

Financial Reforms in Bangalore City Corporation

Storyline...

Bruhat Bangalore Mahanagara Palike (BBMP) is the Corporation of the city of Bangalore. The BBMP's jurisdiction extends to more than 750 sq. km. The BBMP has an annual budget in excess of Rs. 40 billion.

MaGC® (formerly NCRCL®) helped Bangalore City Corporation in revamping its accounting and financial management by implementing the Fund Based Accounting System. BBMP has successfully implemented FBAS and regularly publishes its financial statements prepared under FBAS, every year end.

Once upon a time...

The BBMP was following the traditional cash based system of accounting. The accounting system was not capable of providing information for decision making to the Management. It also lacked in transparency and accountability. There was an urgent need to introduce double entry based accrual accounting and simultaneously streamlining the functioning of the finance department of the BBMP. Computerization of the accounting system was also a key requirement.

Moving on...

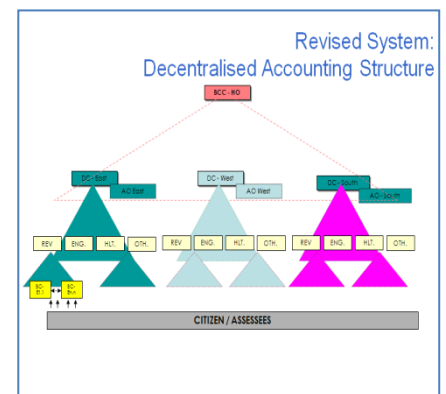
MaGC applied the **3PT**® framework for addressing the requirements of BBMP. The 3PT® framework took a comprehensive view of **Policy, Process, People and Technology** aspects.

Policy – New Rules were framed and amendments to existing rules were introduced to give a strong legal backing for the initiative.

Process – Detailed process maps were developed to guide the BBMP staff in procedural aspects. Changes were made to the organisation structure and roles and responsibilities were clearly defined.

People – Extensive training was given in conceptual, procedural and software aspects to the BBMP staff.

Technology – A software solution was implemented for day to day accounting under the Fund Based Accounting System (FBAS) including modules for Works Management, Payroll and Management Information System.



MaGC was responsible for the conceptualization of the entire initiative, implementation support, training and handholding aspects. Some important outputs of the assignments include FBAS Accounts Regulations, 2001 BMP Budget Regulations, 2003 FBAS Accounting Manual, Memorandum of Understanding with the State Government and with banks, BMP opening balance sheet, BBMP annual budget under FBAS and FBAS financial statements.

Finally...

The FBAS integrated MIS is a key source of information for all decision making requirements of the BBMP. The Bangalore experiment has become the path breaker for accounting reforms in other urban local bodies in the State as well as in the country. MaGC has implemented similar financial reforms in Tumkur (Karnataka) and Jabalpur (Madhya Pradesh) municipalities and in Bangalore University also. The Bangalore experiment has been made into a case study for discussion at IIM, Bangalore.