

## CHAPTER - 6

### CONCLUSIONS AND SUGGESTIONS

---

#### 1.1 INTRODUCTION

Having discussed the various issues connected with the income and expenditure of Murgud Municipal Council. We propose to summarise the main findings to arrive at some meaningful conclusions of this study. It has also been attempted to come out with some useful suggestions on the basis of findings and conclusions. We certainly feel that these suggestions would be helpful for policy formulation.

#### A) GENERAL FINDINGS AND CONCLUSIONS

1. The municipal council is an institution of local self Government has prime responsibility of providing various facilities and amenities to make the civil life of the people better and richer. The ability of the council to discharge the responsibility depend upon its financial position and strength. An attempt to critically study the income and expenditure is core part of the present study. A detailed analysis of income and expenditure as described in preceding chapters has enabled us to arrive at the conclusions as described below.

2. A review of literature on municipal councils as one of the important institutions of local government. It reveals that the role played by municipal council is as per the provision of municipal act 1965. This act itself is pretty old. The act needs to be reviewed to include suitable provisions for enabling the municipal council to play wider role in the new era of public administration. Municipal councils are expected to play the role development agencies in its jurisdiction.

3. It is observed that Murgud Municipal Council is one of the oldest Municipal Council established in 1921. The area of Murgud Municipal Council then fixed which is still in existence even after seventy seven years. The proposal for the expansion of the area is submitted but it is still under process. The villages around the Murgud are not yet included in the area of Municipal Council. This has affected the revenue earning capacity of the Municipal Council, moreover if these trends are continued in future. The revenue in the form of additional taxes will not increase. The area of Murgud Municipal Council needs to be expanded further.

4. The population of Murgud Municipal Council is only 8500. As per the provision of Municipal act 1965 the minimum population required for establishment of

Municipal Council is 15000. The demographic and economic situation of Murgud town is not very favourable to generate additional revenue by Murgud Municipal Council. Majority of the people are engaged in agriculture. Murgud is a big village rather than a town. This has adversely affected the wage and means of earnings the income of the Murgud Municipal Council. There are exceptional cases of industries, traditional very few commercial establishment and almost the same old service centres, like hotels, rice and flower mills etc. It is only as a special case, the government has given permission to establish Municipal Council in Murgud.

5. If we consider the educational facilities in Murgud the situation has become satisfactory in recent years. The Primary, Secondary, Higher Secondary and even the college level education is available in Murgud. Even the professional education by way of I.T.I., M.C.V.C., courses is available. In Murgud there is public library established in 1951. It is important centre of educational activities.

6. The drinking water facilities are adequately available and the primary health centre provides the essential health facilities.

7. The public sanitary system though available need to be improved in the form of underground drainage systems. There no sewage system. More than 50 per cent of the people go for their natural calls in open space. Human wastages are not utilised for generation of non conventional energies which could have been good source of income. Water pollution can be kept under control.

8. The condition of roads is such that 60 per cent of the roads are yet not pakka roads.

9. Murgud has the biggest weekly market and the livestock market is very famous. Tuesday is the official bazar day. People from near by villages and taluka come to Murgud bazar on that day. The people have expressed their desired to have one more bazar day in a week to facilitate their transactions. Along with the livestock Murgud bazar is popular for vegetables and local varieties of rice as relatively cheaper. This weekly market is the main source of income of Murgud Municipal Council.

#### **B) FINDINGS AND CONCLUSIONS REGARDING SOURCES OF FINANCE**

The important sources by which the income is earned and the position relating to them are as follows

1. If we observe the figures of octroi it is seen that there is growth in total amount of octroi collected

by the council every year. The rate of growth has however is found to be decreasing from 15.80 per cent in 1992-93 to 4.68 per cent 1995-96. The share of octroi in the total revenue is in the range of 22 to 24 per cent. It has remained more or less the same in all the year. There is unfair practice of evasion of payment of octroi by bringing the commodity secretly in the municipal area by the traders. The valuable item like gold, Ornaments, Cosmetic, Radio etc. are brought in without paying the octroi.

