

# Digitising municipal payments collection

Optimising revenue collection through automation

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# Our approach to automating municipal bill collection



Grant Thornton Bharat helps municipal corporations with the onboarding process. The fee is charged to the payment apps and bill service providers.

Step 1

Validation of the requirements

A. Pro-bono consultation	B. Validate & approve requirements	C. Bill payment opportunity assessment
<ul style="list-style-type: none"><li>Understand the municipalities' systems and requirements</li><li>Categorise requirements</li><li>Identify potential gaps</li><li>Understand the present stage</li></ul>	<ul style="list-style-type: none"><li>Conduct validation workshop</li><li>Incorporating gaps identified into the BRD</li><li>Documentation of value proposition for Third-Party Application Providers (TPAP)</li></ul>	Gauge understanding of demographics - Number of customers, transactions, expectation, value of transactions, present stages of automation

Step 2

Discussion with bill collection apps

Based on the validation of the requirements, one of the following options will be selected

A. TPAP onboarding	B. Digital integration	C. End to end digitisation
Evaluation of potential offerings for municipalities and initiate the process of TPAP onboarding	Support for integrating websites with payment gateways and third-party applications	Grant Thornton Bharat will help municipalities prepare the Request for Proposal (RFP) for digitisation including ERP-based development, payment gateway integration, and third-party application integration

Step 3

Assistance with onboarding

A. User Acceptance Testing (UAT) preparation	B. Testing	C. Go live
<ul style="list-style-type: none"><li>Preparing UAT strategy for testing</li><li>Identifying test cases for each modules</li></ul>	<ul style="list-style-type: none"><li>Assist the team in performing UAT</li><li>Identify the issues and notify the bill payment applications</li></ul>	<ul style="list-style-type: none"><li>Review bug tracker and ensure the reported errors are fixed</li><li>Sign-off process from department heads</li><li>Go live</li></ul>

# Pro-bono study timeline (8 weeks)

## Week 1

- D1** Kick-off meeting & Non-disclosure agreement (NDA) sign-off
- Align project scope and timeline with municipality
  - Sign NDA and assign key stakeholders
- D2** Understand current systems
- Study data digitisation workflows

## Week 2

- Study data digitisation workflows
- Map existing bill generation to collection timelines

## Week 3

- D3** Infra & tech integration mapping
- Evaluate integration readiness with Bharat Connect, payment gateways, third party apps
- D4** Financial and operational metrics review
- Analyse cost per bill collection by channel

## Week 4

- Analyse cost per bill collection by channel
- Assess infrastructure, manpower & tech costs

## Week 5

- D5** Gap analysis & field observations
- Study reconciliation, disputes & grievance handling
  - Identify inefficiencies and processing delays

## Week 6

- Identify inefficiencies and processing delays

- D6** Loss & cash flow assessment
- Review cash handling charges and leakages
  - Understand risks and inefficiencies in current cash flow

## Week 7

- Understand risks and inefficiencies in current cash flow

- D7** Benchmarking and recommendations
- Benchmark against other urban local bodies

## Week 8

- Benchmark against other ULBs
- Draft roadmap with recommendations for municipality

# Municipality bill collection ecosystem: a snapshot



## Taxes and fees levied by municipalities



Trade fee licenses



Professional taxes on doctors, lawyers etc.



Property tax



Water tax, sewage and sanitation charges



Solid waste management fees from industries



Building plan approval fees



Parking fees and related development charges

Fee collection channels include OTC cash and digital transfers, the website for automated categories, and Bharat Connect.

## Challenges faced by municipalities



Exorbitant fee collection charges



Transaction failures & complaint management



Reconciliation and cash management



Delays in fee collection



High IT infrastructure costs



# Municipal billing and collection process



Urban municipalities have digital infrastructure, but digitising billing aims to unify 3,286 municipalities for seamless transactions. Bharat Connect, NPCI's reliable platform, simplifies municipal bill payments. However, municipalities vary in technical and payment capabilities.

Municipalities across the country are at various stages of automation			
Stage of advancement for municipalities	Level of automation and integration with advanced payments systems		
	ERP-based automation/integration	Bill collection integration	Third-party payment apps integration
Stage 1	✓	✓	✓
Stage 2	✓	✓	✗
Stage 3	✓	✗	✗
Stage 4	✗	✗	✗



## Benefits to customers from bill payment automation



### Timely, accurate and automated collection

Automation enables timely and efficient dues collection, strengthening municipal finances.



### Low transaction failure and minimal collection fee

Automated systems reduce transaction failures caused by system fragmentation. Payment system democratisation has benefited cities like Delhi and Mumbai, streamlining processes and significantly cutting operational costs.



### Grievance redressal - Management by TPAP

TPAPs efficiently manage grievance redressal, easing the government's burden and improving customer satisfaction through dedicated support teams.

## Optimising municipal revenue collection through automation



### Access to billing information for reconciliation

Access to past billing information and consolidated ledgers act as a system of checks and balances, greatly reducing the incidence of corruption within municipalities.



### Savings in IT infrastructure costs

Automating bill collection through TPAPs can help municipalities cut down on IT infrastructure costs, including server maintenance, security, software updates, and data storage. The savings can then be redirected to other essential municipal needs.



### Float received due to early bill generation

By issuing bills earlier and enabling residents to pay through TPAPs, municipalities can benefit from the float—the interest or earnings on funds held before transfer to the government's account. This additional revenue strengthens the municipality's financial health.



### Money in bank account on T+1 or T basis

TPAPs enable faster fund transfers, ensuring that collected revenue is deposited into the municipal account promptly—either on the same day (T) or within one day (T+1). This improves cash flow and enhances financial planning efficiency.



### Decreased revenue leakages

Implementing an automated billing system allows for real-time financial tracking, preventing revenue leakages.

# Case studies

## A municipality at Stage 3

### ERP-based integration

This municipality is a semi-digitised administrative body with e-governance access and digital payment modules for select services.

#### Digitised offerings

- **Property tax:** This municipality enables users to check dues, pay property tax, and access assessment status information
- **Miscellaneous:** This municipality allows users to pay water bills, book water tankers, and access billing and dues information
- **Trade licenses:** Users can apply for a municipal license through this municipality's portal and track its status online

## A municipality at Stage 2

### ERP-based integration & bill collection integration

This municipality is a semi-digitised administrative body with e-governance access and digital payment modules for select services.

#### Digitised offerings

- **Property tax:** This municipality enables users to check dues, pay property tax, and access assessment status information
- **Miscellaneous:** This municipality allows users to apply for marriage, birth, and death certificates
- **Trade licenses:** Users can apply for a municipal business license through this municipality's portal

## A municipality at Stage 1

### ERP-based integration, bill collection integration and third-party application integration

This municipality is a leading example of a flourishing digitised corporation. It has accessibility to e-governing systems and digitised payment modules for various services.

#### Digitised offerings

- **Vendor registration:** This municipality provides a functionality to make commercial vendor-related registrations through its platform
- **Property related taxes:** This municipality provides an option to make payments for property-related taxes through its platform, including property tax, water bill, etc
- **Ancillary services:** Users can manage documentation for birth, death, marriage, occupancy, etc. through this municipality's platform
- **Taxes and bills:** Local body tax and slum tax billing can be done through it's online platform seamlessly

# Connect with our experts



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