	<b>146.272</b>



## **An Overview 2025-2026**

The Budget at a Glance for the year 2025-2026 indicates a surplus of **Rs.146.272** million. The total outlay comprises of Current and Capital Receipts is **Rs.44,149.843** million inclusive of budget estimates of District ADP of **Rs.9,000.000** million.

The total expenditure allocated in the budget estimates for the next financial year 2025-2026 is **Rs55,137.334** million comprises of an allocation of **Rs.31,591.494** million for Establishment Expenditure (Salary Rs.18,181.494 million and Pension Rs.13,410.000 million), Contingent Expenditure **Rs.3,048.015** million, Repair & Maintenance Expenditure **Rs.414.610** million, Development Works / Project of KMC including CLICK Projects / Schemes **Rs.10,474.200** million and for District ADP **Rs.9,000.000** million have been earmarked for the year 2024-2025. The overall figures of receipts and expenditures incorporated in the budget for the year documents shows a nominal surplus of **Rs.146.272s** million indicating that it is **Surplus Budget.**

### **Development Projects / Works (Own Resources).**

Despite the acute financial constraints faced by the Karachi Metropolitan Corporation, there is a keen understanding of the severity of the heavy financial crisis and the limited resources available for essential expenditures. Unfortunately, this situation has resulted in a significant slowdown in the allocation of resources to the development portfolio, leading to a notable gap in addressing the pressing needs and requirements of the citizens of Karachi. This has hindered the corporation's ability to provide adequate services and infrastructure, further exacerbating the challenges faced by the city and its inhabitants.

During the current financial year, the city council has proactively passed several corporation resolutions aimed at generating substantial funds and enabling the corporation to fulfill its designated functions as outlined in the Sindh Local Government Act (SLGA) 2013. The budget projections for the year 2024-2025 allocate sufficient funds for development projects, which are designed to

## **An Overview 2025-2026**

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improve the quality of life for the citizens of Karachi. These projects are expected to have a positive impact on various aspects of the city, addressing the needs and aspirations of its residents, and contributing to the overall upliftment and development of Karachi.

These development projects are expected to include a wide range of areas, such as infrastructure, social services, public amenities, and environmental initiatives. By focusing on these areas, the projects aim to create a positive impact on the lives of Karachi's residents and address the pressing issues faced by the city.

Due to severe financial constraints, KMC is currently facing an acute financial crisis with limited funds available for various essential expenditures. As a result, the development portfolio has not been adequately addressed, which hampers the fulfillment of the people's requirements.

# **Estimate of Receipts 2025-2026**

## **An Overview 2025-2026**

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The Mayor Karachi has highlighted the vital need for the efficient and transparent use of resources, emphasizing that such practices are essential for maximizing their positive impact on the well-being of Karachi's diverse population. In this context, the budget for the fiscal year 2024-2025 holds particular significance; it is the first budget proposed by the newly elected council members before the city council. This landmark budget not only outlines financial allocations for various urban projects and services but also reflects a commitment to engaging the community in governance and addressing the pressing challenges faced by the city, including infrastructure development, healthcare, education, and public safety. By prioritizing transparency and accountability, the budget aims to foster trust between the government and the citizens of Karachi, ultimately working towards a brighter future for all.

On taking the oath, the elected Mayor of Karachi was swearing to uphold the laws and duties of the position. The Mayor Karachi in his inaugural address, outlined their vision and priorities for the city. Focusing on repair and maintenance of the deteriorating infrastructure is crucial for ensuring safety and convenience of general public. By prioritizing these issues, the Mayor Karachi has made firm commitment to regularly review and refine the maintenance strategy based on data and feedback. Moreover, the emphasis on providing essential services as assigned in SLGA 2013, especially in underprivileged areas, underscores a commitment to equity and inclusivity. By targeting resources towards these communities, the Mayor, Karachi is working to bridge the gap in access to basic amenities and improve the living conditions of those most in need.

To effectively implement these priorities, the budgeting process involves careful allocation of funds to address immediate repair and maintenance needs while also investing in long-term infrastructure development.

Engage with stakeholders including community members for listening to local residents concerns and ideas for betterment of local areas. With collaboration and participation of community, the Mayor can develop strategic plans and goals for the city's growth and improvement.

## **An Overview 2025-2026**

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Overall, the commitment of the Mayor, Karachi to prioritize the well-being of the people and address the urgent needs of the city through the budgeting process is a positive step towards building a more resilient and vibrant Karachi.

The Mayor Karachi has taken a commendable step forward by initiating an upgrade to the monthly salary system in the CLICK project software SAP, set to take effect in April 2025. This significant enhancement is designed to modernize the KMC payroll infrastructure and represents a critical milestone in the commitment to transparency and accuracy in employee data management. By implementing these upgrades, the administration aims to create a robust framework that prevents any unauthorized manipulation of information, ensuring that each employee is compensated fairly and reliably. This proactive initiative not only strengthens the integrity of the payroll system but also builds trust among the workforce, paving the way for improved morale and productivity.

The Mayor, Karachi is fostering partnerships with local organizations, businesses and regional / local governments at the level of Towns. The main target is focused on enhancing the own resources revenue of KMC and to eliminate or least dependency on grants from the GoS. In the upcoming budget, several new avenues of revenue generation have been introduced:

- As per directives of Honorable High Court of Sindh, the City Council Karachi has passed a Council Resolution bearing No.51 dated 11-6-2024 wherein the rates of the MUCT charges has revised which are being collected through M/s K-electric monthly bill. The collection has been started from the month of July 2024 and increased tax collection efficiency.
- In accordance with the Sindh Local Government Act of 2013, specifically Chapter-X, Section 100(1), Schedule-V grants local councils the authority to generate and collect revenue through the imposition of a tax on vehicles that utilize urban infrastructure such as roads, bridges, and underpasses. Recently, the Karachi Metropolitan Corporation (KMC) Council has enacted Resolution No. 49, dated June 11, 2024, which authorizes the collection of this vehicle tax in collaboration with the Excise and Taxation Department of the Government of Sindh. This initiative is designed to support the

## **An Overview 2025-2026**

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- maintenance and development of the city's transportation infrastructure, thereby enhancing overall urban mobility, which have not been progressive in the fiscal year 2024-2025 due to lack of communication and interest.
- Municipal Tax will also be recovered from the oil-producing companies through KPT, providing an additional tax revenue source.
  - In a significant move to address the escalating costs associated with K-Electric bills, the Mayor Karachi has initiated an ambitious plan aimed at promoting sustainability and reducing financial burdens on the KMC. Recognizing the substantial revenue that has been spent monthly and annually on electricity, the Karachi Metropolitan Corporation (KMC) took decisive action by passing resolution No. 89 on September 12, 2024.

This resolution authorizes the installation of approximately 259 solar panels atop the KMC Head Office building, a strategic effort to harness renewable energy. The solar panels are projected to generate enough electricity to meet about 30% of the building's energy requirements, thereby significantly decreasing the reliance on conventional electricity sources and reducing overall K-Electric expenses.

Moreover, the potential for this initiative extends beyond the Head Office. The KMC envisions the implementation of solar panels on various other assets, including KMC-operated shops, residential flats, and public parks. By doing so, the organization aims to not only safeguard its financial resources but also champion an eco-friendly approach to energy consumption, ultimately contributing to a more sustainable future for Karachi.



## An Overview 2025-2026

### ➤ BUDGET OUTLAY

The total outlay of budget estimates for the year 2025-2026 of Karachi Metropolitan Corporation comes to **Rs.48,394.932** million as under:

(Rs. in Million)

Sr. No.	Nomenclature	Budget Estimates 2025-2026	Budget Revised 2024-2025	Budget Estimates 2024-2025
1	Current Receipts	44,149.843	38,870.222	48,886.632
2	Capital Receipts	2,133.763	315.100	815.213
	<b>Total.</b>	<b>46,283.606</b>	<b>39,185.322</b>	<b>49,701.845</b>

### ➤ 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)

KMC receives matching grants in lieu of Octroi & Zila Tax (OZT) from the Provincial Government every month. The same is transferred by the Federal Government being the share of the General Sales Tax (GST), as part of the revenue sharing agreement between the provincial and federal governments.

#### Special Grant in in Aid

The Provincial Government also provides Special Grant-in Aid to KMC to meet out the shortfall in disbursement of monthly salary and pension.

#### Own Resources

KMC generates through various fees, charges, taxes, rent, tolls, and other recoveries as defined under Sindh Local Government Act 2013.

#### District Annual Development Program

Funds provides by the Government of Sindh for ongoing and new development schemes within Karachi district.

#### CLICK Schemes / Projects

## **An Overview 2025-2026**

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Funded by the World Bank for mega projects aimed at improving Karachi's live ability and inclusiveness of Karachi.

### **➤ Capital Receipts.**

The main components of capital receipts for the Karachi Metropolitan Corporation (KMC) include:

#### **Income from Sale / Auction of Land:**

Revenue generated from selling land owned by KMC through auctions as per government policy.

#### **Transfer / Mutation Fee:**

Fees collected when property ownership is transferred or mutated between parties.

#### **Development Charges:**

Levies on new construction or modifications to existing structures, used to fund city development and infrastructure.

#### **Lease Proceeds:**

Income generated from leasing out KMC properties to individuals or organizations.

