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Chapter – VI

FINANCIAL IMPLICATIONS OF URBAN DEVELOPMENT BY SANGOLA MUNICIPAL COUNCIL

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Chapter – VI

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6.1 Introduction

In recent years of dense urbanisation, the functions of urban local bodies have increased in India as a result of which the Public Expenditure of urban local bodies has grown in volume. The increased functions of the Sangola Municipal Council have necessitated rising Public Expenditure to be undertaken by the council. The effects of the growth of expenditure of the council have been analysed in the chapter IV. The major conclusions arising out of the study of the effects of rising expenditure of the Sangola Municipal Council can be enlisted as follows. Following conclusions of the study reveal financial implications of urban development by Sangola Municipal Council.

6.2 Major Conclusions

1. Sangola Municipal Council attempts for discharging its duties and responsibilities with emphasis on providing civic amenities and facilities for its citizens. Hence, its Total Expenditure was increased at the significant growth rate of 20% per annum. It was having significant variations or ups and downs as indicated by coefficient of variation (CV 124.68%) shows its efforts to provide civic services to citizens. However, at the same time also indicates uncertainty therein. The growth in its Total Revenue was significant during the study period. However, lesser than the growth in the Total

Expenditure. Likewise, its extent of variations (CV 141.65%) higher than Total Expenditure also shows the difficulties the council faced in revenue mobilization. Hence, this council faced overall deficit.

2. Sangola Municipal Council heavily relies on the Revenue Receipts for its Total Revenue collection. Total Revenue as well as both the Revenue Receipts and Capital Receipts have shown considerable growth during the period under study. All the Total Revenue, Revenue Receipts and Capital Receipts had variations indicating ups and downs and inconsistencies as indicated by coefficient of variation (141%, 125%, 166%). The Capital Receipts collection by the council is good, but not better and expected.,
3. Total Revenue of Sangola Municipal Council has increased at the considerable rate of 19% during the period under study. It is dominated by the Non-Tax Revenue than the Tax Revenue is a salient feature of the council. This indicates under utilization of the taxes of the council and the area and over dependence on the others so far as Revenue Receipts collection is concerned. Non-Tax Revenue grew at the significant rate with wide fluctuations (CV 33.27%) than the Tax Revenue during the period into consideration.
4. The analysis of Tax Revenue of Sangola Municipal Council reveals that it is imposing the number of taxes to collect its Tax Revenue . However, except Property Tax and Octroi Grant all other taxes are underutilized and unproductive during the period into consideration.

Hence, they show mild growth and wide variations during the period under study. This is a thing of concern from the point of view of enhancing Tax Revenue in particular and Revenue Receipts in general.

5. Partial Grants and Utility Services Charges are the prominent sources of Non-Tax Revenue for the Sangola Municipal Council, which was followed by Water Charges. Except these, all other sources of Non-Tax Revenue have shown a dismal performance in contributing to revenue. Besides this, grants also have shown significant growth during the period into consideration. The noteworthy thing is that all sources of Non-Tax Revenue of the council have shown inconsistency indicating higher coefficient of variation during the period under study.
6. Capital Receipts of Sangola Municipal Council were lesser and showed meager growth but greater consistency in their mobilization. It is revealed that Capital Receipts of council were prominently contributed by the Development Scheme Receipts, but they showed mild growth and significant fluctuations. It was followed by Land Acquisition Receipts, Backward Class Development Receipts, Water Supply Charges, and all others. However, all have shown mild growth and mild fluctuations and inconsistencies is a thing of concern.

