

CHAPTER - V

CONCLUSION AND SUGGESTIONS

C H A P T E R - V

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The conclusions based on the emperical study of the effects of industrialisation on municipal finance of Ichalkaranji are presented below.

The net income of the Ichalkaranji municipality and its correlations with the population, labour force, shops and commercial establishment and electricity are positive and strong. Thus all the factors whose correlation has been given here, show that they have influenced substantially the growth of revenues of the Ichalkaranji Municipality.

In the case of octroi tax, its correlations with the population, labour force, shops and commercial establishment and electricity are strong and positive. All these factors have largely influenced the growth of octroi revenue.

In the case of property tax, only two factors namely population and labour force have largely influenced the growth of revenue. While other two factors namely shops and commercial establishments and electricity do not show strong and positive influence on revenue growth. All this shows that growing industrial and commercial activities and urbanisation have large impact on the growth of revenue of the Ichalkaranji municipality.

The net expenditure of the Ichalkaranji municipality and its correlation with the population, labour force, shops and

commercial establishment are more or less positive and fairly strong.

As the correlation between the municipal expenditure and the city population of Ichalkaranji is positive but very low ( $r = 0.30$ ) growth of population seems to have smaller impact on the growth of municipal expenditure under the period of our study.

The growth of labour force, shops and commercial establishment have caused fairly large expansion in municipal expenditure.

The negative correlation between the net expenditure of the municipality and consumption of electricity suggest that, there is no direct causal relation between increasing consumption of electricity and changing expenditure of the municipality.

The correlations between expenditure on collection of general administration of taxes, octroi tax and population, labour force, shops and commercial establishment and electricity are more or less positive. Population and labour force (urbanisation and industry) show the greatest impact on growth of expenditure. While shops and commercial establishment and electricity consumption have less effect.

The correlation between expenditure on fire, lighting, safety and population, labour force, shops and commercial establishments is more or less positive.

First important factor is population, while labour force and other factors are less significant. The negative correlation

between expenditure on fire, lighting, safety of the municipality and consumption of electricity suggests that there is no direct causal relation between increasing consumption of electricity and changing expenditure on fire, lighting, safety of the municipality.

The correlation between expenditure on general conservancy and public amenities and population, labour force, shops and commercial establishment are more or less positive. Population has considerable effect on growth of expenditure on general conservancy and public amenities. While labour force is fairly more important as compared to shops and commercial establishments, which are not very significant.

There is a high degree of correlation between net income of the Ichalkaranji municipality and the electric power used in the industries. This indicates that high degree of buoyancy of revenue has been caused jointly by rapid growth of industrialisation and increasing consumption of electricity in the municipal area of Ichalkaranji.

Revenue from octroi tax has remained the largest source of revenue in all the years under study. The amount of revenue from octroi tax continuously increased, recording high annual growth of Rs. 2229.55 thousands or 67.67%.

Revenue from property tax continuously increased, recording annual growth of Rs. 206.36 thousands or 29.81%. But the

proportion of property tax revenue to total tax revenue fell by 7.09% during the corresponding years. Revenue from remaining tax sources increased, but the revenue significance of these sources is not high. The annual growth rate of the remaining tax revenue was Rs. 92.82 thousands or 28.58%.

The total revenue of the Ichalkaranji municipality continuously increased in all the years under study. The annual growth rate was of high order of Rs. 3451.05 thousands or 61.72%.

The expenditure of highest magnitude was incurred by the municipality on general conservancy and public amenities. This expenditure formed a high and constant proportion of total expenditure. It was 63.12% in 1969-1970 and it slightly increased to 63.55% in 1984-1985.

Next important item of expenditure was expenditure on collection of taxes. This expenditure formed a falling proportion of total expenditure from 15.78% in 1969-1970 to 12.33% in 1984-1985.

The third important item of expenditure was education, grants etc. It had formed almost a constant proportion of total expenditure it decreased from 11.72% in 1969-1970 to 10.99% in 1984-1985.

The residual amount of expenditure (i.e. fire, lighting, safety, contributions, miscellaneous etc). continuously increased. This expenditure formed a rising proportion of total expenditure from 8.78% in 1969-1970 to 13.13% in 1984-1985.

It may be pointed out that in most of the years municipal expenditure was much lower than municipal revenue. Similarly it was even lower than the municipal tax revenue in almost all the years particularly from the year 1973-1974.

Thus in the revenue budget of the Ichalkaranji municipality surplus emerged every year and the size of the surplus increased fast over the years.

The capital account receipts of the Ichalkaranji municipality consisted of water works grants, road development, building grants etc. received from the Government. The grant received for the water works during 1972-1973 to 1984-1985 was Rs. 10303.2 thousands.

To some extent municipality received grants for roads and road development in only four years of our study, the total amount of grants received was Rs. 698.5 thousands for 1972-1973 to 1984-1985.

Municipality received grants for town planning development, the total amount of grants received was Rs. 1274.3 thousands during 1972-1973 to 1984-1985. Since 1983-1984 grants of Rs. 1050.0 thousands were received for drainage purpose.

The municipality received grants for buildings also since 1972-1973 grants of Rs. 51.0 thousands were received for building purposes.

The Ichalkaranji municipality received huge amounts of loans for water works in only three years that is in 1978-1979, 1979-80 and 1981-1982 only. In recent year 1981-1982 some loans were received for slum improvement.

The loans for primary education have been received regularly. These loans have shown continuous increases from the year 1972-73 to 1984-1985 and they recorded high annual growth rate of 58.20%.

The deposits kept with Ichalkaranji municipality have also shown considerable growth for the period under study. Their annual growth rate was 30.92%.

The most significant capital receipts are recovery of advances. The receipts from this source formed high proportion of total capital receipts ranging between 27% to 64% in the period under study. The recovery of advances recorded a very high annual growth of 57.27% in the corresponding period.

The aggregate amount of capital receipts increased at a rapid rate of 59.56% during the period under study.

The growing amounts of capital expenditures, are explained by developmental works like drainage, roads and road development, buildings for various purposes etc. The total amount of developmental expenditure of the municipality have risen rapidly at the annual rate of 76.98% during the period under study.

Annually huge amount of disbursements were made on account of advances etc. The advances constituted a very high proportion

ranging between 54% to 64%. of the total disbursements. Deposit refunds ranged between 2.27% to 3.12% of annual disbursements in the same period. It is important to note that developmental capital expenditure formed between 36% to 46% of the total disbursements during the period under study.

A fairly high magnitude of deficits have emerged during the period of our study, in the capital budget of the Ichalkaranji municipality.

Both the capital receipts and disbursement have most increased for same period but the deficit of capital account has increased at a high annual rate of Rs. 976.4 thousands.

The swelling amounts of deficit on capital account were financed by the revenue surpluses which have emerged in the revenue accounts of the municipality during the entire period of our study.

→ Specific suggestions  
would be more meaningful  
for the policy makers.