

**CHAPTER - I**  
**INTRODUCTION AND METHODOLOGY OF THE STUDY**

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**CHAPTER-I**  
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**1.1 Introduction.**

Soon after the acceptance of the suggestions of Balwantrai Mehta Study Team on the Working of the Community Development Scheme, Panchayati Raj system came into existence in India. It created Zilla Parishads at district level, Panchayat Samitis at block or Taluka level and Gram Panchayats at village level, for the purpose of involving maximum possible rural people in regional economic planning. At present, Zilla Parishads have been an important mode of public expenditure to affect the direction and coverage of the economic development of the rural India. The present study seeks to examine the growth pattern and the effects of public expenditure of Solapur Zilla Parishad.

**1.2 Historical Background of Solapur District.**

Due to the lack of archaeological proof, we do not have any information about the pre- and proto-historical periods of Solapur, but the pilgrimage centre of Pandharpur is known since long back.

The dynasties of King Andhrabhritya, Chalukya, Rashtrakut, Kalchuri and Yadavas ruled over Solapur since 208 to 1192 A.D. Solapur was one of the regions (Tara) of Bahamani Rule in 1357. Around this time, the Fort of Solapur was built.

The district of Solapur experienced frequent drought situations in its historic period; some of these were known as 'Famines of Durgadevi' in 1396, another one in 1421, and 'Damaji Pantacha Dushkal' in 1460; all of which disturbed the entire rural life of the district. Adilshah and Nizamshah, the then rulers of the adjoining areas, quarrelled and fought pitched battles frequently to acquire the control of Solapur. Later on, a tentative compromise could be arrived at through marriages between the families of these two rulers. Solapur became a part of the Mughal Empire with the famous treaty concluded between Adi Adilshah and Mughal Emperor Aurangzeb in 1668. The Treaty of Sangola in 1750 transferred the rulership of Solapur from Maratha Chhatrapati to Peshwas. Subsequently, the British Empire acquired Solapur from Peshwas in 1818 after the Battle of Ashta.

The territory which now comprises Solapur district formerly belonged to Ahmednagar, Pune and Satara districts. By dividing Pune and Satara districts in 1818, Solapur district was formed and it was re-organized in 1869 by annexing some area out of Ahmednagar district. At the same time, Pandharpur, Sangola and Malshiras Talukas were included in Solapur district. With the reorganization of States in 1956, Solapur district was brought under the jurisdiction of Bombay State and since 1960, it is a part of the State of Maharashtra.

At 1961-Census, the district comprised of 11 Talukas, which in themselves included 946 inhabited villages. There was no change in the number of Talukas in the district as

also no jurisdictional change, except that the number of villages increased from 946 to 1110 till the Census of 1981.

### 1.3 Geographical Situation of Solapur District.

Solapur district, like any other districts of India, is largely influenced by what its geography has made it. The area is largely situated on the plains. The river Bhima flows from northwest to southwest and the river Sina from north to south right through the district. The south-western and north-western parts of the district are arid zones. Solapur district is the meeting ground for Maharashtra and Karnataka States and since very old times, the trade routes passed across Solapur district, to Chaul (now in Karnataka State) on western sea coast and, later on, to Bombay under the British Rule.

Solapur district is one of the five districts of Pune Division situated on the south-eastern fring of Maharashtra State and lies between 17°10' and 18°32' North latitude and 74°42' and 76°15' East longitude. It is surrounded by Ahmednagar and Osmanabad districts in the north, Osmanabad district and Karnataka State in the east, Sangli district and Karnataka State on the south and Satara and Pune districts in the west. The district headquarters, Solapur City, is 456 kilometres away from the State capital at Bombay, and also is located on the main broadguage railway line of Central Railway connecting Bombay and Madras.

The district of Solapur covers an area admeasuring 15,107 sq.kms. and has a population of 26,10,144 as per

1981-Census. It ranks 6th in area covered and 7th in population / in Maharashtra State.<sup>1</sup> The district lies within the basins of Nira, Bhima, Sina and Maan rivers. Most of the Malshiras Taluka is in the west and drains northwards into the river Nira, which, in turn, falls into the river Bhima in the west of the district. The drainage area of the river Bhima, which winds southeast-wards through the district, includes on its left Bank the Talukas of Karmala, Madha, Pandharpur, Mohol and South Solapur; and on its right bank, the talukas of Malshiras, Sangola and Mangalwedha. The basin of river Sina, which flows from north to southeast in the district, is mainly of Deccan trap of volcanic origin. The soil is partially decomposed basaltic rock, locally known as 'murum', which overlies the present material. On account of a more or less complete absence of leading and the exchangeable calcium being the predominant element, the<sup>4</sup> lime reserve is fairly high (3.5 to 10.1 per cent).<sup>2</sup> The soil exhibits varying degrees of erosion and truncated profile is a common occurrence. These can be classified into four main categories, on the basis of depth and structure, viz:

1. Very shallow soil with a depth less than 7.5 cms.
2. Shallow soil with a depth between 7.5 to 22.5 cms.
3. Medium deep soil with a depth between 22.5 to 90 cms.
4. Deep soil with a depth more than 90 cms.