## **An Overview 2025-2026**

The estimated budget targets for the upcoming fiscal year 2025-2026 indicates a sum of **Rs.55,283.606 million**, reflect an increase to **Rs.5,581.761 million** as compared to the budget estimates of **Rs.49,701.845 million** for the current fiscal year's 2024-2025. However, the revised estimates for the fiscal year 2024-25 have been reduced to **Rs.39,185.322 million**.

The reduction in the revised estimates is mainly due to the

- Unsettled cases of MUCT Charges.
- Short releases on account of District ADP.
- Unresolved or stuck-up revenue recovery heads from KMC's own resources are as under.
  - a) KMC dues against K-Electric
  - b) Shabhuiddin Market at Saddar.
  - c) Non-finalization of disputed issues between KMC and other departments or the Government of Sindh (GoS).

Whereas the increase in budget estimates for the fiscal year 2025-2026 of **Rs. 5,581.761 million** over budget estimates 2024-25 mainly due to the following aspects:

- Special Grant-in Aid for Salary / Pension expected to increase to the extent of Rs.1,540.799 million.
- An amount of Rs.2,294.788 million has increased in District ADP in line with the budget estimates of Provincial Government for the FY 2025-2026.
- Rs.9576.000 million has increased in CLICK Projects (funded by World Bank).
- OZT Share expected to be increased upto 12%.

## An Overview 2025-2026

The following table shall further reveal the department-wise revenue of KMC for the fiscal year 2025-2026 and revised budget estimates for the fiscal year 2024-2025 and budget estimates of the same year:

(Rs.in million)

Sr. No.	Department	Budget Estimates 2025-2026	Revised Estimates 2024-2025	Budget Estimates 2024-2025
<b>1</b>	<b>Grants /Share from Government</b>			
	<b>Matching Grants</b> in lieu of Octroi & Zila Tax (OZT).	9,357.237	7,095.654	5,337.000
	<b>Special Grant in Aid. (Salary &amp; Pension)</b>	10,531.920	8,619.875	10,800.000
	<b>Misc. Grant in Aid. (Specific Purposes)</b>	50.000	360.000	50.000
	<b>OZT share for DMCs Pensioners</b>	5,372.156	4258.802	4,217.244
	<b>Bailout Package for disbursement of Pensioners dues.</b>	4,200.000	NIL	4,200.000
	<b>Recovery of Toll Tax through Excise &amp; Taxation Department, GoS.</b>	200.000	NIL	200.000
	<b>Total</b>	<b>29,711.313</b>	<b>20,334.331</b>	<b>24,804.244</b>
<b>2.</b>	<b>Revenue Department.</b>			
	Land Lease	2,548.550	739.005	1,026.000
	P.D. Orangi	196.213	60.000	206.213
	Katchi Abadis	155.000	40.000	175.000
	Estate	500.100	355.000	315.600
	Charged Parking / Toll Tax.	119.130	83.330	159.130
	Anti-Encroachment.	279.870	153.500	234.250
	Enforcement & Implementation	175.000	5.000	175.000
	<b>Total</b>	<b>3,973.863</b>	<b>1,435.835</b>	<b>2,291.193</b>
<b>3.</b>	<b>Recreation, Culture &amp; Sports.</b>			
	Culture & Sports & Sports Complex	68.310	41.400	53.350
	Zoo.	137.948	87.050	130.225
	Safari Park.	81.388	59.282	64.936
	<b>Total</b>	<b>287.646</b>	<b>187.732</b>	<b>248.511</b>
<b>4.</b>	<b>Engineering</b>			146.500
	<b>Total</b>	<b>161.500</b>	<b>46.500</b>	<b>146.500</b>

## An Overview 2025-2026

Sr. No.	Department	Budget Estimates 2025-2026	Revised Estimates 2024-2025	Budget Estimates 2024-2025
<b>5.</b>	<b>Finance &amp; Accounts.</b>			
	Financial Resources & Others.	771.570	1,211.100	757.560
	Municipal Utility Charges & Tax (MUCT).	2,700.000	2020.000	2,000.000
	Advertisement Tax	350.100	110.000	500.100
	<b>Total</b>	<b>3,821.670</b>	<b>3,341.100</b>	<b>3,257.660</b>
<b>6.</b>	<b>M.C. Secretariat</b>			
	Misc. Income from different departments.	0.915	0.206	1.260
	Parks & Horticultural.	101.280	50.800	78.640
	Veterinary.	204.050	111.075	423.498
	<b>Total</b>	<b>306.245</b>	<b>162.081</b>	<b>503.398</b>
<b>7</b>	<b>E &amp; I Promotion</b>	26.650	20.000	27.650
<b>8</b>	<b>Medical &amp; Health Services</b>	86.439	71.389	86.439
<b>9</b>	<b>Project Directorate Terminals</b>	189.630	27.770	200.250
<b>10</b>	<b>Municipal Services</b>	349.500	53.750	341.000
<b>11</b>	<b>Information Technology</b>	0.050	0.010	0.100
	<b>Total.(1 to 11)</b>	<b>38,914.506</b>	<b>25,680.498</b>	<b>31,906.945</b>
<b>12.</b>	<b>Other Revenues</b>			
	District <b>ADP.</b>	9,168.500	6,705.212	9,168.500
	CLICK Project (World Bank)	7,434.000	670.000	6,476.400
	KMC dues against <b><u>K-Electric.</u></b>	850.000	NIL	1,850.000
	Transfer of income on account of Entertainment Tax (Current & Arrears) from GoS	100.000	NIL	200.000
	Transfer of income from <b><u>SBCA.</u></b>	50.000	NIL	50.000
	KMC dues against KPT.	NIL	NIL	50.000
	<b>Grand Total (1 to 12)</b>	<b>56,517.006</b>	<b>33,055.710</b>	<b>49,701.845</b>

## An Overview 2025-2026

The major sources of revenue income of KMCs various departments as shown in the above table have discussed in details 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:

<b>(Rs.in Million)</b>		
<b>Nomenclature</b>	<b>Year</b>	<b>Amount</b>
• <b>Budget Estimates</b>	<b>2025-2026</b>	<b>Rs.9,357.237</b>
• <b>Revised Estimates</b>	<b>2024-2025</b>	<b>Rs.7,794.178</b>
• <b>Budget Estimates</b>	<b>2024-2025</b>	<b>Rs.5,337.000</b>

A sum of **Rs.5,337.000** million was estimated in the financial year 2024-2025 on account of Matching Grants from Provincial Government in lieu of Octroi & Zila Tax (OZT). As expected, KMC has received the share of OZT @Rs.696.223 million per month due to increase in monthly salary 10% respectively and pension @ 5% by the Government of Sindh. Accordingly, the budget estimates has revised to **Rs. 7,794.178 million** in the fiscal year 2024-25. In anticipation to increase of monthly salary @12% from BPS-1 to BPS-16 and @10% from BPS-17 and above, an amount of **Rs.9,357.237million** has been projected in the upcoming budget estimates 2025-2026 under the revenue head of "Matching Grant in lieu of Octroi Zila Tax".

## An Overview 2025-2026

- **Special Grant in Aid.**

(Rs.in Million)		
Nomenclature	Year	Amount
• Budget Estimates	2025-2026	Rs.10,603.920
• Revised Estimates	2024-2025	Rs. 9,403.500
• Budget Estimates	2024-2025	Rs.10,800.000

In the financial year 2024-25, the GoS has released an amount of **Rs.10,800.000 million**. This increase attributed to the GoS annual increase in salary in budget which anticipates of increase in monthly salary @35% for BPS-01 to BPS-16 and @30% from BPS-17 and above. An amount of **Rs.10,603.920 million** has been projected to be released by the GoS in the fiscal year 2025-2026 to the tune of **Rs.9,403.500 million**.

The back ground of the Grant- in Aid is given hereunder:

- Since 2011-2012, the Government of Sindh had been releasing Rs.500.00 million per month to KMC as Grant in Aid to meet out the shortfall in payments of salary to the employees of the KMC.
- The Special Grant-in Aid of Rs.500.00 per month was continued to release by the Government of Sindh upto August 2016.
- The erstwhile Mayor Karachi was taken up the matter with the Chief Minister Sindh for release of reduced amount of Rs.200.00 million p.m from the Special Grant-in Aid to KMC for timely disbursement of salary & pension to KMC employees & pensioners.
- Accordingly, the Secretary Local Government Department, GoS moved a summary to the Chief Minister Sindh in October 2017 for release of curtailed amount of Rs.200 million p.m. and recommended to increase the special grant-in aid of KMC to Rs.500 million p.m for payment of salary to KMC employees.
- After getting approval of summary, the Finance Department, GoS in November 2017 had increased the Special Grant-in Aid to KMC by Rs.130.00 million p.m instead of Rs.200 million per month (Total Rs.430 million). The Secretary Finance, GoS has refused to pay the



## **An Overview 2025-2026**

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salary of KM&DC, Stipend to House Job Doctors/ PGs/ Nurses and Fire Risk Allowance to Fire Brigade Staff.

- In the fiscal year 2020-2021, the Government of Sindh had acceded the long-lasting and genuine requirement of KMC and released an additional grant of Rs.170.00 million per month to meet the shortfall in disbursement of monthly salary and pension to the employees of KMC.