2. Property tax is imposed on houses and building which are in the area of Municipal Council. Every year there is growth in the amount of property tax except in 1992-93, in which there was over dues of property tax. Due to revision in rates of property tax the growth rate has increased there after. The percentage of the property tax in the total revenue has remained in the range of 5 to 7 per cent during the five years. Increase in the property tax is also resulted do to construction of building in the municipal area.
3. Water supply tax is levied for the supply of drinking water. The percentage of water tax in the total revenue of Municipal Council was in the range

- of 6 to 8 per cent every year. There was growth in the total amount of water supply tax. In 1994-95 and 1995-96 the rate of growth has sharply comedown 4.30 and 3.94 per cent respectively. This is because of over dues. A misuse of drinking water for gardening and house construction is also found at some places.
4. Escort duty is imposed on the vehicle come in and going out from the municipal area. It increases with the increase in the number of such vehicles. There was substantial increase in the amount of escort duty since 1993-94. This is due to the transport of bauxite from the bauxite mine at Radhanagari to Indal Aluminium factory at Belgaum. All the trucks pass through the area of Murgud Municipal Council. The income from escort duty will continue to be more till the transport of bauxite.
  5. Murgud is popular for cattle bazar. Murgud Municipal Council charges Rs. 5.00 per cattle coming to market. The cattle sale certificate fees contribute to total revenue to the extent of 19.13 per cent. It is however discouraging to note that rate of growth in income from this source is decreasing. People even from the far off Goa and Konkan area come to Murgud cattle bazar to purchase the cattle.

6. Revenue from rent is found to be increased slowly in the first two years, and quite considerably from 1993-94. The major amount of rent is collected from one building of the municipal council which is rented to L.I.C. even after 1993 it is observed that there is minor decrease in the revenue of rent. This is the result of auction method followed to let out the shops in the main building.
7. Market cess is collected on weekly bazar day, as a rent on the place used by the people for selling their commodities in weekly market. If we observe the figures of income from market cess of Murgud Municipal Council it shows that there was growth in total amount of market cess up to 1993-94. But from 1994-96 for these two years there was decline in the market cess. The growth rate was between 12.50 to 21.98 per cent. In the year 1995-96 the growth rate was slowed down up to 12.50 per cent. This is because in the 1995-96 the production of vegetable and fruits were low in and around the Murgud and hence the market was slack.
8. Revenue from entertainment tax is very small as compared with total receipts of municipal council per year. In the year 1994-95 there were over dues. In the year 1995-96 there was an increase in

entertainment tax due to the recovery of over dues of previous years.

9. It is found that there are many types of taxes on the owner of hand cart selling fruits in the market e.g. place and road regulation cess, tax on goods and vehicle tax. It causes irritation among the public. If we observe the figures of income from vehicle tax, it shows the decreasing trend in the total amount of vehicle tax collected by the council. The growth rate of vehicle tax was between 9.09 to 55.75 per cent.
10. The revenue from publicity tax is of very small amount. It has not contributed as major share in total revenues of Municipal council.
11. If we observe the figures of income from tree tax it shows that every year there was growth in total amount of tree tax collected by the council.
12. If we observe the figures of income from sanitary tax it shows that every year there was growth in total amount of sanitary tax collected by the council. The figures in bracket shows that the growth rate was between 2.37 to 19.38 per cent.
13. If we observe the figures of income from interest it shows that every year there is fluctuation in the total amount of interest collected by the council.



