CHAPTER IV

ANALYSIS OF EXPENDITURE

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4.1 INTRODUCTION:

Over the last few years, the expenditure of muninicipal governments in India has steadily increased due to the rise in their responsibilities.

One of the most important phenomenon of the municipal government in India is the steady rise in the local government expenditure because of the rise in the working and responsibility. According to German economist Adolf Wager's Law of Increasing State Activity, the expenditure of local government increases with the rise in the functions of the government.[1]

Classification of expenditure is made on various grounds. First the classification is made as ordinary and extraordinary expenditure. In the ordinary expenditure, the following items are included: administration expenditure, public security, public health, education, etc., and the extraordinary expenditure includes the items of construction of roads and buildings, hospitals and dispensaries, water supply plans, etc. The other method of classification is that of productive and unproductive expenditure. In our study, the classification is made on the basis of revenue and capital expenditure.

Revenue expenditure is divided into six main-heads. These are as follows:

(1) General administration and collection of tax,

(2) Firefighting and safety, etc.

(3) General Conservancy and public amenities or public health,

(4) Education grants,

(5) Grants and contributions,

(6) Miscellaneous expenditure.

Among all these revenue expenditure, general administration and expenditure on tax collection and public health, are the major items of expenditure of Sangola Nagar-palika.

Public security, grants and contributions, education and miscellaneous expenditure are the minor components of expenditure. Public health is the most essential function of the Nagarpalika and hence, the most dominant item of expenditure.

4.2 MAJOR COMPONENTS OF REVENUE EXPENDITURE:

4.2.1 General Administration & Expenditure on Collection of Taxes:

(A) General administration includes the following sub-items: salaries, dearness allowance and other allowances paid to permanent and temporary staff, travelling allowance, printing

and writing material, telephone bills, light bills, postage, revenue stamps, welfare activities for labour, vehicle purchases for staff and maintenance of furniture, etc.

This is a major item of expenditure of the Nagarpalika. The data relating to the same is shown in Table 4.1 (on the following page). In the year 1974-75, expenditure on general administration was Rs.27,966 and its percentage to the total expenditure was 5.17 percent. In the last year of our study, i.e. 1989-90, the general administration expenditure was Rs.3,30,633 and its percentage to the total expenditure was 6.34 percent. In 1977-78, general administration expenditure was Rs.27,048 and its percentage to the total expenditure was 2.7 percent. It was due to unpaid telephone and light bills and dearness allowance was given very low in the year 1977-78. In the year 1983-84, general administration expenditure was Rs.1,62,886 and its percentage to the total expenditure was 7.05 percent. It increased due to the revision of payscales and increase in the number of personnel. In the year 1988-89, the amount of general administration expenditur was Rs.3,20,684 and its percentage to the total revenue was 6.76 percent. It was due to the revised payscales, i.e. IVth Pay Commission.

(B) Collection of Tax (Octroi, Roadtax and Contributory Gain tax). In this head, the following sub-items are included: salaries and allowances of temporary and permanent staff,

servicemen dress, revenue stamps, printing, construction and repairs of octroi-Nakas, flashlights, purchase of calculators and other expenditure as shown in Table 4.1. In the year 1974-75, expenditure on collection of tax was Rs.55,912 and its percentage to the total expenditure was 10.34 percent. In the last year of study, i.e. 1989-90, expenditure on collection of tax was Rs.5,85,297 and its percentage to the total expenditure was 11.24 percent. There was continuous increase in the expenditure on collection of tax, except in the year 1981-82.

(C) Returns and other : In this head, refund of octroi, pension, gratuity, provident fund and other tax refund are included. In the year 1976-77, the expenditure under this head was Rs.51,214 and its percentage to the total expenditure was 9.28 percent. In the last year, i.e. 1989-90, the amount of returns and other was Rs.1,18,942 and its percentage to the total expenditure was 2.28 percent. The amount of returns and other did not show continuous rise because the amount of returns was different from year to year.