7. Sangola Municipal Council has significantly attempted for its urban development as indicated by growth in Total Expenditure on urban development (28.7 CGR). However, the consistency in Total Expenditure on urban development was lesser, which is adequately shown by the coefficient of variation. The council undertakes a variety of activities for urban development, which are broadly classified into five major heads.
8. Public Health and Water Supply are the prominent items on which council has concentrated by undertaking spending. It could not give much importance to roads, education is a thing of concern. But more or less all urban development activities did not had continuity so far as spending activities by the council is concerned, is a thing of concern.
9. Sangola Municipal Council has given importance to Public Health, Roads, Water Supply, Street Light and Education for providing urban development facilities at present. They have also significant growth during the study period. However, they had wide fluctuations indicating lack of consistency in spending activities as shown by the coefficient of variation. The noteworthy thing is that this council has spent greater Revenue Expenditure on urban development than Capital Expenditure.
10. Sangola Municipal Council has spent good amount on Capital Expenditure for its urban development. The analysis of composition of Capital Expenditure on urban development reveals that it has

given more importance to Public Health, Roads, Water Supply, Street Light and Education. However, except Water Supply all other items have shown dismal growth during the period under study. At the same time, all heads of Capital Expenditure on urban development have shown absence of consistency in spending activities as indicated by the tool coefficient of variation.

11. The growth in the length of total roads in the city is marginal during period under study. Likewise, it was also inconsistent as indicated by the coefficient of variation (CV). The analysis of breakup of total roads in the Sangola Municipal Council reveals that the tar roads dominate total roads. However, their growth is marginal. This council has given a significant importance to kaccha roads and repairs is a thing of concern.
12. Water is an essential in absence of which human beings cannot survive. Hence, Water Supply is expected to be supplied by the local urban government like Municipal Council. However, it is found that Sangola Municipal Council to the highest extent possible provides water through private water connections and not through public water connections. This is an indicator of the neglect of the council towards the poor section of the populations.
13. The study of medical facilities being provided in Sangola Municipal Council shows that it is dominated by the private medical facilities than the public hospitals is a thing of concern. It is because of deriving benefits of private medical facilities by the poor section of

the population is difficult. This is an area of improvement because it is an indicator of human development.

14. No doubt, Sangola Municipal Council has planted trees useful for environment protection and balance. However, the picture is unsatisfactory. It is because the number of trees planted and survived is negative. Likewise, a lot of ups and downs are found in plantation of trees and their survival is a thing of concern.
15. The number of street lights provided by the Sangola Municipal Council have shown a marginal growth during the period under study. However, it is necessary to examine the adequacy of them, which shows that the number of street lights should be increased in its area under jurisdiction.
16. There is an insignificant growth in the growth of schools run by the Sangola Municipal Council. Likewise, its performance in total students, boys, girls is dismal because it is negative. This is due to a tough competition from the private schools, especially by the English Medium Schools. However, it is must that municipal schools must survive because they are benefited by the poor section of the family.
17. Sangola Municipal Council has not played an important role in employment generation especially direct employment. This is adequately proved from the falling number of permanent employees and their insignificant growth. On the contrary growing

number of share of temporary employees as well as their growth during the period into consideration.

18. Even though the number of public libraries by the Sangola Municipal Council is a few, the satisfactory thing is that the number of books is growing significantly in the libraries of the council. It is necessary to increase the number of public libraries by the council. Because it is a means of public education.
19. The growth in commercial complexes of the Sangola Municipal Council is marginal only. More importantly, they are located at a few places only. This demands to increase the number of commercial complexes along with their places that will provide marketability and contribute to urban development and also Non-Tax Revenue of council.
20. The facility of parking provided by the Sangola Municipal Council is inadequate, because it is at two places only, which demands to increase. Hence, the number of vehicles parked in the municipal parking is also a few. But it is growing and is a thing of satisfaction.
21. The present system of waste management of the Sangola Municipal Council is good, because all solid waste is managed properly and used for production of compost fertilizer. It is also a source of generating income. However, in future it will be inadequate due to growing population and development of the city.

22. It is a fact that it did not become possible to provide public urinals facility to the extent required in the city for the Sangola Municipal Council. The only thing of satisfaction is its growth, is considerable. However, it is need of the hour to pay attention towards its increase.
23. The drainage facility provided by the Sangola Municipal Council has shown a meager growth during the period into consideration. Hence, it is inadequate facility, which demands to increase its supply and availability for which it will require an Action Plan for the Sangola Municipal Council that will enable proper management of the waste in the city.

6.3 Important Suggestions

Following are the important suggestions useful for dealing with the problems in urban development by the Sangola Municipal Council.

