



BBMP ₹ Budget 2025

BBMP Budget 2025-26: Janaagraha Analysis

March 2025



Analysis of Urban Sector Allocations

Key Highlights

- BBMP has estimated an outlay of ₹ 19,927 crores for the year 2025-26, which is a 48% hike from BE of 2024-25 at ₹ 13,406 crores
- Capital expenditure accounts for 65% of 2025-26's budgeted estimates, while revenue expenditure accounts for 32%. Capital expenditure has recorded a hike of 76% over BE of 2024-25, being the major reason for spike in the overall budgetary outlay.
- Revenue target for the year 2025-26 is ₹ 19,928 crores, a hike of 48% over 2024-25's BE. BBMP's own source revenue (OSR includes property tax, other taxes and cess, non-tax revenues) contributes 51% to the total pool of revenue, followed by grants from centre and state governments at 44% and extra-ordinary receipts at 5%

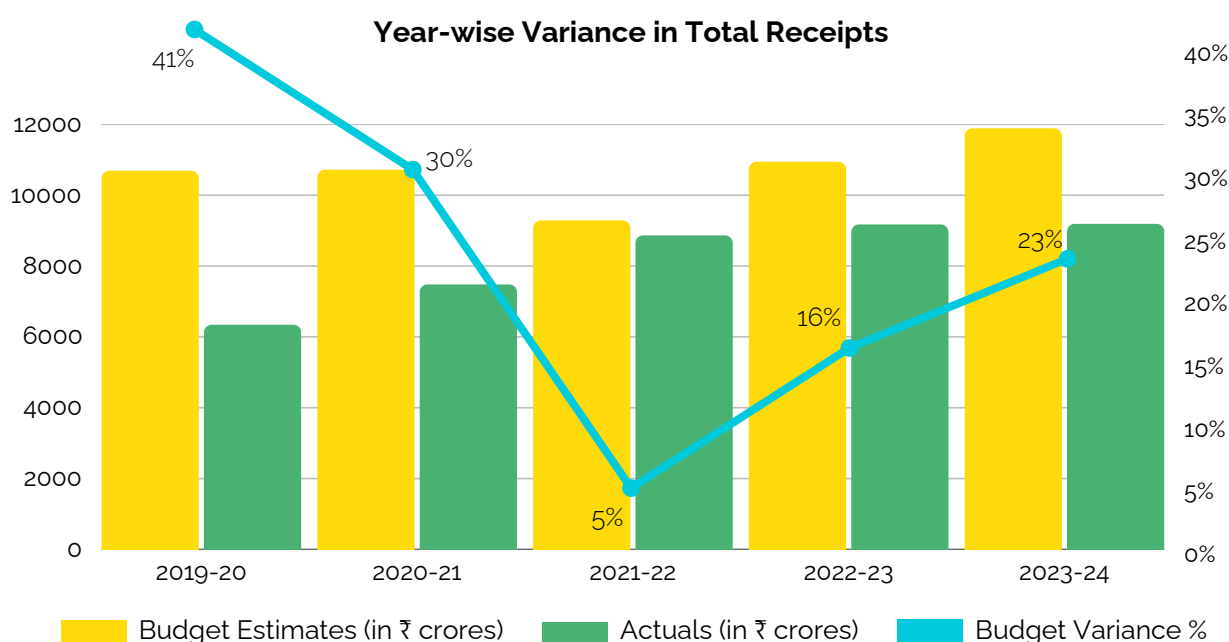
Key Insights

- BBMP has been observing a rising budget variance both in receipts and payments since 2021-22. For receipts, the variance has risen from 5% in 2021-22 to 23% in 2023-24, while for expenditures, the variance has risen from -12% to 21% in 2023-24. This highlights a cause for concern, reflecting unrealistic budgeting exercises.
- When comparing to actuals from 2023-24, BBMP anticipates to double its receipts from ₹9,189 crore to ₹19,928 Cr, an increase of 116%. Own source revenue remains largest significant contributor to BBMP's revenue. Between 2023-24 and 2025-26, BBMP anticipates increasing its OSR receipts by 121% evidenced by GIS-based technology adoption and efficient tax collection measures. However, there has been 113% rise in grant contributions in past 2 years (from ₹4,109.43 Cr in 2023-24 to ₹8,778.94 Cr in 2025-26) which suggests growing reliance on state support for funding, which could pose risks for fiscal sustainability in the long term.
- BBMP's property tax collections continue to be one of the highest in the country at with BBMP anticipating Rs.4100 Cr. in FY 2025-26. BBMP continues to leverage digital technology to increase property tax revenue, for instance the adoption of GIS based e-khata system, integrated with property tax, BESCOM, BWSSB and KAVERI; and further integration with trade license and building plan using AI tools.

- Interestingly, BBMP's own source revenue saw a drastic composition shift, from property tax being the largest contributor till 2024-25 to non-tax revenues taking the lead in 2025-26 BE. This change is driven by the allocations accorded to Advertisement fee (As per New policy) and Premium FAR fees (As per New Policy).
- A whopping Rs.73,600 Cr worth of multi-year transport infrastructure projects are declared, which will be routed through a Special Purpose Vehicle and not BBMP. The projects primarily focus on underground roads tunnels, road widening, etc. This unprecedented scale of proposed expenditure demands greater emphasis on financing mechanisms, implementation capacity and public accountability. Further, there is minimal to no emphasis on creating pedestrian infrastructure at scale and improving public transport.