Total Administration and Collection of Tax: In the year 1974-75, the amount of total administration and collection of tax was Rs.83,878 and its percentage to the total expenditure was 15.50 percent. In the last year, i.e. 1989-90, the amount of administration and collection of tax was Rs.10,35,505

Table 4.1

Revenue Account Expenditure of Sangola Nagarpalika

(In Rupees)

Revenue Expenditure	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
General Administration	27966 (5.17)	28465 (10.21)	29244 (5.30)	27048 (2.74)	37343 (4.41)	43972 (3.00)	50952 (2.82)	59927 (4.07)	101844 (6.22)	162886 (7.05)	115579 (4.53)	152619 (4.60)	192462 (5.80)	212497 (5.48)	320684 (6.76)	330633 (6.34)
Octroi and Collection of Tax	55912 (10.34)	64557 (23.18)	77158 (13.99)	113569 (11.52)	130083 (15.39)	162990 (11.14)	208136 (11.50)	176962 (12.03)	214884 (13.12)	227370 (9.85)	266685 (10.46)	295989 (8.91)	300391 (9.05)	417703 (10.76)	431426 (9.09)	585927 (11.24)
Returns and Others	- -	- -	51214 (9.28)	6135 (0.63)	1929 (0.23)	34497 (2.36)	3831 (0.21)	11018 (0.75)	10702 (0.65)	49572 (2.15)	44957 (1.76)	40994 (1.23)	15102 (0.46)	55106 (1.42)	69164 (1.46)	118944 (2.28)
Total Admin. & Collection of Tax	83878 (15.52)	93023 (33.39)	157518 (22.57)	146752 (14.89)	169356 (20.03)	241460 (16.50)	262920 (14.53)	247908 (16.85)	327431 (19.99)	439829 (19.05)	427222 (16.76)	489603 (14.74)	508955 (15.34)	685307 (17.66)	821284 (17.31)	1035505 (19.86)
Public Security	20296 (3.76)	17624 (6.33)	16646 (3.02)	14087 (1.42)	21959 (2.60)	28499 (1.95)	37872 (2.09)	68816 (4.68)	55913 (3.41)	29645 (1.28)	88098 (3.46)	57651 (1.74)	102844 (3.10)	148143 (3.82)	183995 (3.88)	208859 (4.00)
Water Supply	39534 (7.31)	40507 (14.54)	19647 (3.56)	26025 (2.64)	47208 (5.58)	39563 (2.77)	72163 (3.99)	104496 (7.10)	96272 (5.88)	163370 (7.08)	145788 (5.72)	188785 (5.69)	169099 (5.10)	195212 (5.03)	314751 (6.64)	300893 (5.77)
Sanitation and Conservancy	65999 (12.21)	51453 (18.47)	51362 (9.32)	86491 (8.72)	170765 (2.20)	105715 (7.22)	149329 (8.25)	131145 (8.91)	196219 (11.98)	175464 (7.60)	226298 (8.88)	256908 (7.74)	316948 (9.55)	463499 (11.94)	524529 (11.06)	632589 (12.13)
Hospital and Dispensary	25234 (4.67)	24945 (8.95)	31284 (3.67)	41127 (4.17)	48957 (5.79)	42664 (2.92)	77358 (4.27)	51439 (3.50)	105922 (6.47)	81584 (3.52)	114631 (4.50)	115705 (3.48)	140552 (4.24)	175824 (4.53)	163054 (3.44)	175855 (3.37)
Public Garden	4057 (0.75)	2354 (0.84)	2800 (0.51)	3909 (0.40)	5832 (0.69)	6283 (0.42)	8843 (0.49)	6844 (0.47)	9666 (0.59)	11120 (0.48)	18357 (0.72)	19061 (0.57)	20157 (0.60)	34440 (0.89)	34624 (0.73)	47743 (0.92)
Public Works	13352 (2.47)	18488 (6.63)	39910 (7.22)	47259 (4.79)	10774 (1.27)	252198 (17.23)	169422 (9.36)	58176 (3.95)	295617 (18.05)	117212 (5.08)	152787 (5.99)	117636 (3.54)	141022 (4.25)	116452 (3.00)	294315 (6.20)	415086 (7.96)
Plantation and other	- -	1343 (0.48)	2077 (0.37)	688 (0.07)	502 (0.06)	650 (0.04)	1787 (0.11)	9624 (0.65)	23950 (1.46)	110730 (4.80)	351326 (13.78)	194734 (5.86)	120303 (3.63)	37394 (0.96)	268453 (5.66)	236119 (4.45)
Education	- -	- -	612 (0.11)	- -	- -	1000 (0.07)	2000 (0.11)	- -	- -	- -	- -	- -	156080 (4.70)	- -	- -	2577 (0.05)
Grants and Contributions	1000 (0.18)	3700 (1.33)	982 (0.17)	8668 (0.88)	7790 (0.92)	31965 (2.18)	2622 (0.14)	18057 (0.81)	15359 (0.94)	4370 (0.19)	27522 (1.07)	7007 (0.21)	3656 (0.11)	3328 (0.09)	2803 (0.06)	1000 (0.02)
Miscellaneous	10234 (1.89)	1909 (0.68)	32160 (5.83)	7303 (0.74)	12467 (1.47)	22964 (1.57)	20122 (1.11)	68575 (4.66)	26203 (1.60)	19524 (0.85)	28891 (1.13)	86032 (2.59)	33857 (0.98)	52457 (1.35)	79272 (1.67)	127702 (2.45)
Total Revenue Expenditure	263587 (48.76)	255350 (91.66)	355002 (64.39)	382314 (38.79)	495616 (58.62)	772966 (52.81)	804442 (44.45)	764985 (52.00)	1152556 (70.36)	1152852 (49.93)	1580924 (62.00)	1533126 (46.17)	1713477 (51.65)	1912059 (49.37)	2687084 (56.64)	3183933 (61.05)