In Karmala Taluka, half of the soil is black and the remaining half is red-brown or greyish black and shallow; whereas Madha Taluka has a shallow soil having varying depths and quality. The soil in Pandharpur Taluka is poor and capable of producing only the millets. The soil of Malshiras Taluka is

shallow and does not retain moisture. On the whole, the district has a shallow soil, with a lower water holding capacity.

#### POPULATION GROWTH DENSITY AND SEX RATIO

Solapur district registered a growth rate of 15.81 per cent during the decade 1971-81.<sup>3</sup> The decade added 3,56,304 persons to the 1971 population of the district. However, the growth rate of Maharashtra State was 24.54 per cent during the same period. The comparatively lower growth rate in Solapur district during 1971-81 is probably due to the migration of people to the industrial centres like Pune, Bombay and other places for seeking better economic opportunities.

At the latest Census of 1981, the district recorded the urban growth rate of 24.48 per cent as against the rural growth rate of 12.54 per cent. Solapur district has an average density of 194 persons per square kilometre. There is a wide variation in the density of population in the district, e.g. North Solapur Taluka has a population density of 836 persons per sq.km.; on the contrary, Mangalwedha and Karmala Talukas have a population density of only 103 persons per sq.km.

Within the district, the sex ratio differs from 985 females to 1000 males in 1901 to 942 females to 1000 males in 1981. Sangola Taluka with a sex ratio of 975 females to 1000 males ranks at the top and South Solapur Taluka ranks at the bottom with the sex ratio of 917 females to 1000 males.

#### 1.4 Socio-Economic Condition of Solapur District.

If we study the economic nature of Solapur district, we find the following situation.

Solapur district falls in the arid zone of State of Maharashtra. Drought is a common phenomenon in the economy of the district. The erratic rainfall with a poor average and distribution badly hits the agrarian economy of the district. The gap in the monsoon rainfall, in some years even for sixteen weeks, introduces an element of uncertainty in both Kharif and Rabbi crop yields. Due to the lack of an initiative and entrepreneurship on the part of the populace, industrialization has progressed very slowly in the district.

The district of Solapur ranks 4th among the industrially developed districts of Maharashtra State.<sup>4</sup> Paradoxically, however, it is a predominantly agricultural district from the viewpoint of employment. In fact, agriculture produces 70% of the total employment in the district. Since the main occupation of the rural people of the district is affected by the uncertainty and inadequacy of income, they lead the life merely at a subsistence level. This gives ground for the rural workers to migrate to the cities like Sangli, Karad, Kolhapur, Pune and Bombay in search of gainful employment.

In such a situation, there is an ample scope for the work of Panchayati Raj institutions, who could play a very important and crucial role in the economic development activities of the rural area of the district.

### 1.5 Importance of Public Expenditure.

The importance of the public expenditure arises from the fact that these services are provided by the government, which might not otherwise be provided in a significant quantum by the private expenditure. It also arises from the fact that it creates income for various individuals due to the purchase of goods and services from private firms or individuals for undertaking defence, administrative and developmental activities which involve the use of resources in the public sector for the use of the country as a whole.

If the government would use the resources that otherwise would have remained idle, the national income and employment would increase. However, some public expenditure, which is in the nature of transfer expenditure, involves a transfer of purchasing power from one section of the community to another. If the income is transferred to poor people or to the people whose propensity to consume is high, the national income would tend to rise and vice-versa, other things being equal. It is, therefore, of vital importance to analyse the impact of public expenditure on the level of employment, production and income as well as on the distribution of the income in the country.

### 1.6 Wagner's Views on Public Expenditure.

The German economist Adolph Wagner argued that a nation, as it experiences economic development and growth, will experience an increase in the activities of the public sector. The ratio of an increase in the activities of the public sector



increases when converted into to expenditure terms and would increase the rate of output per-capita. In other words, the ratio of public consumption expenditure to GNP (or some such measures of economic activity), both totally and by functions would rise as GNP rose.<sup>5</sup>

A number of early economists discussed the relationships between the level of development and the public expenditure. However, Wagner was the first to buttress such remarks with an extensive theoretical foundation.

