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Employees to feel heat of BMC's cash crunch

In a bid to tide over a financial crunch, the Brihanmumbai Municipal Corporation has decided to cancel allowances of its employees in the coming years. After burdening its kitty by revising employees' salary in line with the Sixth Pay Commission and owing to poor revenue by the Octroi department, the cash crunched BMC has decided to save around Rs Rs 187.5 crore by not paying promised allowances to the employees. These include family planning allowance (Rs 28.65 crore), children's education (Rs 157.56 crore) and special disability allowance Rs 1.35 crore.

We will not be paying these allowances till the financial condition of the BMC stabilises," said chief accountant (finance) Ram Dhas.

Since the Octroi revenue dropped over the last few months due to global meltdown, the civic administration has predicted deficit up to Rs 4,500 crore in its capital budget till 2015, if the situation doesn't improve. BMC has also sought the state government's permission to draw an internal loan of Rs 2,500 crore.

It has already suggested ways to cut down expenditure and increase revenues by identifying new sources of income.

The civic law committee this week also approved the proposal to increase fees for renewing hawking licenses, displaying hoardings and advertising on signboards to increase the flow of income. While hawkers will have to bear the brunt of an 80 to 100 per cent hike for their licencing fee, advertisers will shell out 75 per cent additional charges. The new charges will be effective from January 2010.

The civic administration has estimated additional income of Rs 35 crore in its budget by hiking these fees.

The civic administration has issued a 20-point guideline to overcome the crisis with stringent measures, including no funding for large scale infrastructure projects, stalling recruitments and 25 per cent reduction in corporators fund—which is used for ‘unforeseen civic repair works’, beautification and construction of gyms and social welfare centres.

It has also written to state government asking it to clear the dues amounting to Rs 703 crore for property, water, sewerage and other taxes.