Since then, the Govt of Sindh is increasing the Special Grant-in Aid to the extent of financial impact of increases in the monthly salary / pension. Now the KMC is in a position to disburse the monthly salary / pension smoothly.

## An Overview 2025-2026

### • Entertainment Tax.

The entertainment tax is being 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	2025-2026	Rs.100.000
• Revised Estimates	2024-2025	-----
• Budget Estimates	2024-2025	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 2024-2025 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 Rs.Nil in the Revised Budget 2024-2025. However, KMC has again earmarked an amount of Rs.100 million in the Budget Estimates 2025-2026 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.

### Toll Tax through Excise & Taxation Department GoS.

<u>(Rs.in Million)</u>		
Nomenclature	Year	Amount
• Budget Estimates	2025-2026	Rs.200.000
• Revised Estimates	2024-2025	-----
• Budget Estimates	2024-2025	Rs.200.000

## An Overview 2025-2026

- **Revenue Departments KMC.**

<b>(Rs.in Million)</b>			
<b>Revenue Department.</b>	<b>Budget Estimates 2025-2026</b>	<b>Revised Estimates 2024-2025</b>	<b>Budget Estimates 2024-2025</b>
<b>Land (Lease)</b>	<b>2,548.550</b>	<b>739.005</b>	<b>1,026.000</b>
<b>P.D.Orangi</b>	<b>196.213</b>	<b>60.000</b>	<b>206.213</b>
<b>Katchi Abadis</b>	<b>155.000</b>	<b>40.000</b>	<b>175.000</b>
<b>Estate</b>	<b>500.100</b>	<b>355.000</b>	<b>315.600</b>
<b>Charged Parking / Toll Tax.</b>	<b>119.130</b>	<b>83.330</b>	<b>159.130</b>
<b>Anti-Encroachment.</b>	<b>279.870</b>	<b>153.500</b>	<b>234.250</b>
<b>Enforcement &amp; Implementation</b>	<b>175.000</b>	<b>5.000</b>	<b>175.000</b>
<b>Total</b>	<b>3,973.863</b>	<b>1435.835</b>	<b>2,291.193</b>

Upon reviewing the above table, it is noteworthy that the budgetary estimates for the major revenue-earning departments of KMC for a sum of **Rs.2,291.193 million** was to be realized in the FY 2024-25 with the revision of rates through different Council Resolutions under the various revenue heads of aforesaid departments, which not actualized and the same has been reduced to Rs.1,435.835 million in the revised budget estimates 2024-25. In the upcoming FY 2025-26, it is again expected that the main sources of income for KMC will increase and will generate a sum of **Rs.3,973.863 million**. The reason for reduction in the revised estimates for the FY 2024-25 is cases pending under litigation in the court of law.

The budget targets for the financial year 2025-2026 as well as the revised estimates for FY 2024-2025 of each department's have examined & discussed separately as follows.

## An Overview 2025-2026

- Land Lease Department KMC.

(Rs.in Million)			
S.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.2,548.550
2.	Revised Estimates	2024-2025	Rs.739.000
3.	Budget Estimates	2024-2025	Rs.1,026.000

The income from Land Lease Department, KMC generates through Renewal of Leases, Land Rent, Mutation Charges & etc. Pursuant to CR No.134 dated 02-6-2023, the rates of the different revenue heads have been increased / revised. The budget estimates of Land Leases Department, KMC was also increased to **Rs.1,026.000 million** in the Budget Estimates 2024-2025, which has curtailed to Rs.739.000 million in the revised estimates for the year 2024-25. An amount of **Rs.2,548.550 million** has estimated for the next financial year 2025-26. The Land Lease Department, KMC has issued notices for renewal of lease of expired leases through leading Newspapers of Karachi and some of the recovery projections have rationalized.

The Karachi Metropolitan Corporation (KMC) has passed Council Resolution No. 124 dated: 19<sup>th</sup> May 2025 and has successfully achieved long-pending milestones regarding the land measuring 5,142 square yards, which is locked in an area surrounded by Pakistan Railways Quarters and active railway lines utilized by K-Electric/KESC/WAPDA since the inception of Pakistan. This land is currently under dispute concerning its valuation for settlement between the KMC and K-Electric.

In 2023, K-Electric expressed interest in acquiring the KMC land, leading to an agreement on a purchase of 200,000 square yards, as documented in a memorandum signed by both entities. However, the execution of this deal was hindered by the conclusion of the elected council's tenure. Following this, K-Electric insisted on proceeding with the settlement based on the prior agreed rate of Rs. 42 per square yard, for which K-Electric has already remitted 25% of the total payment.

## **An Overview 2025-2026**

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The Mayor of Karachi has actively intervened to facilitate a resolution and has reached an agreement with M/s K-Electric to engage the services of a reputable evaluative firm, M/s RBS Associates (Pvt) Ltd, to reassess the value of the KMC land, which is now evaluated at Rs. 275,000 per square yard. Therefore, both organizations have concurred on a settlement that is projected to yield a total revenue amount of 1004.045 million.

## An Overview 2025-2026

### Anti Encroachment.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.279.870
2.	Revised Estimates	2024-2025	Rs.153.500
3.	Budget Estimates	2024-2025	Rs.234.250

The basic function of the Anti-Enforcement Department, KMC is to remove unauthorized structures or obstacles that hinders the smooth flow of traffic and provision of municipal services to the general public for the efficient delivery of services to the community as a whole. The Land Anti-Encroachment Department, KMC focuses on removal of unauthorized encroachments and ensuring the smooth functioning of the KMC, rather than generating revenue.

The budget estimates for the upcoming financial year 2025-2026 is projected to be realized and registered an increase of Rs.279.870 million over current year's budget estimates Rs.234.250 million.

Under section 96, Schedule-V (Part-I) of the Sindh Local Government Act 2013 (Amendment 2023), Karachi Municipal Corporation (KMC) is authorized to collect an annual levy / tax on installation of BTS Towers (Mobile Towers). Pursuant to City Council Resolution No.106 dated December 7, 2023, KMC has initiated the collection of this renewal fee @Rs.30,000/- per annum per installation of BTS Towers within its jurisdiction of KMC.

The Karachi Municipal Corporation (KMC) has officially enacted resolution CR 130 on May 19, 2025, which pertains to the implementation of tax collection for land utilization charges from Shadi Halls, banquet halls, and ballrooms within its jurisdiction. This resolution is designed to enhance the aesthetic enhancement of these venues through a beautification initiative and establishes corresponding fees for various services.

The resolution specifies charges for vehicle parking, which are applicable for a duration of three hours, thereby facilitating effective space management at

## **An Overview 2025-2026**

these frequently utilized event locations. Furthermore, it delineates fees for BBQ and live cooking services, available for a maximum of five hours, thus enriching the culinary experience for attendees.

All fees will be organized based on monthly usage and the capacity of guests, with distinct rates set for various venues within the District of Karachi. This initiative aims to promote optimal management and utilization of municipal resources while enhancing the overall experience for event participants.

Category	Nos. of Guests	District-Wise	Rate
A	500 & more	South, East & Central	Rs 30,000
		Korangi & Malir	Rs. 25,000
		West & Kemari	Rs. 10,000
B	300-500	South, East & Central	Rs. 20,000
		Korangi & Malir	Rs. 15,000
		West & Kemari	Rs. 7,000
C	150-300	South, East & Central	Rs. 10,000
		Korangi & Malir	Rs. 7,500
		West & Kemari	Rs. 5000
D	150	South, East & Central	Rs. 5,000
		Korangi & Malir	Rs. 3,000
		West & Kemari	Rs. 3,000



## An Overview 2025-2026

- PD Orangi Town.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.196.213
2.	Revised Estimates	2024-2025	Rs.60.000
3.	Budget Estimates	2024-2025	Rs.206.213

The income from PD Orangi is mainly realized through Renewal of Leases, Land Rent, Mutation Charges, NOCs, Amalgamation, Development Charges, Ground Rent etc. An amount of **Rs.196.213 million** has reflected in next year's Budget Estimates for the year 2025-2026 as against the budget estimates 2024-2025 of **Rs.206.213 million**. Due to ban on auction of land, the revenue recovery head under the title of "**Auction of Land**" was reflected in the current year's budget estimates 2024-2025. Therefore, Department unable to proceed further in the matter thus the revised estimates have been shown nil.

The Corporation Resolution No.133 dated 02-06-2023 aims to increase the rates for Renewal of Leases, Land Rent, Mutation Charges, NOCs, Amalgamation, Development Charges, Ground Rent, etc. Furthermore, in pending cases relating to Karachi's Katchi Abadi Gulshan-e-Zia, the Honourable District Court Karachi ruled out that the land belongs to the Board of Revenue (BoR) and the KMC does not have the authority / right to lease out land of Gulshan-e-Zia. KMC has filed an appeal before the Honourable High Court of Sindh, which has issued an interim order to maintain the status quo until the next hearing, thus the realization of proceeds from Gulshan-e-Zia is on hold." Resultantly, the total revised estimates 2024-25 have reduced to Rs.10.00 million.

The Budget Estimates 2025-2026 again includes outstanding dues and claims against PTCL (Pakistan Telecommunication Company Limited) and the Police Department, Government of Sindh. Following the directives of the then Administrator, KMC, 50% of these claims have been reflected and recorded.