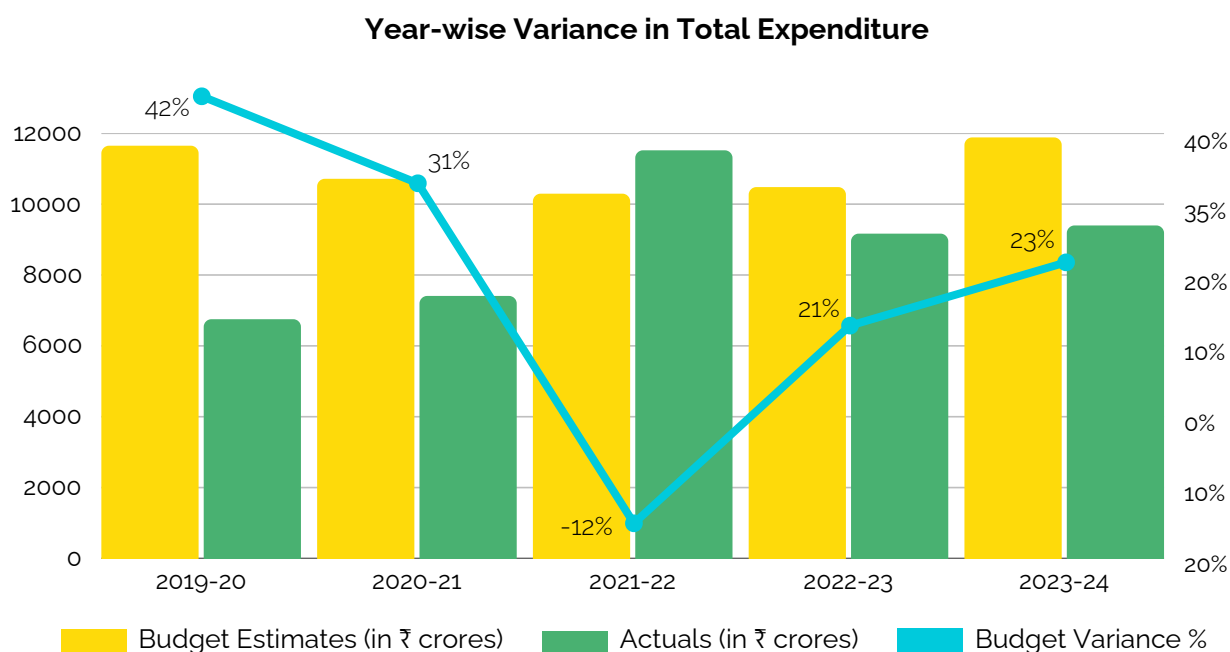
I. Variance Analysis of BBMP's Budget

a. Variance in receipts



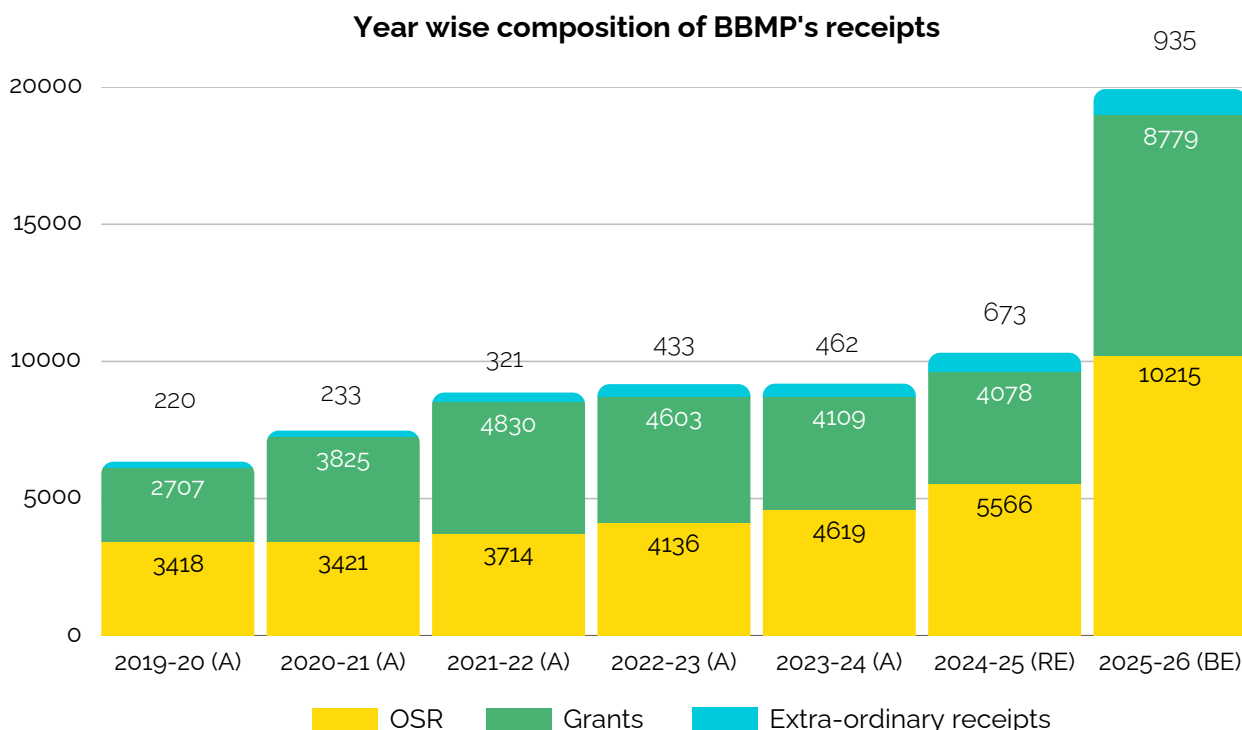
- Over the period 2019-20 to 2025-26, the variance in total receipts has seen a fluctuating trend, averaging 23%.
- Variance in total receipts dropped significantly in 2021-22 to 5% from 41% in 2019-20.
- Post 2021-22, the variance has risen for two consecutive years from 5% in 2021-22 to 23% in 2023-24 (BE vs Actuals). The rising variance post 2021-22 for two consecutive years till 2023-24 reflects a concerning trend, which the BBMP must be cognizant of and take corrective measures in budgetary practices to keep the rising variance in check.

b. Variance in expenditures



- Over the period 2019-20 to 2025-26, the variance in total expenditure has seen a fluctuating trend, averaging 19%.
- During 2019-20 and 2020-21, budget variance remained significantly high at 42 % and 31% respectively, with actual spending falling short of estimates. However, 2021-22 marked a turning point, with actual expenditure (₹11,518.78 crores) exceeding the budget estimate (₹10,294.80 crores) by 12%, indicating increased expenditure during the COVID pandemic.
- The budget variance increased slightly to 13% in 2022-23 but remained significantly lower than the high variances of 2019-20 (42%) and 2020-21 (31%). Variance for 2023-24 increased to 21%, signaling the need for stronger budgetary discipline and planning frameworks.