Note: Figures in brackets indicate percentage to total expenditure.

Source: Annual Reports of Sangola Nagarpalika.

and its percentage to the total expenditure was 19.86 percent.

4.2.2 Public Security:

It comprises fire protection, lighting of public streets and destruction of wild or dangerous animals. The fire protection activities include two functions, namely, fire prevention and firefighting. Lighting of public streets is provided by almost all Nagarpalikas. This is an important service and it is supplied only in parts of their areas. The charge of electricity does not always cover the lighting expenses of the Nagarpalika. A preliminary survey was conducted in respect of the destruction of wild and dangerous animals. The Nagarpalika, in order to check the rabbies, arranges for the destruction of stray dogs and other animals. Rats are caught by distributing rat traps in towns.

The Table referred to above shows the expenditure on public security. In the year 1974-75, the amount of expenditure on public security was Rs.20,296 and its percentage to the total expenditure was 3.76 percent. In the last year of study, the expenditure on public security was Rs.2,08,859 and its percentage to the total expenditure was 4 percent. There was a sudden rise in the amount of public security in the year 1978-79 by Rs.21,959 and its percentage to the total expenditure was 2.6 percent. In the year 1984-85, the amount of public security was Rs.88,098 and its percentage

to the total expenditure was 3.46 percent. The increase in the expenditure on public security in the above year was due to the expenditure on purchase of equipment such as tubelights, mercury lights and establishment charges. The expenditure on public security is not a major component of expenditure.

4.2.3 Public Health:

This is most important as well as a comprehensive head of expenditure and also a major component of revenue expenditure of the Nagarpalika. A major portion of revenue is spent on it. Public health includes a number of items such as water supply, sanitation, hospitals and dispensaries, control of epidemics, public gardens, public works, cleaning drainage, conservancy, etc.

(a) Water Supply: Supply of pure and clean water is one of the most important health services of the local bodies. It is generally agreed that the overall supply of water is inadequate and the quality of the water is not always satisfactory. Income from water charges is not always adequate to meet the expenses on water supply. Expenditure on water supply is shown in Table 4.1. In the year 1974-75, the expenditure on water supply was Rs.39,534 and its percentage to the total expenditure was 7.31 percent. In the last year of study, i.e. 1989-90, it as Rs.3,00,893 and its percentage

to the total expenditure was 5.77 percent. Increase in the amount of expenditure on water supply was due to electricity bills, purchase and repair of water supply machinery.

(b) Sanitation and Conservancy: In most of the Nagarpalikas, the drainage system is extremely inadequate and unsatisfactory. Conservancy services of a city consist of cleanirg of roads, footpaths and removal and disposal of domestic garbage, etc. Conservancy services are undertaken by all municipalities with mechanised haulage by lorries, street clearing is done by sweepers, street watering is done by water-tankers. Most of the municipalities are unable to expand these services due to lack of funds. Generally, service charges do not cover the expenses of conservancy. Sangola Nagarpalika appointed one Sanitary Inspector for sanitation and conservancy services. The expenditure on sanitation and conservancy is shown in Table 4.1. In the year 1974-75, the amount of expenditure on sanitation and conservancy was Rs.65,999 and its percentage to the total expenditure was 12.21 percent. In the last year, i.e. 1989-90, it was Rs.6,32,589 and its percentage to the total expenditure was 12.13 percent. The amount of sanitation and conservancy expenditure increased continuously from 1976-77 to 1989-90 and it was due to revised payscales to the servants and staff as well as purchase of cleaning materials, purchase of vehicles and their maintenance, chemicals for sanitation, purchase of water-tank etc. In the year 1978-79, the amount of sanitation and