In order to keep in record that the specific claims against PTCL and the Police Department, Government of Sindh, Rs.48.326 million & Rs.54.100 million respectively (Total claim comes to Rs 102.42 million).

## An Overview 2025-2026

- **Katchi Abadies.**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.155.000
2.	Revised Estimates	2024-2025	Rs.40.000
3.	Budget Estimates	2024-2025	Rs.175.000

A sum of **Rs.155.000 million** has been projected to realize in the upcoming Budget Estimates for the year 2025-2026. In anticipation of CR.135 dated 02/06/2023 the income from Katchi Abadies was projected to **Rs.175.000** million in the budget target for the year 2024-2025. The lease process has been halted due to court orders, government directives, and pending approvals from competent authorities, radically impacting revenue recovery. As a result, the estimated revenue 2024-25 has drastically been reduced to Rs.20.000 million from the initial projections i.e Rs.175.000 million on account of recovery from Renewal of Leases, Land Rent, Mutation Charges, Ground Rent, Development Charges, NOCs & etc.

- **Estate Department.**

(Rs. in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.500.100
2.	Revised Estimates	2024-2025	Rs.355.000
3.	Budget Estimates	2024-2025	Rs.315.600

The main revenue collection heads of Estate Department, KMC are Rental income from various shops, offices, markets, and stalls as well as Regularization fees from shops and stalls. In anticipation and implementation of CR No.129 dated 22-5-2023, regarding revision of rent rates @150%, which has been implemented in two phases. The first phase for revision of rates has implemented from 1st July 2023 to 31st December 2023 and the second phase has also resumed from 1st January 2024 to onwards, as mentioned in aforesaid CR. Consequently, an amount of Rs.315.600 million was projected to be realized in the current year financial year 2024-25 and the revised estimates enhanced to Rs.355.000 million.

## **An Overview 2025-2026**

It would like to express sincere appreciation to the dedicated team of the Estate Department KMC for their remarkable achievement in surpassing the target by an impressive 40.000 million. This outstanding performance not only reflects their hard work and commitment but also sets a strong foundation for further growth as we look to accelerate our efforts in the upcoming fiscal year.

The primary sources of income for the T&C Department, KMC include the recovery of miscellaneous fees and charges from the ZOT, as well as the occupancy value of Shahabuuddin Market. It is noteworthy that the ZOT has operated under a separate budget heading in the current fiscal year. Moreover, in the fiscal year 2025-2026, the Shahabuuddin Market will be transitioned to the budget heading of the Estate Department, KMC. This strategic move is intended to enhance revenue generation and improve overall performance to achieve the set targets.

- **Charged Parking**

<b>(Rs.in Million)</b>			
<b>Sr.No.</b>	<b>Nomenclature</b>	<b>Year</b>	<b>Amount</b>
<b>1.</b>	<b>Budget Estimates</b>	<b>2025-2026</b>	<b>Rs.119.130</b>
<b>2.</b>	<b>Revised Estimates</b>	<b>2024-2025</b>	<b>Rs.83.330</b>
<b>3.</b>	<b>Budget Estimates</b>	<b>2024-2025</b>	<b>Rs.159.130</b>

To rationalize the targets for the next financial year 2025-26 and to resolve jurisdictional issues between KMC and TMCs, the budget estimates under recovery head meant for "Parking Fee" have been estimated to Rs.159.130 million, which has short from the current year's target of Rs.40.000 million. The total budget estimates for the year 2025-2026 has been projected to be Rs.119.130 million as against the revised estimates 2024-2025 to Rs.83.330 million.

## **An Overview 2025-2026**

- **Implementation & Enforcement**

<b>(Rs.in Million)</b>			
<b>Sr.No.</b>	<b>Nomenclature</b>	<b>Year</b>	<b>Amount</b>
<b>1.</b>	<b>Budget Estimates</b>	<b>2025-2026</b>	<b>Rs.175.000</b>
<b>2.</b>	<b>Revised Estimates</b>	<b>2024-2025</b>	<b>Rs.5.000</b>
<b>3.</b>	<b>Budget Estimates</b>	<b>2024-2025</b>	<b>Rs.175.000</b>

Pursuant to CR No.9 dated 7/12/2023, the Enforcement and Implementation Department, KMC has been established and become operational in the current year 2024-25. As per the functions assigned in the SLGA 2013, this department is expected to generate significant revenue and control the mushroom growth of illegal activities in the megacity.

According to SLGA 2013, local council inspectors are empowered to issue notices for violations and impose fines upto Rs. 50,000 (Fifty Thousand only). For repeat offenses by the same violators, the department will file cases in a competent court, seeking penalties upto Rs.250,000 (Two Hundred Fifty Thousand only) or imprisonment for upto three years, or both. Before this Act, KMC's recovery departments lacked the authority to take legal action against defaulters. Now, cases against defaulters can be referred to the E&I Department, KMC for legal action and assistance. An amount of Rs.175.00 million is proposed to be realized in the budget estimates for 2025-2026.

## An Overview 2025-2026

- **Zulfiqarabad Oil Terminal**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.289.630
2.	Revised Estimates	2024-2025	Rs.27.770
3.	Budget Estimates	2024-2025	Rs.200.250

"The Zulfiqarabad Oil Terminals Project was a comprehensive initiative designed to alleviate traffic congestion in Karachi and provide essential amenities for oil tanker drivers as well a substantial amount to be realized. The project entailed the development of a 150 acre parking facility capable of accommodating 3,200 oil tankers, alongside a 50-acre area dedicated to basic facilities within the terminal. Furthermore, the project aimed to establish a civil infrastructure to support over 10,000 oil tankers, including drivers, as well as a marketplace featuring 1,500 shops for spare parts and oil tanker repairs, creating a self-sustaining ecosystem for the oil tanker industry."

In the budget estimates for 2024-2025, the Zulfiqarabad Oil Terminals were expected to generate **Rs. 200.250** million in revenue through charged parking fees and rent from shops within the terminal. However, the actual collection fell short of this projected amount, with the reasons for this shortfall not specified in the available information. Despite the anticipated revenue, the terminal failed to meet its budgeted estimates, highlighting a discrepancy between projected and actual income." An amount of **Rs. 289.630 million** has again been reflected in the budget estimates for the year 2025-2026 which is not achieved due to pathetic performance of the department.

## An Overview 2025-2026

- **Engineering Department.**

**(Rs.in Million)**

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.161.500
2.	Revised Estimates	2024-2025	Rs.46.500
3.	Budget Estimates	2024-2025	Rs.146.500

The Engineering Department, KMC plays a vital and crucial role in delivering and maintaining the city's infrastructure services. Its responsibilities include the construction, development, and maintenance of roads, bridges, underpasses, and street lights along major roads in Karachi.

The Engineering Department, KMC only generates revenue from Road Cutting Charges, Asphalt Plants, and sale of Tender Forms & etc. The main revenue streams come from collecting Road Cutting and Trench Charges from government and private entities, as well as related fees. Out of the collecting charges/fund the Engg. department retains 16% as service fees/ charges, while the remaining 84% is being utilized for repairing & trench reinstatement of roads whereas the remaining 16% is being used for the related works."

An amount of **Rs.146.500 million** was estimated to earn during the year 2024-2025 and revised estimates reduced to Rs.46.500 million. However, the original estimate of **Rs. 161.500 million** has been reinstated in the Budget Estimates for 2025-2026, and it is expected to be fully realized in the upcoming financial year."

## An Overview 2025-2026

- **Culture & Sports.**

<b>(Rs.in Million)</b>			
<b>Sr.No.</b>	<b>Nomenclature</b>	<b>Year</b>	<b>Amount</b>
<b>1.</b>	<b>Budget Estimates</b>	<b>2025-2026</b>	<b>Rs.68.310</b>
<b>2.</b>	<b>Revised Estimates</b>	<b>2024-2025</b>	<b>Rs.41.400</b>
<b>3.</b>	<b>Budget Estimates</b>	<b>2024-2025</b>	<b>Rs.53.350</b>

The Culture and Sports Department, KMC aims to generate revenue from various cultural and sports activities organized by the department, with the main source of income coming from the KMC's Sports Complexes. The department collects revenue from members, participants, and attendees through various sports activities provided within the KMC Sports Complex. For the fiscal year 2025-2026, an amount of **Rs.68.310 million** has been reflected to be realized, whereas current year's target reduce to Rs.41.400 million. The projected income is expected to come from cultural and sports activities held at the KMC's KMC Sports Complex as well as fees collected by various sections of the Culture and Sports Department."

- **Recreation Department.**

<b>(Rs.in Million)</b>			
<b>Sr.No.</b>	<b>Nomenclature</b>	<b>Year</b>	<b>Amount</b>
<b>1.</b>	<b>Budget Estimates</b>	<b>2025-2026</b>	<b>Rs.222.436</b>
<b>2.</b>	<b>Revised Estimates</b>	<b>2024-2025</b>	<b>Rs.148.132</b>
<b>3.</b>	<b>Budget Estimates</b>	<b>2024-2025</b>	<b>Rs.195.161</b>

The above position reflects that in the next year's budget, an amount of **Rs.222.436 million** has been estimated to be achieved by the Recreation Department, KMC and registered an increase of Rs.74.304 million from the revised budget estimates of Rs.148.132 million for the year 2024-2054. 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.