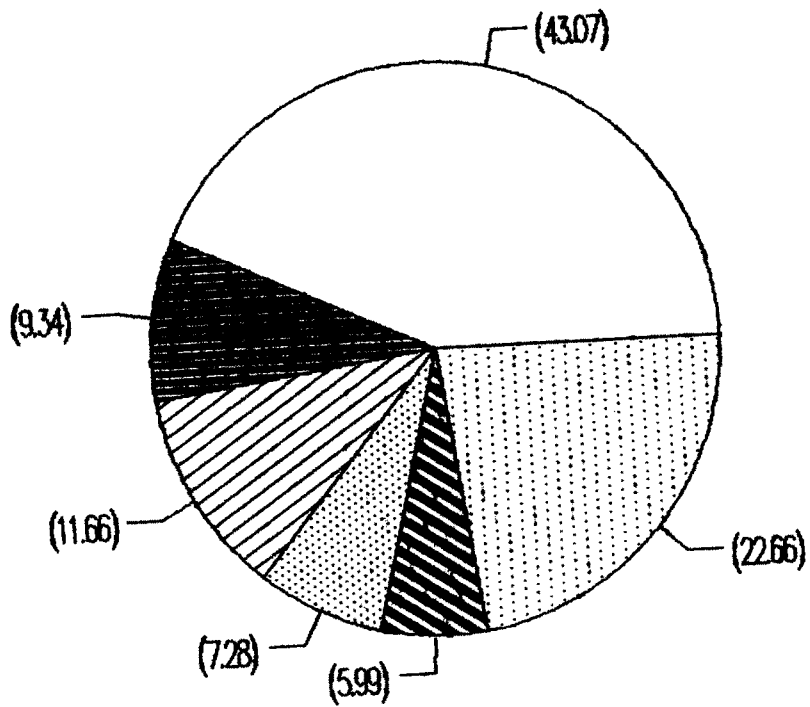
The growth rate was between 5.26 to 142.42 per cent. In the year 1995-96 the growth rate has slowed down up to -48.26 per cent. This happens due to the withdrawal of deposits.

14. If we observe the figures of deposit it shows that every year there are fluctuation in the amount of deposit during the period 1991-92 to 1995-96. The growth rate was between 4.25 to 44.64 per cent. In the year 1995-96 the growth rate was gone upto 44.64 per cent. The growth rate was increased in the year 1995-96 due to election deposits.
15. If we observe the figures of Government grants in-aid it shows that every year there is growth in total amount of government grants in-aid. The growth rate was between 0.17 to 34.59 per cent. In the year 1994-95 the growth of grants in-aid was gone up to 34.59 per cent. This is because in the year 1994-95 the council has received an amount of grants for road repairs and to pay the Dearness Allowance of the employees of council and hence the amount of grants has increased.

We have seen that there are about fifteen main sources of revenue to Murgud Municipal Council. The sources such as octroi, property tax, water supply tax, cattle sale certificate fees, Government grants were the

main sources of revenue, whereas, the entertainment tax, sanitary tax, tree tax, publicity tax has contributed to very small extent. The major sources of income to the municipality is government grants in-aid, followed by octroi and cattle sale fees. It seems that the municipal council should pay more attention at the recovery of octroi at the same time council should develop the cattle market with required facility because the cattle market of Murgud is famous in Pune region. The same conclusion was drawn in the cattle marketing study made in the year September 1990. Murgud Municipal council is not as strong as that of other municipal councils in the district. Considering the population of the town it shows that the Murgud Municipal Council is not fulfilling the minimum requirement of the population for the formation of council hence it was the hasty decision taken by the authorities. It is also seen that the financial position of council is depend upon the development of agriculture in the near by village, because Murgud Municipal Council area is having neither small scale industry, cottage industry nor big industries.

THE LATEST POSITION (1995-96) OF THE COMPOSITION OF THE VARIOUS SOURCES OF FINANCE IS SHOWN BY WAY OF PIE CHART



43.07 = Govt. Grants in-aids

22.66 = Octroi

5.99 = Property Tax

7.28 = Water Supply Tax

11.66 = Cattle Sale Fees

9.34 = Other Revenue

**C) FINDINGS AND CONCLUSIONS REGARDING UTILISATION OF FUNDS**

The amount of expenditure of municipal council is always more than amount of income. The annual budget of every municipal council is deficit budget. Such deficit is met either by increase in the rates of taxes or by getting the Government grants. Before arriving the conclusions regarding the municipal council it is to be borne in mind that municipal council are basically service agencies and not profit earning organisations. Following are some of the important findings and conclusions about utilisation of funds of Murgud Municipal Council.