conservancy expenditure was Rs.1,70,765 and its percentage to the total expenditure was 20.2 percent. It was due to purchase of vehicles and their maintenace and payment of dearness allowance to servants and staff. This is a major component of expenditure of Sangola Nagarpalika.

(c0 Hospitals and Dispensary: It includes the maintenance and running the hospitals and dispensary and the control of communicable diseases. In order to control communicable diseases, the municipality provides vaccination against smallpox, cholera, plague, malaria, etc. The municipality also is in a position to meet the expenditure on hospital building and on hospital equipment. The expenditure on hospitals and dispensarry is shown in Table 4.1. In the year 1974-75, the amount fo hospital and dispensary expenditure was Rs.25,234 and its percentage to the total expenditure was 4.65 percent. In the last year 1989-90, it was Rs.1,75,855 and its percentage to the total expenditure was 3.37 percent. The expenditure on hospital and dispensary increased in absolute terms due to the purchase of medicines and hospital equipment, the payment of salary and dearness allowance given to the compounders and nurses. In the year 1979-80, the amount of hospital and dispensary expenditure was low because of the low amount of the dearness allowance paid and the low amount of purchases of medicines and hospital equipment. This is not a major component of the Nagarpalika expenditure.

(d) Public Garden: Expenditure on public garden includes the payment of salary and dearness allowance to the permanent staff, light bills, fencing of the garden and other improvements. Public garden is made for public recreation as well as for free air against air pollution, but not for the beautification of the town. Table no.4.1 shows the expenditure on this item. In the year 1974-75, the amount of expenditure on public garden was Rs.4,057 and its percentage to the total expenditure was 0.75 percent. In the last year of study, i.e. 1989-90, expenditure on public garden was Rs.47,743 and its percentage to the total expenditure was 0.92 percent. Expenditure on public garden has been consistently rising throughout the study period except in the year 1981-82. Expenditure on public garden is also not a major component of the total expenditure.

(e) Public Work: The public work activities of the municipality relate to the construction and maintenance of public roads, buildings, bridges, footpaths, shops, etc. Municipality maintains both metalled and non-metalled roads. Generally, the municipality engages one or more overseers to look after the construction and maintenance of public works. In the public health, public works is a majorr component of expenditure. A substantial portion of the expenditure on public works is incurred on the maintenance and repairs of the roads. Table 4.1 shows the expenditure on public works; which was, Rs.13,352 in the year 1974-75

and its percentage to the total expenditure was 2.4 percent. In the last year of our study, i.e. 1989-90, the amount of public work expenditure was Rs.4,15,086 and its percentage to the total expenditure was 7.96 percent. The amount of public works expenditure increased in 1979-80 to Rs.2,52,198 and its percentage to the total expenditure was 17.23 percent. It was due to the purchase of a roadroller. In the year 1982-83, the amount of public works expenditure increased by Rs.2,95,617 and its percentage to the total expenditure was 18.05 percent. It was due to the construction of new roads and road repairs. The amount of public works expenditure also increased in the year 1988-89 and 1989-90 due to the construction of new shopping centre and roads.

4.2.4 Plantation and Others:

Besides the above main heads, the Nagarpalika also spends money on many other items like tree-plantation, pilgrimage, etc. Plantation and other items is not a major component of the municipal expenditure. The figures relating to plantation and other expenditure are also shown in Table 4.1. In the year 1975-76, the amount of expenditure on plantation and other items was Rs.1,343 and its percentage to the total expenditure was 0.48 percent; and in the last year of our study, i.e. 1989-90, it was Rs.2,36,119 and its percentage to the total expenditure was 4.45 percent. The other expenses include Birth-Death registration, Family

planning programme, homes for homeless, etc. The amount of expenditure under this head rapidly increased because larger amount was spent on provision of Homes to homeless and on the family planning programme. Plantation and other is not a major component of the Nagarpalika expenditure.

