

CITY MONEY

FROM THE FILES BBMP Budget outlay more than doubled from Rs 4,238 crore in 2009-10 to Rs 8,848 crore in 2011-12. However, revised estimates for 2010-11 came in at Rs 3,857 crore, a 9% decrease from the 2009-10 budget

Every Tuesday, over the next six weeks, The Times of India and Janaagraha Centre for Citizenship and Democracy set the agenda for better fiscal management by BBMP

CHECKS & BALANCES

At state government's mercy

Not long ago BBMP had almost been declared a 'non-performing asset', meaning a state of bankruptcy. Finally, it was the state government which came to its rescue by granting Rs 750 crore to pay up its dues to the financial institutions. To maintain financial discipline and to avoid such bankruptcy circumstances, a realistic budget at the right time is needed.

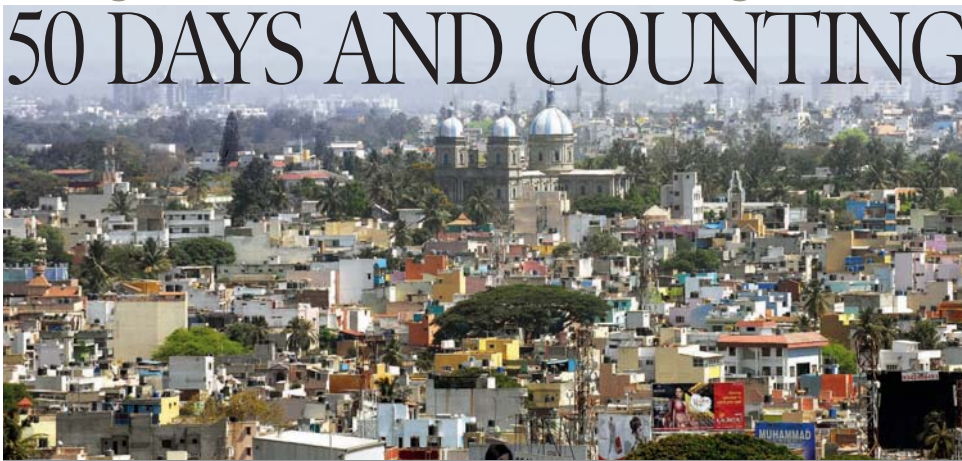
Alert system needed

In its draft review report on BBMP's works of drains and roads, the Comptroller & Auditor General has recommended that the state government should devise an alert system to check budgetary excess and financial mismanagement. The report also mentions that Pre-audit should be strictly enforced to curb manipulations in estimates and execution.

Over and above provisions

It seems as though budget has nothing to do with BBMP works. In 2010 January when the State Chief Auditor's wing conducted an audit in BBMP, it was found that for the year 2008-09, Rs 1,500 crore worth work code was issued over and above the budgetary provisions. For the year 2009-10, works worth Rs 2,000 crore had been issued exceeding the budgetary provisions. When will BBMP learn that fiscal prudence is a must?

Bangaloreans await their Budget.. over 50 DAYS AND COUNTING



ORDER AMID CHAOS: The city desperately needs a sense of financial discipline in civic management to finish pending works and improve quality of life of Bangaloreans

Stikarath Viswanathan

Would you start spending before you know your income? Would you overshoot your budget? Can you imagine doing these for several years in a row? The Bruhat Bangalore Mahanagara Palike (BBMP) has accomplished these with a chilling consistency. Last year, BBMP presented a Rs 9,200 crore budget (Budget for 2011-12) while the estimated receipts were Rs 3,500 crore for the previous year. The budget was presented after a delay of five months. The year before that, BBMP presented a budget for Rs 8,500 crore (Budget for 2010-11) when its previous year estimated receipts were again Rs 3,500 crore.

This budget was presented after a delay of six months. This year (2012-13), BBMP budget has been already delayed by over 50 days (first week of March) and Bangaloreans are still waiting. (The budgets for 2011-12 and 2010-11 were subsequently revised upwards by the

TIMES civic audit



council to Rs 9,360 crore and Rs 8,848 crore respectively though these have not yet been updated on the BBMP website).

Both the budget estimates and the date when it would be presented have become an annual April Fool's prank on the Bangalorean, with every fiscal year being heralded on April 1 without a city budget.