## An Overview 2025-2026

- Finance & Accounts Department.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.771.570
2.	Revised Estimates	2024-2025	Rs.1,211.100
3.	Budget Estimates	2024-2025	Rs.757.560

The Finance and Accounts Department, KMC derived its revenue primarily through intended investments in profitable schemes facilitated by authorized scheduled banks, yielding annual and monthly returns. Additionally, the department earns daily profits on PLS Savings accounts and daily product accounts. By implementing an effective fund management system, the department aims to maximize its returns. The budget estimates has also taken into account the opening balances of various bank accounts, ensuring a comprehensive approach to revenue generation."

In the upcoming budget estimates 2025-2026, a total of **Rs.757.560million** is projected to be generated from financial resources and opening balances of various bank accounts. Additionally, Rs.100.000 million was initially earmarked for the recovery head "Auction of Unserviceable Articles". Significant achievements have been made through the auction of unserviceable items, generating revenue of 227.300 million, which reflects an impressive performance by the S&P Department KMC. Meanwhile, the revised budget estimates for 2024-2025 reflect an increased amount of **Rs. 1,211.100 million**, representing a increase of **Rs.453.540 million** or 45.35% over the current year's 2024-2025 projections.



## An Overview 2025-2026

- **Municipal Utility Charges.**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.2,500.000
2.	Revised Estimates	2024-2025	Rs.2,000.000
3.	Budget Estimates	2024-2025	Rs.2,000.000

The main purpose for the collaboration of KMC with M/s K-Elect was 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, it was expected to significantly improve the collection of MUCT (Municipal Utility Charges and Taxes) bills. In the Budget Estimates for the year 2024-2025, it was initially projected that an amount of Rs.2,000.00 million would be collected through MUCT charges. whereas upcoming fiscal year target to Rs.2,500.000million

Following the Sindh High Court orders to dismiss the Constitution Petition and lift the ban to collect the MUCT Charges through M/s K-electric monthly billing and in anticipation of CR. No.51 dated 11/6/2024, an amount of **Rs.2500.00 million** has expected to be generate through M/s K.E. in the budget estimates for the year 2025-2026.

In the event that the Honorable High Court of Sindh agreed with the Karachi Metropolitan Corporation's (KMC) visionary plan to collect Utility Charges/Tax (MUCT) directly through M/s K-Electric bills, a bold target of 2 billion rupees was set for the current fiscal year. To date, a remarkable 1.601 billion rupees has been collected, achieving an impressive 80.05% of the target. This milestone stands as a testament to the unwavering dedication and leadership of the Mayor of Karachi, and the KMC team in enhancing their revenue collection strategies and underscores their commitment to improving financial resources for the city.

## An Overview 2025-2026

### • Advertisement Tax.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.350.100
2.	Revised Estimates	2024-2025	Rs.110.000
3.	Budget Estimates	2024-2025	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, an amount of **Rs.350.100 million** through Advertisement Tax has reduce from the current year.

The imposition of the Advertisement Tax was expected to provide a substantial financial boost to the KMC and address various needs for essential payments i.e POL, Medical Gas, Hospitals essential payments. However, the revenue generated from this tax has fallen short of expectations, failing to meet the projected targets. Consequently, the revised estimates for the current fiscal year 2024-2025 have been adjusted downward to Rs. 110.00 million.

Hectic efforts will require 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.

## An Overview 2025-2026

- **Transfer of MUCT Charges from Oil Companies and other income through KPT.**

(Rs. in Million)

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs. 100.000
2.	Revised Estimates	2024-2025	Rs.150.00
3.	Budget Estimates	2024-2025	Rs.00.000

Karachi Port Trust (KPT) 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, KPT has remitted to KMC a sum of Rs.280.460 million on account of MUCT claims in the following years:

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

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

The Mayor / Administrator, KMC being a member of the Karachi Port Trust (KPT), Mr.Murtaza Wahab, was successfully negotiated with the KPT administration to collect municipal utility charges from oil companies operating within the KPT limits.

As a result of the series of meetings with the KPT authorities and discussions, KPT administration has agreed to collect MUCT Charges from six major following oil companies

1. M/s Pakistan State Oil (PSO)
2. M/s National Refinery
3. M/s Shell Pakistan
4. M/s Pak-Arab Refinery
5. M/s Caltex Oil (TPPL)
6. M/s Pakistan Refinery

These companies have agreed to pay @22% of their annual rent being paid to KPT for their oil terminals on account of MUCT Charges to KMC. This

## **An Overview 2025-2026**

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agreement is a significant achievement for KMC, as it will provide an additional source of revenue for the corporation.

The companies have also assured KMC that they will clear all outstanding dues from October 2005 to date, ensuring that KMC will utilize these funds to provide essential municipal services to the citizens of Karachi.

The City Council Karachi has also been approved the recommendation of Municipal Commissioner, KMC through Council Resolution No.79-A dated 24/6/2024. After longstanding negotiations with above oil companies, these companies have began payment of MUCT Charges along with arrears.

This achievement marks a significant milestone in Mayor's Karachi efforts to collect revenue from these companies, which operate within the Karachi Port Trust (KPT) limits. The successful negotiation and approval of the Council covers KMC to receive the necessary funds to enhance its municipal services and infrastructure, ultimately benefiting the citizens of Karachi. An amount of **Rs.150.000 million** has been reflected in the revised budget estimates in the year 2024-25.

## An Overview 2025-2026

- **Parks & Horticulture Department, KMC.**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.101.280
2.	Revised Estimates	2024-2025	Rs.50.800
3.	Budget Estimates	2024-2025	Rs.78.640

The Parks & Horticulture Department, KMC an amount of **Rs.101.280 million** is projected to be realized in the next year budget 2025-2026 with revised budget estimates of **Rs.50.800 million** for the year 2024-2025.

The KMC Council, in its Resolution No. 107 dated February 20, 2025, has officially approved a plan to rent space within KMC Parks through a public-private partnership. This forward-thinking initiative is designed to significantly enhance the facilities available to the community, fostering a vibrant atmosphere for public engagement. It will also introduce a variety of recreational activities and comprehensive beautification projects, ultimately transforming KMC Parks into more inviting and enjoyable spaces for all visitors.

As part of a public-private partnership, seven Padel courts have been established in KMC Parks with the objective of generating revenue. The anticipated income for the fiscal year 2024-2025 was projected to be 15.5 million; however, the current achievement stands at 7.846 million, which represents 50.73% of the target.

For the fiscal year 2025-2026, an amount of Rs. 101.280 million has been reflected in the budget estimates, a significant increase from the budget estimate of Rs. 15.5 million for 2024-2025.

The primary source of income under the Misc. Department head is the Veterinary Department, KMC. The details are explained below:"

## An Overview 2025-2026

- Veterinary Department, KMC.

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.204.050
2.	Revised Estimates	2024-2025	Rs.111.075
3.	Budget Estimates	2024-2025	Rs. 423.498

The Veterinary Department, KMC is assigned to oversee and regulate the slaughtering of animals in Slaughter Houses in Karachi. In the fiscal year 2024-2025, **Rs.423.498 million** was set to recover by the Veterinary Department, KMC and the revised estimates for the revenue target in the fiscal year 2024-25 have been reduced to Rs.111.075 million, significantly lower than the originally earmarked target of Rs.312.423 million. Due to decision by the Honorable Sindh High Court in the suit No.327 of 2024 and No.279 of 2024 that the TMC-Gadap and TMC-Ibrahim Haidery will authorized to collect the Health Certificate to Milching animals.

Due to the denial of permission for the collection of taxes during the festive period of Eid ul Uzha, the original revenue target of 300 million has been significantly lowered to just 100 million. This adjustment reflects the impact of the holiday on financial operations and the challenges faced in meeting fiscal goals within this timeframe.

In accordance with Section 96(1&3) of the SLGA 2013 and Rule 7 of the Sindh Council Imposition of Tax 1979, the KMC Council has thoughtfully approved an increase in the charges for slaughtering and parking fees at KMC Slaughter Houses, as outlined in Resolution No. 18 dated 08-02-2025. This adjustment is a response to market inflation and aims to ensure the continued provision of quality services at the KMC Slaughter Houses.

## An Overview 2025-2026

- **Misc. Department, KMC.**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.0.915
2.	Revised Estimates	2024-2025	Rs.0.206
3.	Budget Estimates	2024-2025	Rs.1.260

The Misc. Departments, KMC. An amount of **Rs.0.915 million** is projected to be realized in the next year budget 2025-2026 with revised budget estimates of **Rs.0.206 million** for the year 2024-2025.

- **Municipal Services KMC.**

(Rs.in Million)			
Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.349.500
2.	Revised Estimates	2024-2025	Rs.53.750
3.	Budget Estimates	2024-2025	Rs.341.000

The budget estimates for the FY 2025-26 Rs.349.500 million includes an allocation of Rs.250 million for the collection of 'Fire and Building Safety Inspection Fees', as amended and specified in Schedule-V (Part-I) of the Sindh Local Government Act 2013. In pursuance to the directives of the Honorable Sindh High Court, a constitution petition was filed by NGOs following tragic incidents in Karachi. The court ordered the Sindh Building Control Authority (SBCA) to ensure the installation of fire protection systems in high-rise buildings to prevent such incidents in the future. Additionally, the court directed the SBCA to obtain a no-objection certificate (NOC) from the Fire Brigade Department, KMC, before approving the completion of building plans for high-rise structures.