1. If we observe the figures of salary and wages expenditure it shows that every year there is fluctuation in growth rate. In the year 1992-93 the growth rate was 17.27 percent, and in the last year of our study i.e. 1995-96 the growth rate has decreased up to 10.02 percent. The reasons behind the low growth rate in salary and wages was due to reduction in the number of employees. The municipal council appoints the temporary staff when it requires and gives retrenchment when there is no

need of them. This expenditure can be lowered down by using the computer wherever it is possible.

2. If we observe the figures of advertising expenditure it is seen that every year there is growth in total amount of advertising expenditure. The figures in the brackets shows that the growth rate was between 4.59 to 280 percent. In the year 1992-93 the growth rate has gone up to 280 percent.

In the year 1991-92 the expenditure on advertisement was less (Rs.5000) as compared to the 1992-93 to 1995-96. It was found that there was municipal election in that year and hence the expenditure on tenders and quotations was not allowed as per the election rules made by the government.

3. If we observe the figures of expenditure on vehicle maintenance it shows that every year there was variation in the amount of vehicle expenditure. In the year 1992-93 the growth rate has gone up to 89.73 percent. This is because of purchase of new tyres and repairing charges of vehicle.
4. If we observe the figures of legal expenses it shows that every year there was fluctuation in total amount of legal expenses. The growth rate of legal expenses was between 64.28 to 340 percent.

5. If we observe the figures of expenditure on public garden it shows that every year there is fluctuation in total amount of public garden expenditure. In the year 1994-95 the growth rate has gone up to 86.41 percent. This is because of additional improvements in the public garden.
6. If we observe the figures of public health expenditure it is seen that every year there is growth in total amount of public health expenditure except in 1995-96. This is because of cost of medicines is increasing in every budget. At the same time the council every year undertakes the vaccination programmes to the primary school students. Similarly the council provides free medical aids to its employees to some extent.
7. The electricity charges are also increasing the reasons behind this are the increasing rate of electricity and the high cost of maintenance of street light.
8. In the year 1991-92 the miscellaneous expenditure seems high this is because of the expenditure made on municipal election.
9. If we observe the figures of deposits refunded it shows that every year there is growth in total

amount of deposits refunded by the council. In the year 1992-93 the growth rate of deposits refunded has slowed down up to -22.99 percent. In the year 1995-96 the growth rate of deposit has gone up to 26.48 percent.

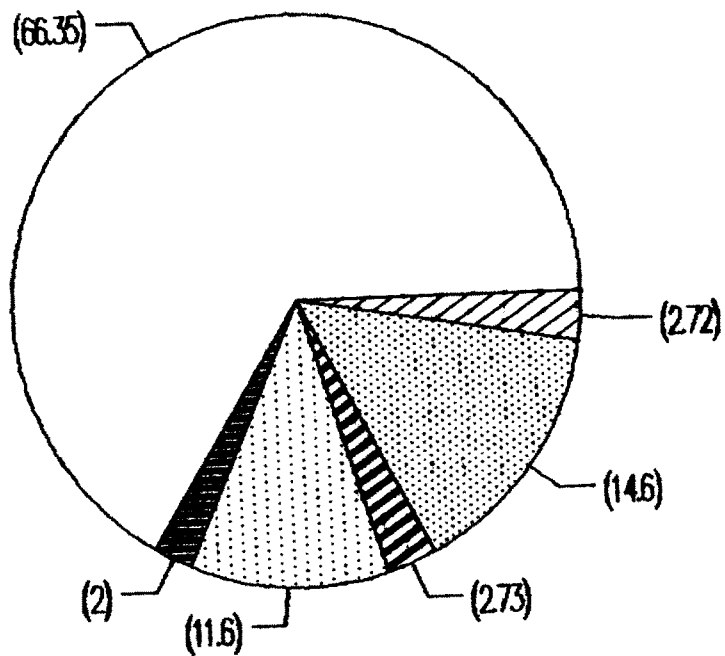
10. The growth rate of construction and maintenance of road was between -1.61 to 9.26 percent. In the year 1995-96 the growth rate has slowed down up to -9.26 percent. This is because of low investment in construction and maintenance of road.
11. In the year 1992-93 the growth rate of furniture was -19.04 percent whereas in the year 1995-96 the growth rate has slowed down up to -21.05 percent. This is because of expenditure made on furniture is low.
12. If we observe the figures of expenditure on construction and maintenance of drainage it shows that every year there is fluctuation in total amount of drainage. This is because due to the funds available with municipal council. The figures in the brackets shows that the growth rate was between 0.26 percent to 30.55 percent. In the year 1995-96 the growth rate has slowed down up to -10.63 percent.