4.2.5 Education:

Some municipalities maintain primary schools, high-schools and extend them grants-in-aid from the government grants. But Sangola Nagarpalika is not running primary schools. The primary schools are maintained by the Zilla Parishad. The Municipality is having a library and sanctions grants for it. Education Committee looks after the acministration of the primary education. Educational expenditure has not been a major component of the total expenditure. In 1976-77, only Rs.612 was the expenditure on education, i.e. on the library, and in 1979-80, this amount was Rs.1,000 and in 1980-81, Rs.2,000. In 1986-87, the amount was Rs.1,56,080 and its percentage to the total expenditure was 4.78 percent and in the last year, i.e. 1989-90, it was Rs.2,577 and its percentage to the total expenditure was 0.05 percent. Education expenditure was higher in 1986-87 because of primary education contribution expenditure by the Nagarpalika.

4.2.6 Grants and Contributions:

It includes donations to the educational institutions, daily newspapers, magazines bills, municipal school board grants, municipal library expenditure, expenditure on secondary schools, Montessorie school expenditure, etc. This is a very minor component of the expenditure.

Under the head 'contributions', following two items are considered: local self government contributions and gazette contributions, etc. Grants and contributions expenditure can be seen from Table 4.1. In the year 1974-75 the amount of grants and contributions was Rs.1,000 and its percentage to the total expenditure was 0.18 percent. In the last year, i.e. 1989-90, it was Rs.1,000 and its percentage to the total expenditure was 0.02 percent. The highest amount of grants and contributions was in the year 1979-80. The amount of grants was Rs.31,965; out of which, Rs.20,000 were given to New English School. Its percentage to the total expenditure was 2.18 percent.

4.2.7 Miscellaneous:

Besides the above main heads, the municipality also spends money on many other items. Under this head, the following items are included: election expenditure, census expenditure, court-fee, water-supply scheme, fund repayment

and interest, latrines, suspense expenditure, freedom festival and other festival expenditure, meeting allowances, remuneration and tea, etc. The amount of miscellaneous expenditure can be seen from Table 4.1. In the year 1974-75, the amount of miscellaneous expenditure was Rs.10,234 and its percentage to the total expenditure was 1.89 percent. In the last year, i.e. 1989-90, it was Rs.1,27,702 and its percentage to the total expenditure was 2.45 percent. The miscellaneous amount increases because of price rise and the responsibility of of the local government also increases.

The extraordinary debt and opening balance are not included in the expenditure of Sangola Nagarpalika.

4.3 CAPITAL EXPENDITURE:

The capital expenditure includes items like purchase of machines for the hospital, furniture, pipes and other mechanical equipments, which are shortlived and are usually financed out of revenue funds.

As far as possible, the capital projects which are of remunrative as well as semi-remunerative type, either in full or in part, are not financed out of the revenue funds. The government should assist the municipality in promoting the abovesaid remunerative projects; so that own revenue can be made aavailable for performing routine functions.

The finances that are utilized purely for the purpose of creating activities or the activities leading to the creation of assets are defined as capital finances of the public authority. Municipal expenditure is generally financed out of its own revenue, loans and government's grants-in-aid.

In the capital expenditure, the following items are included: water works or water supply plant, road construction and building construction, special schemes amount, deposit refund amount, advances amount, etc.

In Table 4.2, the data on capital disbursements are given. The data shows regularly growing amounts of capital expenditure, which have been incurred only on development items like road and roads development, various types of buildings, i.e. labour welfare centre, high-school buildings, latrines, maternity home, shopping centre, children's centre, vegetable markets, etc.

4.3.1 Water Supply Plan:

The Nagarpalika has undertaken water supply plan for water supply to the residential area. The Nagarpalika manages four water supply plants (Chincholi, Wadegaon, Akola and Chandolewadi). When there was no sufficient water supply, the Nagarpalika made special arrangements and planned a new water supply plan in 1988, i.e. Bhima River Water

Table 4.2

Capital Expenditure of Sangola Nagarpalika

(In Rupees)