The city budget is the clue that can lead us to a better quality of life. Better roads, footpaths, litter-free neighbourhoods, clean lakes and parks etc which constitute quality of life primarily depend on allocations in city budgets and not in Union or state budgets.

Equally, the agency that is responsible for a better quality of life in cities is the local self-government, i.e. the municipal corpora-

Viewed against this backdrop, BBMP's leadership, especially on the budget front, has been regressive. Consider the following misses on fundamentals in recent years:

- Budgets delayed by over five months in two consecutive years and over 50 days in the current year. Neither preventive checks exist nor any penal provisions apply for delays
- Budget estimates missed by 35% over the last 5 years (2006-07 to 2010-11), 60% being the over-estimation in 2010-11

- Spill-over works (capital) in 2009-10 and 2010-11 constituted 24% and 22% of the total capital budget estimates of respective years, indicating the extent of delays in completion of infrastructure works, either due to execution delays or lack of funds (leaving aside quality issues)
- Audit reports and annual accounts not disclosed by BBMP. In comparison, the Municipal Corporation of Greater Mumbai has disclosed four years' annual accounts on its website, updated until March 31, 2010; no internal audit done from 1964

ward. Fund allocations for these daily humdrum crises come through the city budget and therefore the need for Manjunatha and Bhagamma to engage with their corporators and with their city's budgets.

The writer is a manager, Public record of operations and Finance (PROOF), the public disclosure and accountability initiative of Janaagraha

View from the top

V Ravichandran CIVIC ANALYST

Invariably, BBMP has excuses as to why the budget wasn't done in time. If there's a will, it's possible to do it, on time. For this to happen, one backing financial systems need to be robust. The budget is an instrument of promise and corporators love to present an inflated figure that has no chance of materialising. They reckon revenue items that will not come (e.g. Akrama Sakrama revenue, overestimate tax receipts, etc.). Spillover works is a misnomer and needs to be controlled. The reason why the amount is the same is because it is not spillover works but works undertaken in the past but not undertaken yet. BBMP's record is typically cyclical overruns.

BBMP wants to see how much money

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The last budget was populist while there

The last budget was populist while there were not enough resources to fulfil the works announced. Property tax is eyed as the major resource for the BBMP; to function most of the works, advertisement taxes should also match up to their accounts. The people have become disinterested over the years and the elite class is always indifferent. The common man believes the 'sab chalta hai' (anything will do) policy has caused indifference among the people. Decentralization of power into the hands of ward corporators has not achieved its objective. A PIL could be filed to ensure the budget is presented on time.

BBMP lacks seriousness in its administration

BBBMP lacks seriousness in its administration which results in budget delay. People who run the show have different agendas in mind when they work for the civic agency. Mayors and deputy mayors get less time to finish any project priorities in mind. Decentralization of wards has not helped because there is a lack of ability in corporators and corruption is rampant. Public should question the inflated budget and why their money goes to drains through spillover works every year. The state government is equally guilty in approving such inflated budgets without questioning the BBMP.

R K Misra CIVIC EXPERT, ABIDE MUMBAI

Budgets have become merely wish-lists

Sunitha Rao R | TNN

Are budgets mere wish-lists? That's exactly how BBMP's budgets look like, as projects declared on paper hardly see the light of the day on the ground.

When Greater Bangalore has not been cleared more than Rs 1,300 crore of property tax, the major revenue source of the BBMP, the inflated budget has a fancy outlay of Rs 8,498 crore (2010-11) and Rs 9,316 crore (2011-12).

What makes BBMP budgets most inflated are the expectations of revenue mopping that is far removed from reality. Though the Akrama Sakrama scheme is gathering dust in the Raj Bhavan as it awaits the governor's clearance, the BBMP budget of 2011-12 also expected Rs 1,000 crore to be spent. The scheme was envisaged to regularize deviations in building construction.

Having no real goal is one of the limitations of BBMP budgets. There is not much of projects that were budgeted and completed within the stipulated period, thus leading to scores of spillover works.