13. If we observe the figures of investment it shows that every year there is growth in total amount of investment except 1993-94. The growth rate of investment was between 0.13 to 28.20 percent. In the year 1992-93 the growth rate of investment has gone up to 0.13 percent. In the year 1995-96 the growth rate of investment was 15 percent.

The study made so far shows that the municipal council has about more than sixteen heads of expenditure. The main items of expenditure are road repairs, sanitation, supply of drinking water and street lighting as well as salary and wages paid to employees. The study reveals the salary and wages expenditure of the councils is about 66 percent of the total expenditure.



THE LATEST POSITION (1995-96) OF THE COMPOSITION OF THE VARIOUS UTILISATION OF FUNDS ARE SHOWN BY WAY OF PIE CHART



66.35 = Salary                      2.72 = Electricity Charges  
 14.60 = Construction & Maintenance of Road  
 2.73 = Investment                11.60 = Other Utilisation of funds  
 2.00 = Construction & Maintenance of Drainage

## **SUGGESTIONS**

1. Municipal council should give more stress on natural environment by encouraging local people to plant more trees. Municipal council should not impose tree tax on those who plant more trees in their premises.
2. As sanitary systems are inadequate in Murgud area, the Municipal Council should give more facilities by using chemicals and pesticides to destroy mosquitoes and flies, public toilets and gutters should be clean.
3. The Murgud Municipal Council should try to increase the own tax revenue through constructing and letting municipal shops.
4. A systematic classification of advertisement exhibit and their taxation is essential. It will bring assured income to Murgud Municipal Council.
5. The amenities and playing instruments for children at public garden should be expanded by the Municipal Council.
6. Burned tubes and bulbs should be replaced regularly.
7. To provide market facilities to the citizens, the Murgud Municipal Council should construct the vegetable market at the acquired place.

8. There should be sufficient water supply in the cattle market and the area should be kept clean.
9. Unnecessary recruitment should be stopped.

**A) OCTROI**

- i. It is possible to augment revenues from octroi, if strict supervision is exercised the penalty provided in the Municipal Account code has not proved quite effective.
- ii. Proper weights and measures and other necessary facilities for easy and prompt collection of octroi will minimise unintentional evasion.
- iii. There should be surprise check on employees, regarding their impartiality.

**B) PROPERTY TAX**

- i. Reassessment of rent rates should be made yearly matching with the prevailing rent.
- ii. Municipal Council should insist and stick to laws relating to property so as to get fair amount of revenue collection.
- iii. Low rates of property tax on old constructions should be upgraded.

**C) SPECIAL WATER TAX**

- i. It is essential to increase rates of water cess substantially. This would enable the recovery of service as well as project cost within a reasonable period.

**D) TAX ON MARKET PLACES**

- i. Rate of square feet (15 N.P. per square feet) should be at least doubled.
- ii. To avoid possibility of collusion between collecting staff and stress traders, strict supervision of higher authority is necessary. Motivation should be given to employees by paying commission on the collection.

**E) SANITARY TAX**

- i. To increase the revenue from sanitary tax there should be compulsion on the owners for making provision of modern types latrines and there should also be a system of sewages to cover all the latrines.

**F) GENERAL SUGGESTIONS**

- i. There should be inter-linking of all Municipal Councils and corporations in each state. It is reported by the authorities that some Municipal corporations have excess funds invested in securities earning interest. If corporations and councils are inter-linked, excess funds can be transferred to economically weak Municipal Council on special terms especially to 'C' class councils.

---\*---