II. Composition of BBMP's receipts

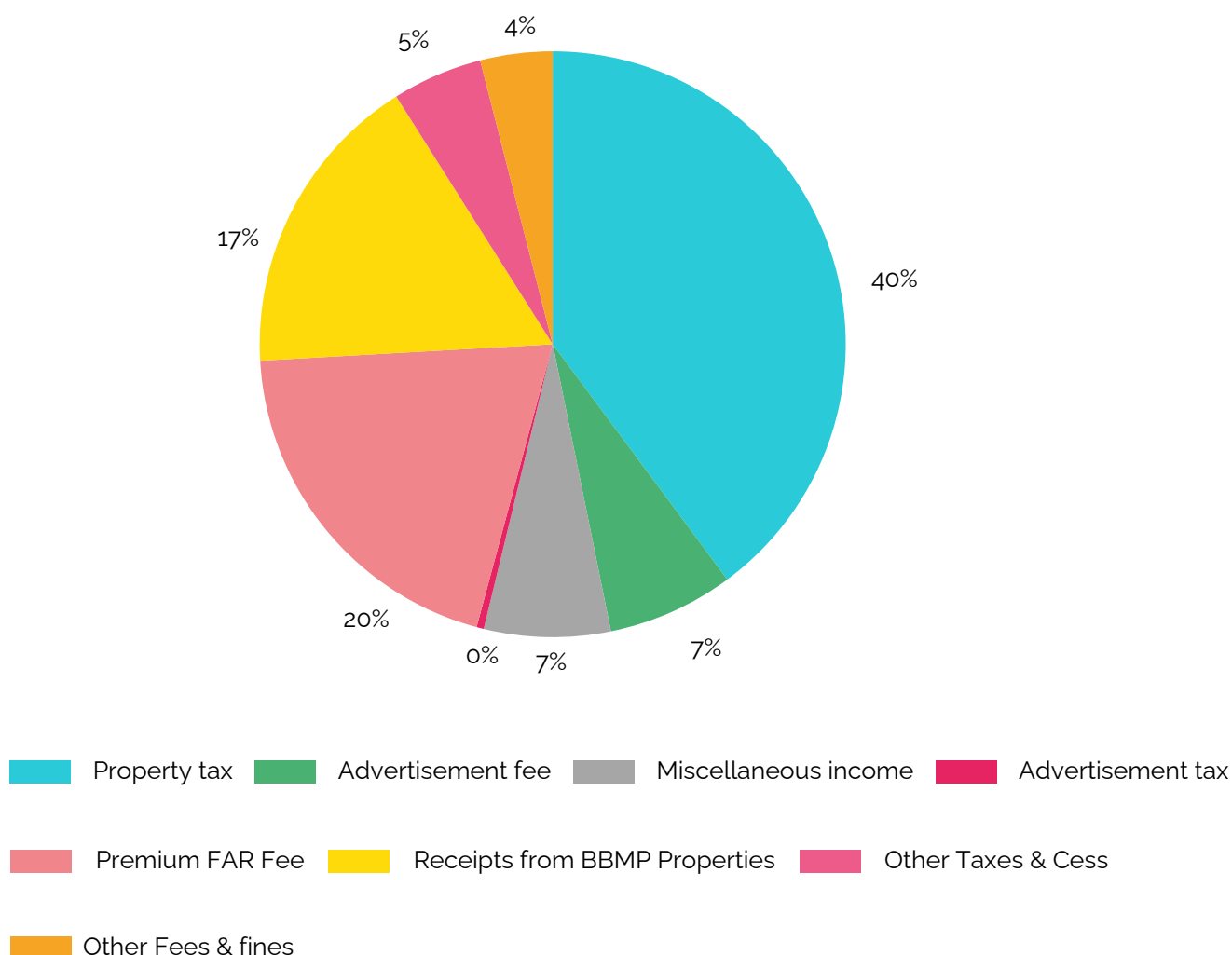


- The total receipts nearly doubled in size from 2023-24 to 2025-26, moving from ₹9,189.82 Cr to ₹19,928 Cr.
- While OSR remains the largest contributor, its proportion of total receipts declined from 54% (2024-25) to 51% (2025-26). Despite this decline in share, OSR's absolute value significantly increased by 84% YoY growth, reflecting improved revenue collection efforts.
- Grants have grown remarkably in absolute terms, showing a 115% YoY increase between 2024-25 and 2025-26. Grants' share of total receipts increased slightly to 44% (2025-26) from 40% (2024-25), signalling increased state reliance.
- This highlights that while OSR continues to increase in absolute numbers, its growth rate is lesser than that of grants. Moreover, OSR's composition in the total receipts has reduced while that of grants has increased.