In 2010-11, when the maiden BBMP council was formed, the budget was presented only on August 8, 2010, with a delay of 183 days. For 2011-12, the budget was presented on August 18, with a delay of 184 days. This year, when all other metropolitan cities have tabled their budgets in February and March, Bangalore is yet to know its financial position for this year. The Municipal Corporation of Delhi presented it on February 8 and Greater Hyderabad Municipal Corporation filed it as early as January 18.

Guess why the BBMP has been perennially failing in fiscal management? One reason is the lack of internal audit. Though as per the

Transparency missing

In 2010-11, though the BBMP budget declared an outlay of Rs 8,498 crore, it was escalated to Rs 8,848 crore when it was sent to the state government approval. In 2011-12, the budget presented was of Rs 9,198 crore but when it was sent to the government approval, it had become Rs 9,316 crore. BBMP has not maintained transparency on how the budget outlay was escalated and what new projects necessitated this increase.

55% variance between estimated and revised!

The difference between the budget estimate of 2010-11 and the revised payment vary by as high as 55%. The budget estimated income payments for 2010-11 to be Rs 8498 crore, but it is noticed that revised payments the BBMP could make was Rs 3857 crore. Even in terms of financial receipts, the same budget had a variance of 59%, as the revised revenue was Rs 3517 crore, as against the estimated Rs 8498 crore.

However, in the absence of corporators, the budget estimated financial receipts Rs 2842 crore and the revised estimate was Rs 2,782 crore. The difference is a mere 3% and thus comparatively realistic.

KMC Act, an internal audit is a must, it has been ignored since 1964. As a result, there is no check-and-balance system in accounts, no bank reconciliation statement in BBMP and lack of scrutiny leading to revenue loss. BBMP has only recorded its expenditures and not credit-bid statistics of its finances.

When did other cities present the budget?

Urban local body	Budget presented
Municipal Corporation of Delhi	February 8, 2012
New Delhi Municipal Council	January 13, 2012
Jaipur Nagar Nigam	January 13, 2012
Kolkata Municipal Corporation	March 10, 2012
Ahmedabad Municipal Corporation	February 3, 2012
Surat Municipal Corporation	February 17, 2012
Municipal Corporation of Greater Mumbai	March 20, 2012
Pune Municipal Corporation	April 10, 2012
Hyderabad Municipal Corporation	January 18, 2012
Greater Chennai Corporation	March 12, 2012
Patna Municipal Corporation	March 20, 2012
Bhubaneswar Municipal Corporation	March 13, 2012

Please send your suggestions and comments to speakoutbangalore@timesgroup.com with "Times Civic Audit" in the subject



AN EYEWASH: Not much work gets done. The BBMP council meetings are usually consumed by inane debates and protests while the city locks on helplessly

BBMP trips on spillover works every year

Aparajita Ray | TNN

If you are a resident of Rajmahal Gutta, have you wondered why the work on a referral hospital never started in your locality? If you live in Hongasandra, you must be wanting to know why the promised concrete roads didn't materialise.

There are hundreds of such works, including construction of healthcare centres, referral hospitals, concrete roads, footpath development, storm water drains, railway over bridge (ROB) or railway under bridge (RUB) and rejuvenation of lakes, which the BBMP has been planning to do every year and the budgetary allocation for such works have been made in every year's budget. These are called spillover works.

Every year BBMP thinks big and has an ambitious budget. But the economics of the budget are unsound: the big figures projected ride on the confidence of 'probable' revenue. Since there is usually a huge gap between expectations and receipts,



CARRY OVER: The construction of a grade separator at Kadirenahalli near Kumaraswamy Layout appears to be a perennial project as it has been pending for four years now

BBMP is forced to shelve some projects in the budget year. These projects, called spillover works, are taken up in the next budget. The full estimated cost of each such project is added in every year's budget, making the budget inflated.

For example, the construction of a referral hospital in Rajmahal Gutta has been pending for four years now and the whole amount estimated for it was allocated again in the next year. The second reason could be the cost escalation due to time overrun, which also indicates at the poor estimation of the officials and engineers for any work. BBMP seems to have not learnt any lesson. In the next year and the whole amount estimated for it was allocated again in the next year. The second reason could be the cost escalation due to time overrun, which also indicates at the poor estimation of the officials and engineers for any work. BBMP seems to have not learnt any lesson. In the next year and the whole amount estimated for it was allocated again in the next year.