The income is mainly to be realized from different departments of KMC i.e. Food Laboratory, Fire Brigade, Solid Waste Management, Incineration Plant & etc.

## An Overview 2025-2026

- **Enterprise & Investment Promotion Department.**

<b>(Rs. in Million)</b>			
<b>Sr.No.</b>	<b>Nomenclature</b>	<b>Year</b>	<b>Amount</b>
<b>1.</b>	<b>Budget Estimates</b>	<b>2025-2026</b>	<b>Rs.26.650</b>
<b>2.</b>	<b>Revised Estimates</b>	<b>2024-2025</b>	<b>Rs.20.000</b>
<b>3.</b>	<b>Budget Estimates</b>	<b>2024-2025</b>	<b>Rs.27.650</b>

An amount of Rs.26.650 million has been proposed in the Budget Estimates 2025-2026, whereas as the Revised Budget Estimates 2024-2025 fixed to Rs.16.000 million.

The Enterprises and Investment Promotion Department, KMC generates its income mainly through Bachat Bazaars by offering discounted rates of goods to the general public. The income from operation of Ready Mix Batching Plant (ready-mix concrete plants) within the city is also comes under E&IP Department, KMC.

The Association of Bachat Bazar Organization has filed a petition (CP) before the Honorable Court of Law, challenging the decision to increase the rent of stalls in Bachat Bazaars. The petition is currently pending, awaiting a court decision on the matter.

- **Medical & Health Department.**

<b>(Rs.in Million)</b>			
<b>Sr.No.</b>	<b>Nomenclature</b>	<b>Year</b>	<b>Amount</b>
<b>1.</b>	<b>Budget Estimates</b>	<b>2025-2026</b>	<b>Rs.86.439</b>
<b>2.</b>	<b>Revised Estimates</b>	<b>2024-2025</b>	<b>Rs.71.389</b>
<b>3.</b>	<b>Budget Estimates</b>	<b>2024-2025</b>	<b>Rs.86.439</b>

The Budget Estimates for the next year's 2025-2026 have been proposed as same amounting to **Rs.86.439 million** as last year budget allocation to the Medical & Health Department, KMC. Although this department does not generate revenue, a nominal fee structure has been continued to facilitate the efficient operation of medical institutions and enhance healthcare facility, which presenting a reduction from the **Rs.71.035 million** budget estimates in the fiscal year 2024-2025.



## An Overview 2025-2026

- **Dues of KMC against M/s K-Electric.**

**(Rs.in Million)**

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.850.000
2.	Revised Estimates	2024-2025	Nil.
3.	Budget Estimates	2024-2025	Rs.1,850.000

KMC is a municipal service-rendering agency, M/s K-Electric (formerly KESC) has been billing KMC at commercial rates, including additional levies such as surcharges, energy charges, fixed charges, fuel adjustment charges, electricity duty, sales tax, and late payment charges.

To prevent significant financial loss to KMC exchequer, it is recommended that M/s K-Electric should implement a separate tariff structure specifically for KMC. This tariff should be distinct from those for industrial and commercial entities, similar to the tariff structure applied to organizations like WASA (Water and Sanitation Agency) in Lahore. KMC believes that M/s K-Electric should adopt a tariff category with charges more closely aligned with those applicable to WASA in Lahore.

- **Transfer of Betterment Charges from SBCA.**

**(Rs.in Million)**

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs.50.000
2.	Revised Estimates	2024-2025	Rs. NIL
3.	Budget Estimates	2024-2025	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 2025-2026.

## An Overview 2025-2026

- District A.D.P.

(Rs.in Million)

Sr.No.	Nomenclature	Year	Amount
1.	Budget Estimates	2025-2026	Rs. 9,000.000
2.	Revised Estimates	2024-2025	Rs. 6,705.212
3.	Budget Estimates	2024-2025	Rs. 9,168.500

The Provincial Government of Sindh has allocated substantial funds in the Budget Estimates for the year 2025-2026 to support development schemes across the province. Specifically, Rs. 55,000.000 million has been allocated under the District Annual Development Program (ADP) for all local councils in Sindh. In order to complete ongoing schemes, no funds have been earmarked for new schemes under the head of Block Allocation.

Karachi District is set to receive a share of these funds @16.67% of the total allocation under District ADP, including share of the Karachi Metropolitan Corporation (KMC) under the District ADP for the fiscal year 2025-2026.

During the financial year 2024-25, the Government of Sindh (GoS) has released **Rs.6,705.212 million** (in four equal quarters) which has been reflected in the revised budget estimates.

Karachi District's Share @16.67% comes to Rs.9,000.000 million and accordingly has reflected in anticipation to be released by the GoS in the upcoming financial year 2025-2026.

# **Estimates of Expenditure 2025-2026**

## **An Overview 2025-2026**

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A budget is essentially a financial plan that forecasts the expected revenue and expenses for a local government over a specific period. It includes estimated and revised amounts of money allocated for expenses or activities. Budgets help organizations, including local governments, plan and manage their finances, ensuring that resources are used efficiently. They provide an overview of the current year's performance and an outlook for the following year's projections and priorities. These financial plans reflect the authorities' developmental strategies and are crucial for setting and achieving local development goals.

Upon reviewing global practices, it is clear that provincial and federal governments recognize the budgetary needs of local governments. This acknowledgment is crucial for ensuring that these entities can function smoothly and fulfill their responsibilities effectively and promptly. Local government institutions are essential grassroots democratic bodies, as they are directly elected by the people, allowing public representatives to act with autonomy and accountability. Their primary role is to manage public affairs, address the needs of local residents, and enhance service delivery, ensuring that residents receive efficient services right at their doorsteps.

Effective financial management is essential for achieving a community's vision, and the budget is one of the most important tools for guiding this effort. It not only helps ensure financial accountability among local leaders but also serves as a blueprint for the community's future.

Funding mechanisms for local governments can vary widely across different regions and countries. In some areas, local governments may rely heavily on transfers from other levels of government, while in others, they might have greater autonomy to generate their own revenue. For example, in countries with a high degree of fiscal decentralization, local governments may have the authority to levy property taxes, issue business licenses, and impose other local taxes. In contrast, in more centralized systems, local governments often depend largely on financial support from higher levels of government. The effectiveness of local governments

## **An Overview 2025-2026**

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is influenced by various factors. One key factor is administrative capacity, which refers to the ability of local governments to manage resources, implement policies, and deliver services efficiently.

Understanding the strengths and weaknesses of local governments is crucial for identifying areas that need improvement to enhance their effectiveness. In regions where local governments have robust institutional frameworks and adequate resources, they can deliver high-quality services and promote local development more effectively. On the other hand, in areas facing financial constraints or governance challenges, the ability to deliver services can be significantly hindered.

However, KMC has a unique history, dating back to its establishment during British rule in 1846. Unlike many other local governments, it operated independently and efficiently without relying on government grants. KMC sustained its operations through the collection of Octroi Charges on imported goods until 1999. Prior to 2010-2011, when the CDGK (City District Government Karachi) was dissolved and replaced again by the KMC, it was successfully carried out development works, maintained infrastructure, and provided essential municipal services to the satisfaction of the citizens of Karachi as well poor citizens.

The budget estimates includes:

1. Income estimates; Projected revenue or income from various sources.
2. Expense estimates; Anticipated costs, such as fixed expense (rent, salaries, utilities) variable expense (materials, travel, marketing) Capital expenditure (equipment, infrastructure)
3. Revenue Projection; forecasted sale, services or other income
4. Cost Projections; Estimated cost of goods services ir programs
5. Cash flow estimates; Predicted inflows and outflows of cash.

The budget estimates help individuals, businesses and organizations to;

## An Overview 2025-2026

1. Plan and prioritize spending
2. Set financial goals and targets
3. Make informed decision
4. Manage resources and control expenses

### **EXPENDITURE BUDGET**

An expenditure budget is a financial plan that outlines projected spending for a specific period, typically a year. It categorizes expenses into different departments, programs, or activities, providing a detailed breakdown of how funds will be allocated and used.

In the expenditure budget, funds are allocated / earmarked for the betterment of peoples to provide the municipal services at length as assigned in SLGA 2013. The following table presents the total outlay of KMCs expenditure for the ensuing year and preceding year with revised estimates:

(Rs. in Million)		
S. No.	BUDGET YEAR	ALLOCATION
1.	2025-2026 (B.E)	55,283.606
2.	2024-2025 (R.E)	39,185.322
3.	2024-2025 (B.E)	49,701.845

The total expenditure of KMC reflected in the Budget Estimates for the FY 2025-2026 is estimated to **Rs.55,283.606** million as against the budget estimates for the year 2024-2025 of Rs.49,701.845 million, which has revised to Rs.39,185.322 million.

## An Overview 2025-2026

- **CURRENT EXPENDITURE.**

Current expenditure in council budgeting refers to spending on goods and services consumed within a single fiscal year. This category includes ongoing costs necessary for maintaining and operating existing services, as well as minor expenses for consumable items that fall below a specified threshold. Additionally, funds allocated for the establishment, contingencies, and maintenance of municipal services are considered part of current expenditure. Essentially, this expenditure encompasses the regular and essential costs needed to sustain municipal services and ensure their continuous operation.