1. It is necessary to solve the problem of deficit of Sangola Municipal Council for this new source of Revenue both Tax as well as Non-Tax should be identified by the council and should be permitted by the government of Maharashtra.
2. Octroi can play a significant role in Revenue mobilization in general and Tax Revenue mobilization in particular of the urban local bodies like Sangola Municipal Council. Hence, octroi should be reimposed and collected by the Sangola Municipal Council even though octroi has certain defects.

3. Sangola Municipal Council should raise public debt to collect Capital Receipts which are very much necessary for long term urban development and the provision of repayment and interest charges should be made in Revenue Receipts.
4. The under utilization and inefficient collections of taxes did not contribute to the Tax Revenue and the Revenue Receipts of Sangola Municipal Council. Hence, Sangola Municipal Council should bring about Tax Reforms consisting of computerization, training, awareness and participations of representatives in Tax Revenue collection.
5. Like taxes, the Sangola Municipal Council should attempt for expanding and utilizing Non-Tax Revenue sources also. For this the council can concentrate on collecting Non-Tax Revenue with due participation of employees, representatives and citizens.
6. It is necessary to be rigorously attempted by the Sangola Municipal Council for the urban development. Even though it has undertaken some efforts in those directions, because there is growing demand for urban services due to increasing urbanisation and growing population.
7. More or less all urban services are of vital importance, but the Sangola Municipal Council has given emphasis on health and water supply only. But the council should also attempt to provide other urban services like Education,

Waste Management, Infrastructure like Roads, Drainages, Latrines and Urinals also. This demands to collect additional revenue by this council through efficient Revenue collection, public debt and the national and state government also should increase grants to this government.

8. Sangola Municipal Council could not provide adequate and qualitative urban infrastructure facilities like Road, Drainage, Gutter etc. These can be developed through a technique of Built Operate and Transfer (BOT) basis but for this due precaution should be taken by council that its citizens will not be exploited on various grounds.
9. State Finance Commission should be made more active so that it will examine fiscal position of municipal council like Sangola and will recommend to the state government for providing additional financial assistance to the municipal council for meeting gaps in urban infrastructure development.
10. Financial position of municipal council like Sangola is very weak hence, union finance should recommend to union government for devolving financial assistance to such council for the development of urban services.
11. Sangola Municipal Council should collect donations and financial assistance from the rich section of population like businessmen, industrialists, landlords and economic and

social institutions for the development of urban infrastructure and urban services.

12. Nationalized banks should extend loans and advances to the municipal councils like Sangola for the development of urban infrastructure and urban services also.
13. The government of Maharashtra should setup norms for quantity and quality of urban infrastructure and urban services. The municipal council like Sangola should attempt for development of urban infrastructure and urban services within the norms prescribed by the state government, which will give proper direction to the council for the urban development.
14. Colleges and Universities should undertake research on urban development by the municipal councils like Sangola and give suggestions for proper and necessary urban development which will help in increasing urban development by the council like Sangola.

6.4 Testing of Hypothesis

The hypothesis of the present research study was "Urban Local Bodies like Sangola Municipal Council can play a vital role in urban development but financial stringency is a major problem." The present study has not tested its hypothesis by adopting statistical methods, but it has incorporated the analysis, with regard to the hypothesis in dissertation. It is observed that Sangola Municipal Council didn't succeed

in collecting necessary revenue. Hence, it could not provide necessary and qualitative urban infrastructure and urban services in its area. It is because of financial stringency only. It is therefore the hypothesis of the present study is tested and also proved. Sangola Municipal Council has failed in providing urban infrastructure and urban services to the extent necessary and qualitative because of unsound financial position.

6.5 Concluding Remarks

The present research study is an attempt to examining the role of Sangola Municipal Council in urban development. Urban development by urban local bodies like Sangola Municipal Council has a wider scope. The present study has not covered all the issues and problems of urban development. Hence, the issues like adequacy of urban infrastructure and urban services, hence quality expectations of the citizens, urban problems are the number of issues which are further areas of research. That can be carried out for doctoral research and research projects, as well as research papers.