Capital Expenditure	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
Water Supply Plant	- -	- -	66832 (12.12)	369510 (37.49)	100566 (11.89)	105598 (7.22)	95028 (5.25)	927 (0.06)	41060 (2.51)	302394 (13.09)	23584 (0.92)	185527 (5.59)	421663 (12.71)	1171012 (3.17)	358340 (7.55)	213099 (4.09)
Road and Building Constructions	- -	- -	32324 (5.86)	95035 (9.64)	116655 (13.80)	235924 (16.12)	447697 (24.73)	521220 (35.43)	187295 (11.44)	300163 (13.00)	334490 (13.12)	996937 (30.02)	707118 (21.32)	248505 (6.40)	538272 (11.35)	533513 (10.23)
Town Planning	- -	- -	- -	- -	8520 (1.00)	- -	- -	13311 (0.90)	5794 (0.35)	- -	- -	42571 (1.28)	- -	- -	- -	- -
Special Scheme Amount	200029 (37.00)	200 (0.07)	49140 (8.92)	- -	- -	56 -	46250 (2.56)	26 -	27000 (1.65)	112390 (4.87)	35222 (1.38)	- -	- -	3157 (0.08)	8342 (0.18)	231476 (4.44)
Deposit Refund	2435 (0.45)	1465 (0.52)	12096 (2.19)	75133 (7.62)	25765 (3.05)	70600 (4.83)	23738 (1.31)	103829 (7.06)	130752 (7.98)	160794 (6.96)	154039 (6.04)	103267 (3.11)	175465 (5.29)	194651 (5.01)	187374 (3.95)	200992 (3.85)
Advance Refund	75563 (13.79)	21560 (7.74)	359377 (6.52)	63633 (6.45)	98369 (11.63)	27841 (19.02)	392526 (21.69)	66695 (4.53)	93446 (5.71)	280350 (12.14)	421431 (16.53)	459200 (13.83)	299670 (9.03)	351505 (9.06)	964470 (20.33)	851950 (11.34)
Total Capital Expenditure	277027 (51.24)	23222 (8.34)	196330 (35.61)	603312 (61.21)	397896 (41.38)	690594 (47.19)	1005239 (55.55)	706008 (48.00)	485348 (29.63)	1156093 (50.07)	968767 (38.00)	1787504 (53.83)	1603917 (48.35)	1668838 (50.73)	2056799 (43.36)	2031031 (38.95)
Total Expenditure	540615	278572	557332	985626	845492	1463560	1809682	1470993	1637905	2308945	2549691	3320631	3317394	3880898	4743884	5214964

Note: Figures in brackets indicate percentage to the total expenditure.

Source: Annual Reports of Sangola Nagarpalika.

Supply Plant. This is a very large capital investment for water supply plant. The expenditure amount of water supply plant is shown in Table 4.2. In the year 1976-77, the amount of water supply plant was Rs.66,832 and its percentage to the total expenditure was 12.12 percent. In the last year, i.e. in 1989-90, it was Rs.2,13,099 and its percentage to the total expenditure was 4.09 percent. The water supply plan amount was highest in 1977-78 which was due to Wadhegaon Water Supply Plan and 65,000 litres capacity water supply tank and 5 km. long water supply pipeline constructed by the Nagarpalika. The amount of water works was highest in 1987-88 by Rs.11,71,012 and its percentage to the total expenditure was 30.17 percent. It was due to Bhima River Water Supply Plant and the pipeline from Pancharpur to Sangola, a pipeline of about 31 kms. length and water tanks. Government grants were also given for this project of water supply.

4.3.2 Road and Building Construction:

Roads are constructed for developmental purposes. In the year 1976-77, the amount of road repairs and construction expenditure was Rs.32,324 and its percentage to the total expenditure was 5.86 percent. In the year 1988-89, the amount was Rs.1,38,458 and its percentage to the total expenditure was 2.92 percent. In the year 1977-78, the amount of building construction was Rs.95,035 and its percentage to the total

expenditure was 9.64 percent. In the last year, i.e. 1989-90, it was Rs.5,33,513 and its percentage to the total expenditure was 10.23 percent. The building construction amount was highest in the year 1985-86 by Rs.9,96,937 and its percentage to the total expenditure was 30.02 percent. It was highest due to the construction of shopping centre, compound wall of the primary school, etc.