The summary of budget estimates of Current Expenditure (Salary and Non Salary) & Development Expenditure for the next financial year 2025-2026 is as under:

(Rs. in million)		
Sr. No.	Nomenclature	Amount
1.	Current Expenditure.	35,054.119
2.	Development & Capital Expenditure.	11,083.215
	<b>Total.</b>	<b>46,137.334</b>

### **Major Head-wise summary of Current Expenditure**

(Rs. in Million).

Sr. No.	Nomenclature	Budget Estimates 2025-2026	Revised Estimates 2024-2025	Budget Estimates 2024-2025
1	Establishment.	31,591.494	21,478.225	27,846.975
2	Contingent.	3,048.015	1,933.410	3,176.048
3	Repairs & Maintenance.	414.610	264.350	424.355
	<b>Total</b>	<b>35,054.119</b>	<b>23,675.985</b>	<b>31,447.378</b>

The above table reflects that the establishment expenditure of KMC including funds transfer to pension account is estimated to **Rs. 31,591.494 million**, which comes to Rs.90.12% in terms percentage of the total current expenditure estimated to **Rs. 35,054.119million**. Whereas the revised budget estimates for the year 2024-2025 is reflected as **Rs.23,675.985million**.

## An Overview 2025-2026

- **CURRENT EXPENDITURE (Salary and Non Salary).**

The department-wise current expenditure is given below:

(Rs. in million)

Sr. No.	Departments	Budget Estimates 2025-2026	Revised Estimates 2024-2025	Budget Estimates 2024-2025
1	Secretariat (Mayor, Deputy Mayor, Metropolitan Commissioner Sectt. Council, Veterinary, HRM & Media Management, Religious Affairs)	1,347.624	930.192	1,257.056
2	Finance & Accounts, MUCT	766.743	371.119	456.733
3	Parks & Horticulture	1,416.727	915.197	1,292.529
4	Law.	253.245	125.920	234.393
5	Revenue Deptts (Land, Estate, Enforcement, Katchi Abadies, PD Orangi & Charged Parking).	2,092.477	1,683.219	1,891.191
6	Culture, Sports & Recreation	1,103.142	799.954	1,095.302
7	Information Technology.	93.907	80.903	92.491
8	Enterprise & Investment Promotion.	134.829	103.432	123.814
9	Medical & Health Services.	7,173.914	4,689.217	6,828.678
10	Municipal Services	5,069.794	3,974.467	4,622.143
11	Engineering	1,577.492	1,333.435	1,480.578
12	Transport & Communication.	0.225	0.050	0.260
13	Repayment of Loans & other misc. expenditure.	411.400	129.400	361.930
14	Pension Funds & Bailout Package	13,410.000	8,256.280	11,206.280
15	Fund Transfer to KMDC		336.000	504.000
	<b>Total</b>	<b>34,851.519</b>	<b>23,728.785</b>	<b>31,447.378</b>

The current expenditure of **Rs.34,851.519** million includes costs for contingent expenses, maintenance, and repair works. It comes under the category of non-development expenditure, excluding establishment expenses like salaries and pensions. The estimated current expenditure for the fiscal year 2025-2026 is **Rs. 34,851.519** million as compared to **Rs.31,447.378**million in the fiscal year 2024-2025. However, the current fiscal year's expenditure has been revised to **Rs.23,728.785** million due to tiny recovery of own resources income and short funds released by the GoS. These revisions were made to adjust for the challenging financial situation and insufficient funding availability.



## An Overview 2025-2026

• ESTABLISHMENT EXPENDITURE.		(Rs.in Million)	
Nomenclature		Year	Amount
• Budget Estimates		2025-2026	Rs.31,591.494
• Revised Estimates		2024-2025	Rs.21,478.225
• Budget Estimates		2024-2025	Rs.27,846.975

The Establishment Budget Estimates for next year 2025-2026 comes to **Rs.31,591.494** million including funds transfer to pension account for disbursement of monthly pension. The above figures reflects an increase of **Rs.3,744.519** million in absolute terms over the budget estimates and 13.44% in terms of percentage.

The Establishment Budget for next year 2025-2026 includes impact of 12% increase of salary for BPS-01 to BPS-16 and 10% for BPS-17 and above increase, whereas 8% increase in pension as announced by the Honorable Chief Minister, Sindh during his budget speech in Sindh Assembly on 14.06.2025. The establishment expenditure of **Rs.31,591.494** million comes to 90.64% of the total current expenditure i.e. **Rs.34,851.519 million**. The establishment budget estimates of FY 2024-2025 **Rs.27,846.975 million** have been reduced and revised to **Rs.21,478.225** million on the basis of actual expenditure to be incurred till June 2025.

## An Overview 2025-2026

- **CONTINGENT EXPENDITURE.**

(Rs.in Million)

Nomenclature	Year	Amount
• Budget Estimates	2025-2026	Rs.3,048.015
• Revised Estimates	2024-2025	Rs.1,933.410
• Budget Estimates	2024-2025	Rs. 3,176.048

The budget estimates for contingent expenditure is earmarked to be utilized for efficient and better delivery of assigned services. It includes all day to day, incidental and other emergent expenses which are incurred by the respective departmental heads for smooth running of all the municipal services rendered for the benefits of citizens of Karachi through the basic Health & Medical facilities and Culture, Recreational / Sports activities.

In the financial year 2025-2026, an estimated expenditure of **Rs.3,048.015 million** is allocated for contingent expenses, which represents an reduce of **Rs.128.465 million** over the current year's budget estimate of **Rs.3,176.048 million**. The current year's budget estimate was reduced to **Rs.1,933.410 million** on the basis of actual expenditure to be incurred till June 2025.

KMC has obligatory restrictions on contingent expenditures, limiting them to essential and immediate nature needs. The expenditures focused on payments of POL for vehicles including fire tenders and city warden vehicles, as well as ambulances. Utility bills such as telephone and gas expenses are also covered, along with the supply of medical gas and oxygen to hospitals. Janitorial services at Abbasi Shaheed Hospital and Women Sports Complex are prioritized, along with hiring heavy machinery for the removal of encroachments and cleaning of drains (nallahs). Additionally, other contingent expenditures such as newspaper advertisements, and imprest (day to day expenditure), are included into these essential expenditures.

## An Overview 2025-2026

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The following new budget categories have been introduced for the fiscal year 2025-26:

1. A budget category has been established within the Municipal Commission Secretariat KMC for travel and daily allowances (TA/DA) designated for internship trainees with an allocation of Rs.25,00,000/-.
2. A separate budget category has been created to cover TA/DA for Council Members attending Council sessions, which is set at Rs.2,000 per session having an allocation of Rs.1,10,10,000/-
3. Following the receipt of Municipal Utility Charges and Tax from K-Electric, the Mayor Karachi has intended to pay a monthly grant of Rs.100,000 for each elected Council Chairmen. This amount will accumulate as follows:

Numbers of UC Chairmen	Per Month	Per Year
246 (@100,000)	24,600,000	295,200,000

## An Overview 2025-2026

- **Repair and Maintenance Expenditure.**

**(Rs.in Million)**

<b>Nomenclature</b>	<b>Year</b>	<b>Amount</b>
• Budget Estimates	2024-2025	Rs. 414.610
• Revised Estimates	2023-2024	Rs.264.350
• Budget Estimates	2023-2024	Rs. 424.355

The expenditure on Repair & Maintenance of existing infrastructure as well as in every sector of municipal services for the year 2025-2026 is estimated to **Rs. 414.610 million** as against budget estimates of **Rs.424.355 million** for the current year's 2024-25.

During the financial year 2024-2025, KMC restricted the expenditure of "Repair & Maintenance of Fire Tenders and Snorkel." However, several essential areas allocated in the budget estimates could not be utilized due to financial constraints faced by the KMC. As a result, no expenditure were incurred from KMC's own resources for the "Repair & maintenance of Street Lights", Maintenance of Parks & Playgrounds, Repair & maintenance of Heavy Machinery & Repair & Maintenance of Medical Equipment

## An Overview 2025-2026

### • Development Expenditure.

The Development and capital expenditure refers to funds allocated or spent on ongoing or new projects, improving existing infrastructure, and acquiring machinery or equipment for KMC services. It focuses on expanding and enhancing infrastructure, facilities, and services as outlined in the SLGA 2013. This expenditure is crucial for driving economic development, improving public services, and advancing the overall infrastructure of the city.

**(Rs.in Million)**

Nomenclature	Year	Amount
• Budget Estimates	2025-2026	
		<b>Rs.20,083.215</b>
• Revised Estimates	2024-2025	<b>Rs.13,420.699</b>
• Budget Estimates	2024-2025	<b>Rs.18,154.760</b>

The total estimated development portfolio of KMC for the upcoming fiscal year 2025-2026 comes to **Rs. 20,083.215 million**, showing a significant increase in the budget estimate of **Rs.18,154.760 million** for the year 2024-2025. This includes funds allocated for projects such as the **CLICIK** initiative launched by the Government of Sindh and financed by the World Bank, as well as the District ADP Fund by the GoS.