- This reflects the need for BBMP to take measures to ensure greater buoyancy in own sources of revenue and reduce dependence on grants further.

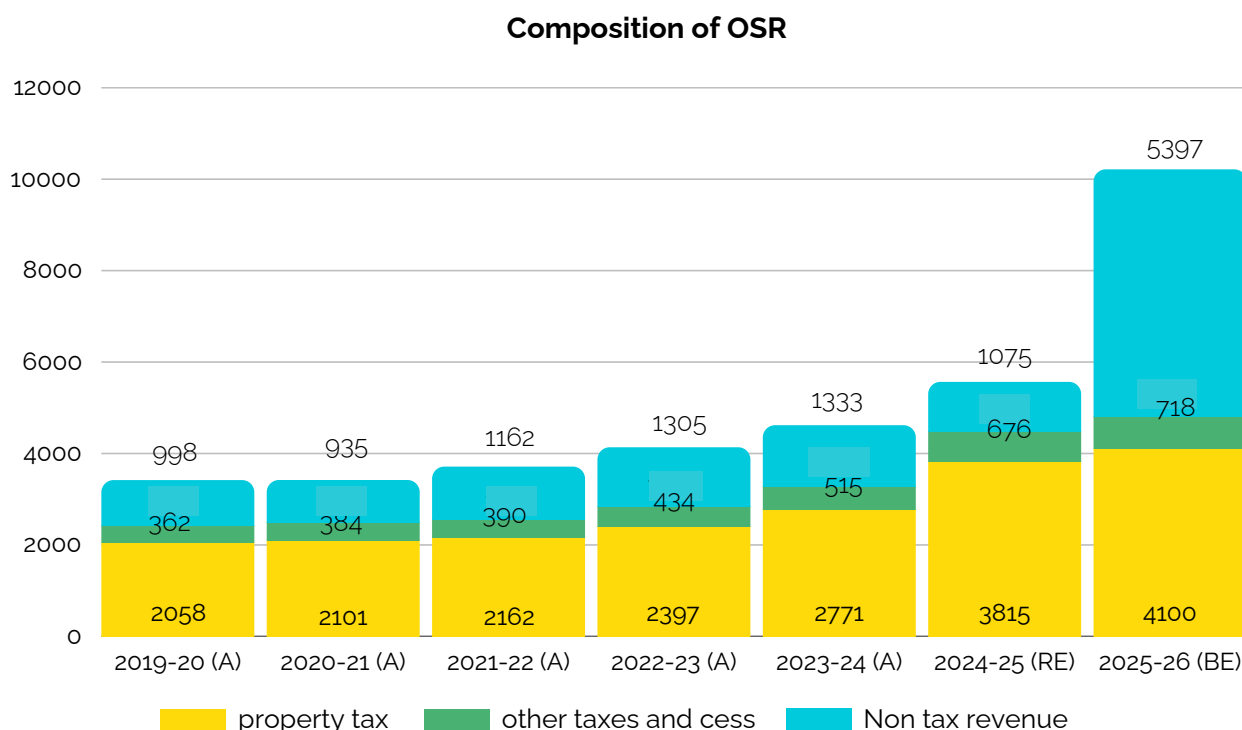
a. Composition of BBMP's Own Source Revenues

Key Observations on Own Source Revenue for FY 2025-26

- Property tax contributes 40% of the total own source revenue, making it the single largest revenue stream.
- Premium FAR (Floor Area Ratio) fees as per the new FAR policy accounts for 20% of the revenue, showcasing BBMP's plan to increase non-tax revenue sources linked to urban development activities.
- With 17% contribution, other fees and fines is the third-largest revenue source, indicating the role of compliance and penalties in revenue generation.



