

Municipal Corporation of Delhi

March 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating	0.00	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in the issuer rating assigned to Municipal Corporation of Delhi (MCD) factors in its strategic importance to Government of the National Capital Territory of Delhi (NCTD) and the Government of India (GoI), with the corporation providing civic services to NCTD and an important quasi-Government body. MCD is the largest municipal corporation in Delhi providing civic services to ~97% of the NCTD. The corporation benefits from strong economic base of Delhi, with the city being home to national and multinational giants in manufacturing and service sectors. The corporation has good infrastructure in place, a strong record in terms of geographic coverage and service delivery and has been performing well in the execution of its civic duties. The rating is driven by the continued support received from the State Government in the form of grants (revenue and capital) and loans which has enabled the Corporation to manage its liquidity. CARE Ratings Limited (CareEdge Ratings) expect the support to continue considering the importance of MCD, which shall remain a key rating sensitivity.

CareEdge Ratings observes that implementation of the Sampattikar Niptaan Yojana (SUNIYO) scheme in 2025 has led to an improvement in property tax collections and overall tax revenue in 9MFY26. As a result, the corporation reported an 18% growth in revenue receipts in 9MFY26, supported by a strong 35% year-on-year increase in property tax collections.

Rating strengths are offset by weak financial position of the corporation with a high expenditure base and limited revenue growth resulting in continued revenue deficit the past. MCD reported a 7% increase in revenue receipts to ₹12,384 crore in FY25, driven by higher non-tax and assigned revenues. However, despite increase in revenue, the corporation continued to incur a revenue deficit, which stood at ₹623 crore in FY25 and narrowed to ₹388 crore in 9MFY26 considering implementation of the SUNIYO Scheme.

The rating is further constrained by limited autonomy in implementation of reforms, stretched payments to creditors, and a modest liquidity profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in own revenue base and the corporation reporting revenue surplus consistently.

Negative factors

- Reduced support from the Government of Delhi/and or reduced strategic importance.
- Continued reporting of revenue deficit, impacting the liquidity position.

Analytical approach: Standalone

Outlook: Stable

Given the importance of Corporation for NCTD, it is expected that MCD would continue to receive support from Government to manage its finances, supporting the fiscal profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Strategic importance and strong economic base

Delhi is the second largest city in India in terms of GDP and MCD provides civic services to 97% of the National Capital Territory of Delhi. Thus, MCD is strategically important to Government of India and Government of Delhi. The city boasts a robust economic

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

base, hosting numerous national and multi-national corporate houses, and government buildings. Apart from the strong economic base, Delhi is also one of the prominent tourist destinations.

MCD is responsible for providing and maintaining services including solid waste management, expansion/upgradation of government hospitals, street lighting, urban infrastructure including roads, planning and public places. MCD does not provide water supply and sewerage disposal work, which is looked by Delhi Jal Board under the control of Government of National Capital Territory of Delhi. MCD has good infrastructure in place and has a strong track record in terms of coverage and service delivery.

Financial support from Government

With Delhi being strategically important, MCD receives substantial amount of grants capital and revenue in nature with grant receipts to the tune of ₹4,608 crore in FY25. Apart from revenue grants, the corporation receives assigned revenue (part of share of stamp duty), which constituted ~24% of the revenue in FY25. The corporation has been receiving the assigned revenue in a timely manner. The support from government is expected to continue with aggregate assistance of ~₹3,337 crore budgeted by the government towards support to urban local bodies in its budgetary announcement for FY26. Continuity of support from the government, supporting cashflows/liquidity position is important from credit perspective.

Key weaknesses

Weak financial position of corporation with volatility in revenue surplus

MCD reported a 7% growth in revenue receipts to ₹12,384 crore in FY25, mainly driven by higher non-tax revenue and assigned revenues. However, even with higher receipts, the corporation continued to report a revenue deficit. Revenue deficit stood at ₹623 crore in FY25, which narrowed to ₹388 crore in 9MFY26 compared to ₹1,934 crore in 9MFY25.

Reduction in deficit in 9MFY26 was supported by increased property tax collections, following implementation of the SUNIYO scheme. The property tax amnesty scheme helped enhance collections, broaden the taxpayer base and promote voluntary compliance, strengthening the corporation's revenue profile.

MCD has also undertaken measures to improve property tax collections through expansion of the assessed property base, revision in unit area rates and reforms such as Geographic Information System (GIS) mapping and geo-tagging. These measures are expected to support further improvement in property tax buoyancy over the near to medium term. Given its modest financial position, MCD is likely to continue relying on support from the Government of Delhi.

Limited autonomy in levy of taxes

MCD has limited autonomy in implementation of reform with key decisions such as property tax revision implemented by the state government. The property taxes have been revised after over a decade in FY24 for certain areas. Before the recent revision, the last revision was undertaken in 2004. The low base rate to an extent, hindered the corporation's ability to increase property tax revenue. Implementation of tax reforms will be crucial for sustenance of the corporation.

Liquidity: Stretched

As on December 31, 2025, MCD has cash and cash equivalents of ₹540 crore. Liquidity remained stretched with MCD having large liabilities in form of payments to creditors/salary payments. However, MCD has no external debt and there is no defined repayment schedule for the debt availed from the state and central governments.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Issuer Rating](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Urban Infrastructure Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Public services	Urban local bodies

MCD is one of the three Municipal Bodies of Delhi. The corporation was formed in 1958 and is governed by The Delhi Municipal Corporation Act, 1957 (amended from time to time). On January 13, 2012, the corporation was trifurcated into three municipal bodies – i) East Delhi Municipal Corporation (EDMC), North Delhi Municipal Corporation (NDMC) and South Delhi Municipal Corporation (SDMC). In March 2022, the Union Government approved the Delhi Municipal Corporation (Amendment) Bill to merge these ULBs into a unified corporation. Subsequently, three entities were reunified and formed as Municipal Corporation of Delhi (MCD) in May 2022. MCD is largest Municipal Corporation in the country covering 1,397.3 Sq. Kms. It is sub-divided into 12 Zones Centre, South, West, Najafgarh, Rohini, Civil Lines, Karol Bagh, SP-City, Keshavpuram, Narela, Shahdara North and Shahdara South.

Particular	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (A)
Reported Revenue Receipts	11,619	12,384	11,190
Reported Revenue Surplus	57	(623)	(388)
Revenue Surplus/Revenue Receipts (%)	0.49	-5.03	-3.47
Own Revenue/Revenue Receipts (%)	77.26	75.91	76.44

A: Actuals; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer Rating- Issuer Ratings	-	-	-	-	0.00	CARE BBB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (21-Mar-25)	1)CARE BBB-; Stable (07-Mar-24) 2)CARE BBB-; Stable (13-Apr-23)	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated:** Not applicable**Annexure-5: Lender details**To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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