To justify his generalization that the share of public consumption expenditure would increase, Wagner divided public expenditure into two categories, expenditures for internal and external security and expenditure for cultural welfare, which should include education, health, recreation, transportation, banking and the like. Expenditure for external security would increase in a growing economy as the nature of the use of force by the State changes from simple aggression to prevention of attack and as armies use more capital equipment. For internal security, Wagner foresaw greater expenditure because of greater friction between economic units and people as urbanization progressed.

The public sector would encroach upon the private sector as the former could produce goods and services more effectively because of three reasons. The goods and services of public sector would be of better quality; the public sector had easier access to capital and could administer larger units; the market crisis that could be set by private firms would be avoided.

Engles, some years before Wagner, enunciated the famous law that the income elasticity for food declined with a rise in incomes. Wagner went a step further and argued that income elasticity for government services is greater than unity.

### 1.7 Objectives of the Study.

The study will pertain to the following objectives:

1. To examine and study the composition of growth of revenue of Solapur Zilla Parishad over time.

This is the first objective of the present study. It will study the growth of revenue of Solapur Zilla Parishad over time. How the Zilla Parishad is receiving its revenue through various ways. This will help to understand the income sources and their relative importance in the composition of the revenue of Solapur Zilla Parishad.

2. To examine and study the nature of public expenditure on various heads made by Solapur Zilla Parishad over time.

This is the second objective of the study. This will help to study and reveal how Solapur Zilla Parishad is incurring its public expenditure on various heads. This will also help to understand how Solapur Zilla Parishad is giving priorities to various development schemes. This also can help to understand and to estimate the impact of public expenditure by Solapur Zilla Parishad on the upliftment of rural masses of Solapur district and the

effect of public expenditure on the economic development of the Solapur district.

3. To examine and study the trend of public expenditure on:

- a. productive heads,
- b. unproductive heads.

and their consignment effects on the economic development of various fields of Solapur district rural economy.

This is the third objective of this study. Public expenditure made on direct productive heads and to some extent, unproductive (we can say long run productive for some time) affects directly and indirectly the economic development process. The study of public expenditure of Solapur Zilla Parishad in such a manner will help to reveal the developmental role played by Solapur Zilla Parishad.

4. To evaluate the role played by Solapur Zilla Parishad in the upliftment activity of the rural economy of Solapur district.

Now-a-days, since Independence, there is a strong stress growing day by day on the economic betterment of rural economy of India; to achieve the desired rate of economic development. Unless there is an economic development of the rural India, there is no meaning to the term 'Economic Development of India'.

At the time of Panchyati Raj implementation, Zilla Parishads have been assigned a crucial role in the upliftment of the rural economy of the concerned district. This objective will help to understand the role played by Solapur Zilla Parishad in the upliftment of rural economy of Solapur District.

### 1.8 Methodology.

The present work deals with the effects of public expenditure of Zilla Parishad Solapur. In the theoretical literature, the effects of the public expenditure are measured in terms of effects on production, consumption and distribution of income. However, the nature of the functions performed by the local self Government in the form of Zilla Parishad is quite different. As a result, we have adopted some such parameters for evaluating the effects of public expenditure of the Zilla Parishad as would reflect the contribution of the expenditure to the availability of physical facilities per unit of population.

Following parameters have been used for the purpose:

1. Changes in the composition of the expenditure of various facilities;
2. Growth of expenditure on the facilities provided by the Zilla Parishad (both absolute and relative growth of expenditure);
3. Absolute growth in the physical facilities provided by the Zilla Parishad in various fields;
4. Growth in the availability of physical facilities to the units of per 1000 population over the period.

Thus, for evaluating the effects, we have made some estimations on the basis of the available secondary data.

Apart from the effects, an attempt has also been made to analyse the growth of public expenditure of the Solapur Zilla Parishad. For this purpose, the statistical techni-

ques, particularly in the form of percentage significance and simple growth rates have been used. Thus, the methodology of the present work comprises, use of secondary data, application of simple statistical techniques and estimations of the parameters by using the available data. The time period chosen for the entire study has been of five years from 1982-83 to 1986-87. The selection of this time period has been prompted particularly by the availability of data in respect of the budget figures and the account figures of revenue and expenditure. Another reason for selecting this period is that this period is of recent five years in which the present study is undertaken.

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