Trend in Own Source Revenue since 2019-20 to 2025-26



- Within the own revenue sources of BBMP, property tax has been the biggest contributor until 2024-25, where it's composition in BBMP's budget was around 69%, followed by non-tax revenue sources at 19% and other taxes and cesses (including advertisement tax, health cess) at 12%.
- However, as per 2025-26's BE, non-tax revenue sources account for the largest share at 53%, while property taxes have witnessed a downfall as a % of OSR, standing at 40% of own source revenues. *The drivers of this spike in non-tax revenue sources are the Advertisement fee (as per New Policy) with an allocation of 700 crores and Premium FAR fees (as per new Policy) at 2000 crores in 2025-26 BE.*
- The focus on non-tax sources of revenue is a welcome step, considering BBMP's demographic profile, booming population and commercial areas. However, BBMP must make renewed efforts in increasing the buoyancy of property taxes, which have recorded a not so impressive CAGR of 12% over the period 2019-20 to 2025-26, as compared to 44% CAGR of advertisement tax and a 32% CAGR in non-tax revenue sources.

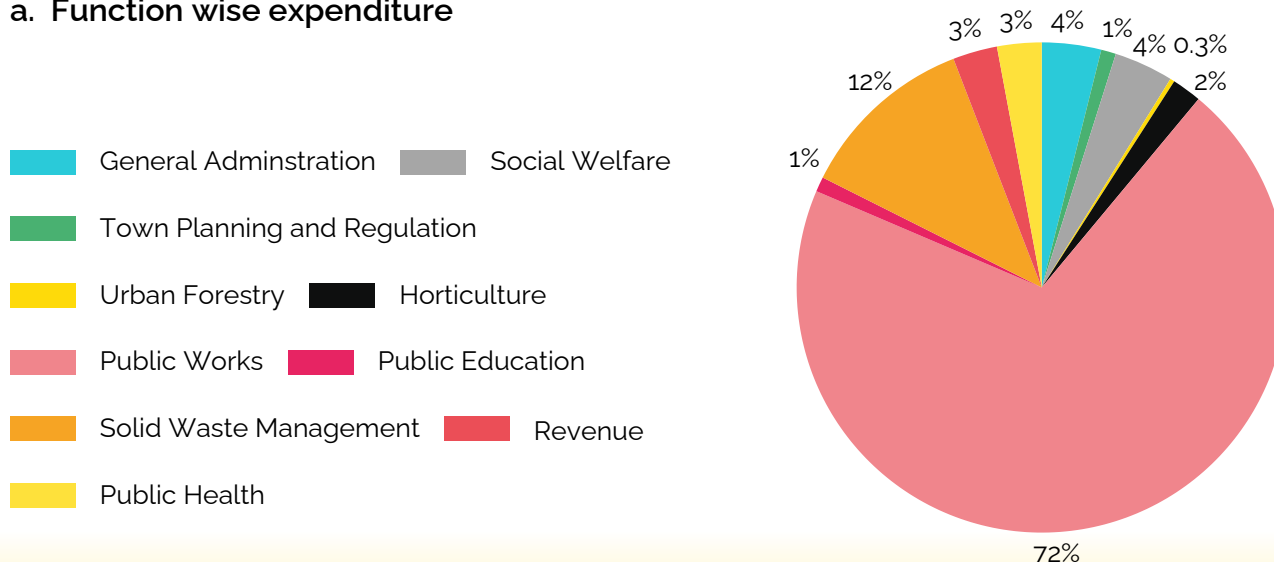
III. Composition of BBMP's expenditure

BBMP has estimated an outlay of ₹ 19,927 crores for 2025-26, marking a significant 93% increase from the Revised Estimate (RE) of 2024-25 at ₹ 10,315 crores. The budget reflects a clear focus on infrastructure development – with 65% on capital expenditure – while maintaining essential public services and operational efficiency.

