



# ಬೆಂಗಳೂರು ನವನಿರ್ಮಾಣ ಪಕ್ಷ Bengaluru NavaNirmana Party



## BACKGROUND TO FINANCIAL MANAGEMENT OF BBMP

Bruhat Bengaluru Mahanagara Palike (BBMP) has been mandated under The Karnataka Municipal Corporations Act, 1976 (KMCA) to govern Bengaluru by providing & maintaining basic civic amenities by collecting tax & cesses on properties, earning rent on its own properties and earning revenue from private advertisement on public places. Being a IT hub and a growing metropolis, Bengaluru provides ample scope for collecting sufficient revenues to maintain civic services without depending on State Government for funds or resorting to loans. However, management of BBMP's finances has been a complete disaster, to say the least. Let's see how:

- **REVENUES & COLLECTIONS ALWAYS LAG THE BUDGET:** BBMP's budgeted expenditure for the year 2019-20 is approx. Rs. 11,650 crores, which they plan to source through collection of Property Tax, Other revenues & Government Grants. However, history shows that BBMP revenues & collections invariably fall significantly short of the target.
- **STATE GOVERNMENT & MLA INTERFERENCE IN BBMP:** It is very likely that BBMP's revenues & collections are deliberately kept inefficient to make BBMP more dependent on the State Government than it needs to be. This gives the State Government, Ministers & MLAs a handle to exercise control over BBMP's operations and expenditure, thereby giving them better access to the Rs. 10,000 cr annual spend of BBMP.
- **NO ACCOUNTABILITY IN AWARDING CONTRACTS:** Given the interference of State Government & MLAs in the BBMP spend, most Corporators claim that they have very little say in awarding contracts. Contracts offer significant scope for money being siphoned off, when there is no clear accountability pegged to anyone.
- **POOR QUALITY OF WORK EXECUTED:** Given the interference & lack of accountability, the quality of work carried out in these contracts is invariably extremely poor, whether it is road work, garbage clearance, storm water drain construction or road lighting, which has been the bane of the city for many years.
- **LACK OF DETAILS IN ACCOUNTS:** Audited accounts of BBMP are presented at a very high level without getting into much of detail. Details of ward level budget allocation & spending is kept at a very minimal level. Work orders & contracts awarded, details of which are available on the BBMP website, carry very little information about work done.
- **NO TRANSPARENCY WITH CITIZENS ON DETAILS:** Detailed aspects of the overall budget, ward-wise allocation, details of spending as well as more information on contracts is not shared with the citizens of Bengaluru from whom the money is collected.
- **POOR AUDIT PROCESS:** BBMP has failed in this task totally, with audited accounts not being made available even one year after the completion of respective financial years. Internal audit has not been done since the year 2010. CAG Audit reports which have damned BBMP for financial mismanagement are not taken seriously.
- **LACK OF DATA & SYSTEMS:** A good system with proper use of technology is a prerequisite to financial prudence and efficiency. However, BBMP does not even have a proper record of the number of properties liable to pay property tax and how many have paid the same. Basic data is totally missing in BBMP.

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## **BNP DRAFT MANIFESTO FOR BBMP FINANCIAL MANAGEMENT**

BNP commits to fight for the following for better financial management of BBMP –

**PROPER DATA MANGEMENT THROUGH USE OF SYSTEMS & TECHNOLOGY:** List of all properties in the city is to be mapped properly through proper surveys, including through use of GPS & other technologies. This list is to be properly maintained & updated every year and correlated with other organizations like BESCO, BWSSB etc. to make it reasonably accurate and bring every property under the ambit of revenues collection.

**EFFICIENT TAX & REVENUES COLLECTION:** Data collected above should help move towards mapping of payers & defaulters. Professional agencies are to be appointed for tracking defaulters and follow-up for collection of dues, including arrears & penalties. A systematic methodology is to be used to determine and collect highest level of revenues from different sources like properties, assets, parking lots, commercial establishments etc.

**PROPER BUDGETING PROCESS:** Annual budget is to be built up significantly from the ward-level budgets rather than taking a top-down approach without any idea about the true requirement of wards. Also, budget is to be prepared to generate a small surplus instead of shortfall to thwart attempts by ministers and MLAs to exercise unlawful control over BBMP.

**GOOD ACCOUNTING SYSTEM:** Revenues and expenditure are to be monitored closely through a computerised accounting and financial management system based on 'Double Entry Accounting'. Accounting system to be structured to give revenues & expenditure status at ward level, so that ward committees are empowered and local officials can be held accountable.

**TIMELY ACCOUNTS, MIS & AUDIT:** BBMP accounts to be drawn up within 3 months of closing of the accounting year, audited by a professional audit firm within a reasonable time and audited accounts approved by the BBMP council to be put in the public domain within 6 months of closing of the accounting year. In addition, an internal audit process is to be instituted for better controls & management. MIS Reports also to be generated on a monthly basis to help keep track of revenues / expenditure & help prepare accounts in a timely manner.

**ENGAGEMENT OF PROFESSIONALS:** Any accounting system will only be as reliable as the people manning it. Therefore, independent, qualified & experienced professionals to be engaged to help build, maintain & manage the accounting system.

**TRANSPARENCY & ENGAGEMENT WITH CITIZENS:** Citizens have the right to know how their money is being spent. A reasonably high level of detail is to be presented to citizens both for the overall accounts as well as the ward-level accounts. Ward committees are to be used as the channel for engaging with citizens on details of accounts, works & projects undertaken.

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