The BBMP budget shows way for civic bodies

By- SRIKANTH VISWANATHAN |

In this budget season in Bengaluru, the BBMP Budget 2017-18 is the bright spot on three counts. First, the BBMP presented the budget and released the budget speech, action-taken report along with a 150-page budget book, while there seems to be no information in the public domain on this year’s budgets of the BDA, BWSSB and the BMTC.

Secondly, on the pet peeve of budget variance -the difference between what’s proposed and implemented -BDA takes home top honours with average budget variance of 59% from 2011-12 to 2015-16. While the BWSSB’s average budget variance stands at 43%, that of BBMP’s has come down from over 60% during 2010-2014 to 27% in 2016-17.

Thirdly, on transparency, the BBMP is way ahead and its website is a lot better than before, though still not contemporary in design and content. The civic body alone discloses updated details of every payment made to its contractors, and is updated till February 2017.

As a public institution, the BBMP’s financial management is still poor and has to be transformed. We should accept, however, that it has improved its performance over the last couple of years and fares better than the BDA, BWSSB and the BMTC on at least few aspects of financial management. The BBMP Budget 2017-18 in some ways reflects that.
At Rs 9,240 crore, the budget seems to be unrealistic, however, budget performance in 2016-17 improved with revised estimates of Rs 6,820 crore or 73% of budget estimates, the best for the council in five years. Property tax (excluding cess) collections amounting to Rs 1,680 crore in 2016-17 was hugely short of potential. BBMP needs to sharply focus on both revenue assessment and collections. Government grants at Rs 3,300 crore came to the rescue of the BBMP in 2016-17. This is worrisome as the civic body needs to eventually sustain on its own. On the positive side, repayment of loans worth Rs 622 crore and 7,600 pending bills worth Rs 1,167 crore in 2016-17 should give the BBMP some relief. The state government must give some relief to the BBMP on its loan balance of Rs 1,400 crore and pending bills, tying this to the civic body’s performance. It also needs to expand BBMP’s revenue base by giving it access to predictable revenue streams such as stamp duties and registration charges, motor vehicle registration charges, entertainment tax and profession tax, instead of budgeting for infrastructure works in the state budget.

A Bengaluru Fiscal Responsibility and Budget Management Act that covers not just the BBMP, but also the BDA, BWSSB and the BMTC, and mandates mediumterm fiscal plans, timely standardized annual accounts audited by chartered accountants, quarterly performance MIS, citizen participation in budgeting and complete transparency in civic works can reboot the city’s economy and infrastructure. A Bengaluru municipal finance blueprint is needed to catalyze such an act.

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