Sources Expenditure	Budget Estimate 2025-26 (in Rs. Cr)	Total Expenditure (%)
Establishment Expenses	1,751	9%
Administrative Expenses	393	2%
Solid Waste Management Expenses	1,400	7%
Operation and Maintenance Expenses	1,968	10%
Programme Expenses (Health, Education and Welfare)	857	4%
Development works	12,952	65%
Refund of Deposits and Cess	604	3%

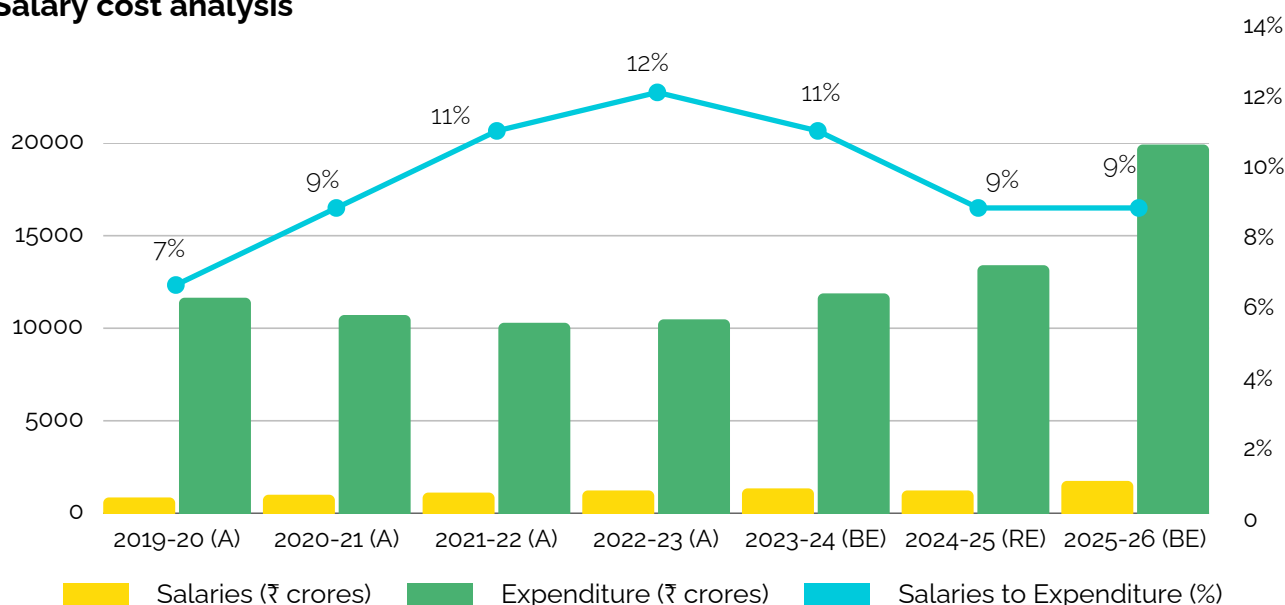
Four items constitute 91% of the budgeted estimates – development works (₹12,952.2 crore, 65%), O&M expenses (₹1,968.7 crore, 10%), establishment expenses (₹1,751.23 crore, 9%), and solid waste management (₹1,400 crore, 7%).

a. Function wise expenditure



- A massive 72% of the budget (₹14,249.98 crore) is allocated to Public Works, clearly signalling the administration's focus on large-scale infrastructure development. This priority aligns with the 65% allocation for development works (₹12,952.20 crore) under expenditure breakup.
- This is followed by Solid Waste Management (12%) and General Administration and Social Welfare (4% each), Public Health and Revenue (3% each) and Horticulture (2%).
- Minor allocations are made towards Town Planning and Regulation (1%), Public Education (1%), and Urban Forestry (0.3%), indicating the relatively lower priority for these functions in the current fiscal year.
- Given the pressures on urbanisation, a much higher focus on social welfare and inclusive development, including green infrastructure, is missing in this year's budget announcements.

b. Salary cost analysis



BBMP's salary cost has increased at approximately 12% CAGR from ₹857 crore in 2019-20 to ₹1,751 crore in 2025-26, with a high jump from 2024-25 (RE) to 2025-26 (BE).