In contrast, the development budget portfolio for the fiscal year 2024-2025 has been reduce and revised to **Rs.13,420.699 million**. The decrease was due to funds not released by the Provincial Government, on account of **District ADP, Drainage Works & provincial schemes.**

## An Overview 2025-2026

The Development Portfolio for the year 2025-2026 further described in the following manner:

(Rs. in million)

Sr. No.	Development Portfolio	Budget Estimates 2025-2026	Revised Estimates 2024-2025	Budget Estimates 2004-2025
1	Development Projects. (Financed by KMC from Own Resources)	3,649.215	6,045.487	2,509.860
2	District ADP (Funded by GoS)	9,000.000	6705.212	9168.500
3	CLICK Projects (Funded by World Bank)	7434.000	670.000	6,476.400
	<b>Total</b>	<b>20,083.215</b>	<b>13,420.699</b>	<b>18,154.760</b>

Sr.	Detail	Year 2025-26
1	To modernize Karachi City and provide essential facilities to the public, development funds will be allocated from the income collected through charges on K Electric bills. This initiative falls under the Municipal Utility Department (MUCT) of the Karachi Metropolitan Corporation (KMC) and is authorized by the special discretionary powers of the Mayor Karachi for various development projects.	500.000
2	City Council Union Councils Chairmen will receive payments each month @ 100,000 for miscellaneous expenses.	295.200
<b>Development and expansion of the following departments including parks, roads, buildings, markets, grounds, hospitals, rain drains and other development works, repair and maintenance, improvement and repair under the coordination of following KMC departments.</b>		
3	a Parks and Horticulture Department	200.000
	b Engineering Department	75.000
	c Estate Department	50.000
	d Medical Welfare Department	50.000
	e Municipal Services Department	50.000
	f Culture & Sports Department	50.000
	g Recreation (Zoo & Safari) Department	50.000
4	Solarization at KMC Buildings	220.000
5	Urban Forest at Gutter Baghicha	50.000
6	Kidney Hill Park	50.000
7	Shelter home for Street Drug Addicts Construction of Park to Chokandi	50.000
8	Graveyard	50.000
9	Purchase of Vehicles for Officers	90.000
10	Purchase of Service Vehicles	20.000
11	Purchase of Electric Bikes for Staff	10.000

## An Overview 2025-2026

	TOTAL	1,860.200
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### 1. District A.D.P

(Rs.in Million)

Nomenclature	Year	Amount
• Budget Estimates	2025-2026	Rs.9,000.000
• Revised Estimates	2024-2025	Rs.6,705.212
• Budget Estimates	2024-2025	Rs. 9,168.500

In the Provincial Budget Estimates for the fiscal year 2025-2026, the Government of Sindh has allocated a sum of Rs.55.000 billion for ongoing District Development Schemes across the province. Out of this allocation, the share for Karachi District has worked out @16.67%, to Rs.9,000.000 million for ongoing schemes. The government has committed to completing as many ongoing projects as possible without allocating funds for new schemes in the upcoming financial year 2025-2026.

Additionally, an amount of Rs.3,000.000 million has been allocated for Block Allocation. This allocation aims to support ongoing projects and address emerging priorities effectively within the province as well in Karachi.

The Provincial Government has released an amount of Rs.6,705.212 million to KMC during the FY 2024-2025 for on-going schemes only.

## An Overview 2025-2026

In next FY 2025-2026 budget, KMC earmarked an amount of Rs.9,000.000 million for on-going schemes. Sector-wise summary of schemes under District ADP is given here under:

SECTOR	NO. OF SCHEMES	ALLOCATION 2025-26
Physical Planning & Housing		
Insra-structure Roads/Flyovers/Bridges/ E&M/Buildings	442	4,651.211
Municipal Services	20	241.474
Health	10	145.000
Culture & Tourism CS	19	232.138
Culture & Tourism Zoo Safari	15	170.409
Parks	39	464.309
Information Technology	9	95.459
<b>Total On-Going schemes Total</b>	<b>554</b>	<b>6,000.000</b>
Block Allocation (New Schemes)	1	3,000.000
<b>Total</b>	<b>555</b>	<b>9,000.000</b>

<b>Brief Picture of District ADP 2025-26</b>		
<b>Sr. No.</b>	<b>Description</b>	<b>Amount</b>
1	Total cost of 626 schemes 01-07-2024	12,238.252
2	Expenditure of schemes till 30-06-2025	3,641.108
3	Throwforward as On 01-07-2024 (On-Going schemes)	8,597.144
4	Allocated share on going schemes by F.D GoS order No. SO.Dev10-25 Distt. Share 24-25 On-going Dated 05-08-2024	7,030.866
<b>Detail of Release</b>		
1	Total Release	6,705.212
2	Short Release	925.654
3	311 On-going schemes completed with cost	6,219.000
4	315 On-going schemes carry forward in new fiscal year 25-26	6,090.000
5	Already estimated Expenditure till June 2025	3,000.000
6	Required funds 315 schemes old	3,090.000
<b>2024-25 NEW SCHEMES</b>		
1	Allocated share on-going schemes by F.D GoS order No. SO.DEV10-25 Distt share 24-25 Ongoing dated 0-08-2024	2,400.000
2	Chairman Schemes 211 New Schemes against Block Allocation and KMC 33 Dpts Schemes approved by Mayor Karachi and MC, KMC cost Rs. 4800.000 Million pertaining to Engineering, IT, MS, Zoo Safari Dept.)	4,800.000
<b>Detail of Release</b>		
1	Total Fund Release	600.000
2	Short Release	1,800.000
3	Required funds 246 (New Chairman Schemes) Carry fwd NFY	4,200.000
4	Total carry fwd 315+246 NFY with Cost Rs.	7,290.000
5	Total Short Release from GoS	2,725.654



## An Overview 2025-2026

### Competitive and Livable City of Karachi (CLICK)

The Competitive and Livable City of Karachi (CLICK) project aims to transform Karachi into a more competitive and livable city by improving urban management, service delivery, and the business environment. It includes institutional reforms, capacity building, and investments to enhance infrastructure and municipal services. CLICK focuses on optimizing public resources, attracting private investment, and improving overall city governance to achieve sustainable urban development goals.

An amount of Rs.7,434.000 million has been reflected in the upcoming year 2025-2026 as against revised estimates of **Rs. 6,70.000 million** for the 2024-25.

The following schemes/ projects have been completed from the Block allocation of CLICK of current year's 2025-2026

Scheme No.	Name of Scheme	Expenditure Incurred (2025-2026)
KMC/ EW/ PKG-1	Block Allocation for the News Schemes/Projects	2,839,500,000
KMC/ EW/ PKG-2	Provision & Installation of solar System at Sharah-e-Faisal from Airport to Metropole Sharah-e-Iran, Sharah-e-Firdosi & Mehreen Drive	820,000,000
KMC/ EW/ PKG-3	Rehabilitation of Memon Goth Road Malir Karachi	220,000,000
KMC/ EW/ PKG-4	Rehabilitation of Football & Cricket Ground U-3 Mauripur Malir Karachi.	164,500,000
KMC/ EW/ PKG-5	Rehabilitation of Shadab Football Ground	196,000,000
KMC/ EW/ PKG-6	Rehabilitation of Community Cener Gadap Town UC-07 Murad Goth Malir	120,000,000
KMC/ EW/ PKG-7	Rehabilitation of Baldia Stadium Karachi	1,300,000,000
KMC/ EW/ PKG-8	Construction Flyover at Railway line District Malir	1,620,000,000
KMC/ EW/ PKG-9	Total Block Allocation/Minimum Condition Grant from WB through Click	7,280,000,000

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KMC/ EW/ PKG-10	Capacity Buildings	8,205,620
KMC/ EW/ PKG-11	Rehabilitation of Park & I.T Centre, Shahmand Town Karachi	145,794,380
KMC/ EW/ PKG-11	Total Capacity Buildings	154,000,000
	<b>Total Allocation for Click Schemes</b>	<b>7,434,000,000</b>

## An Overview 2025-2026

### Development Projects / Works (Own Resources).

The Karachi Metropolitan Corporation has taken up various Development Projects for the uplifting of civic life of the people of Karachi. A list of such major projects has been annexed.

(Rs.in million)

Sr. No.	Nomenclature		Budget Estimate 2024-2025
KMC's Development Portfolio			
1	CLICK Development Portfolio		7,434.400
2	Development & Construction of KMC Parks & Roadside Plantation.		355.000
3	Roads, Footpaths, Bridges, Roundabouts & Intersection of KMC Major Roads.		200.000
4	Cleaning & De-salting of Storm Water Drains		150.000
5	Purchase of Latest Medical & Electrical Equipment for Medical Institute of KMC		124.650
6	District Wise Improvement of Roads, Footpaths, Sewerage Lines, Bridges, Chowrangi & Intersection etc.		100.000
7	PROJECTS THROUGH MUCT INCOM		
	1	Special Development Project/Works	500.000
	2	Payment of Rs. 100,000/- per month to each Union Council (Council Section)	295.200
	3	Solarization at KMC Building	220.200
	a	Parks and Horticulture Department	200.000
	b	Engineering Department	75.000
	c	Estate Department	50.000
	d	Medical Welfare Department	50.000
	e	Municipal Services Department	50.000
	f	Culture & Sports Department	50.000
	g	Recreation (Zoo & Safari) Department	50.000
District ADP Portfolio			
8	Improvement of Infra-structure (Roads) Sector 446 Schemes Under District ADP		4,633.230
9	39 Schemes under District ADP for Development & Improvement Parks Sector		464.480
10	20 Schemes under District ADP for Municipal Services.		257.990