Note

1. Source for data: BBMP Budget books across years
2. BE is Budget estimates
3. RE is Revised estimates
4. A refers to actuals
5. OSR refers to Own Source of Revenue

Big Projects , Bigger Gaps – BBMP Budget Analysis

BBMP has released an ambitious budget of approx. Rs.20,000 Cr for FY 2025-26 for Bengaluru's development, with the vision for upgrading city's infrastructure, preserving the environment and promoting economic activity. The city is relying on technological innovations and revenue enhancement to meet its developmental objectives. The budget builds on the aspirations of Brand Bengaluru but in the absence of an elected council for the fifth year now, the budget may not reflect citizens' priorities.

Financial sustainability is a focus area for BBMP. This has been achieved by a slew of policy, process and capacity improvements. It performs exceptionally on property tax collections, having collected Rs.4900 Cr in FY 2024-25, one of the highest in India for the second consecutive year. BBMP plans to continue leveraging digital technology to increase property tax revenue, for instance the adoption of GIS based e-khata system, integrated with property tax, BESCOM, BWSSB and KAVERI; and further integration with trade license and building plan using AI tools. This year marks a new trend of increased focus on non-tax revenue. The approval of Advertisement bye-law 2024, BBMP (tapping into commercial advertisement potential) and the Premium FAR Policy (building license) are important moves in the direction.

While the budget recognises the need for comprehensive and inclusive approach to urban planning, the projects fall short of the vision. A whopping Rs.73,600 Cr worth of multi-year transport infrastructure projects are declared, which will be routed through a Special Purpose Vehicle and not BBMP. The projects primarily focus on underground roads tunnels, road widening, etc. This unprecedented scale of proposed expenditure demands greater emphasis on financing mechanisms, implementation capacity and public accountability. Further, there is minimal to no emphasis on creating pedestrian infrastructure at scale and improving public transport. BBMP would significantly benefit from de-congesting its streets from private vehicles by creating walkable neighbourhoods and densifying economic and transit hubs.

Budget also calls out environment as a focus. BBMP's efforts to address approx. 98 lakh tonnes of legacy waste are commendable but efforts to reduce and manage new waste generation are lacking. Multiple initiatives are stated under BBMP's Climate Action Plan, like climate budgeting, internship, nature-based solutions, etc., but budget allocation for the same is missing. Further, the budget does not lay out a bold vision to tackle urban flooding, water shortage and urban heat island effects. Some projects, such as the canal barriers, proposed under World Bank funding, might be seen as temporary "band-aid" solutions rather than long-term systemic solutions.

Overall, while the budget packs a punch with big infrastructure announcements, the real catch lies in the details.

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Janaagraha



About Janaagraha

Janaagraha is a Bengaluru-based not-for-profit institution working to transform the quality of life in India's cities and towns. It defines quality of life as comprising quality of infrastructure and services, and quality of citizenship. To achieve its mission, Janaagraha works with councillors and citizens to catalyse active citizenship in city neighbourhoods, and with governments to institute reforms to city-systems. Janaagraha has worked extensively on urban policy and governance reforms for over two decades including on JnNURM, and with XIII, XIV, XV Finance Commissions, and the Comptroller and Auditor General of India. Janaagraha's current portfolio of work includes engagements with the XVI Finance Commission, Ministry of Housing and Urban Affairs (MoHUA), NITI Aayog, Capacity Building Commission, state governments of Odisha, Assam, Uttar Pradesh and the 5th State Finance Commission of Karnataka.

Find out more at www.janaagraha.org



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