4.3.3 Town Planning:

Town planning has an important role to play from the point of view of sanitation. It has as much as aesthetic as a utilitarian function to perform. Widening of roads, provision of parks, proper sizing of houses, slum clearance, etc. comprise the town planning activity. The amount of town planning expenditure can be seen from Table 4.2. In the year 1978-79, the amount of town planning was Rs.8,520 and its percentage to the total expenditure was 1 percent. In the year 1981-82, it was Rs.13,311 and its percentage to the total expenditure was 0.9 percent. In the year 1982-83, it was Rs.5,794 and its percentage to the total revenue was 0.35 percent. In the year 1985-86, the amount of town planning expenditure was Rs.42,571 and its percentage to the total expenditure as 1.28 percent.

4.3.4 Special Scheme Amount:

Other special scheme expenditure for special purpose. In the year 1974-75, the special scheme amount was Rs.2,00,029 and its percentage to the total expenditure was 37 percent. In the year 1975-76, the amount was the lowest, i.e. Rs.200 and its percentage to the total expenditure was 0.07 percent. In the last year i.e. 1989-90, it was Rs.2,31,476 and its percentage to the total expenciture was 4.44 percent. Special scheme amount and miscellaneous amounts are not significant items of expenditure. Special scheme amount was also not a major component of total expenditure.

4.3.5 Deposits of Refund:

In his main head, following sub-items are included: contractors' deposit refund, government education tax, employment guarantee surcharge, Kondwada deposit, octroi deposit and other deposit refund, etc.

The deposit refund is shown in Table 4.2. In the year 1974-75, deposit refund was Rs.2,435 and its percentage to the total expenditure was 0.45 percent. In the last year, i.e. 1989-90, the deposit refund was Rs.2,00,092 and its percentage to the total expenditure was 3.85 percent. It was highest because of deposit refund to the contractors and the government education tax, octroi deposit refund

and deposit refunds. After completion of time, deposits were asked for refund.

4.3.6 Advances Amount Refund:

Advance amount refund includes the following items: advance amount refund to contractors, servants and other advance refund, etc. Advance refund can be seen from Table 4.2. In the year 1974-75, the amount of advance refund was Rs.74,563 and its percentage to the total expenditure was 13.79 percent. In the last year, i.e. 1989-90, the amount of advance refund was Rs.8,51,950 and its percentage to the total expenditure was 16.34 percent. It is a major component of the total expenditure. The percentage was highest in the year 1988-89 by 20.33 and the amount of advance refund was Rs.9,64,470.

4.3.7 Total Capital Expenditure:

In 1974-75, the amount of total expenditure was Rs.2,77,027 and its percentage to the total experditure was 51.24. In the last year of our study, i.e. 1989-90, it was Rs.20,31,031 and its percentage to the total expenditure was 38.95. The capital expenditure amount was lowest in 1975-76 by Rs.23,222 and percentage to the total expenditure was 7.74 percent. It was due to no expenditure as water supply plant, road and building constructions. The highest

percentage of capital expenditure was 61.21 in 1977-78. It was due to expenditure as water supply plan, road and building construction and deposit and advance refund.

4.4 CONCLUSION:

The growing amounts of capital expenditures are explained by developmental works like drainage, roads and road developments, buildings for various purposes, etc. Huge amount of capital expenditure were made as advances. The advance amount refund constituted a very high proportion to total expenditure.

4.5 GROWTH OF EXPENDITURE OF NAGARPALIKA:

Percentage change over the previous year of Revenue Expenditure:

From Table 4.3 (on the following page), it can be seen that the percentage change over the previous year of the revenue expenditure was highest in the year 1978-79 at 55.96. It was highest due to more expenditure on general administration, public health and the public works.

The percentage change over the previous year of revenue expenditure was lowest in the year 1981-82 (-4.89). It was lowest due to low expenditure on general administration, public health and public works.

Table 4.3

Simple Growth Rate of Revenue Expenditure

Year	Percentage change over the previous year	Year	Percentage change over the previous year	Year	Percentage change over the previous year
1975-76	-3.12	1980-81	4.07	1985-86	-3.02
1976-77	39.02	1981-82	-4.90	1986-87	11.76
1977-78	7.69	1982-83	50.66	1987-88	11.59
1978-79	29.63	1983-84	0.02	1988-89	40.53
1979-80	55.96	1984-85	37.13	1989-90	18.49

Table 4.4

Simple Growth Rate of Capital Expenditure

Year	Percentage change over the previous year	Year	Percentage change over the previous year	Year	Percentage change over the previous year
1975-76	-91.61	1980-81	45.56	1985-86	84.51
1976-77	745.44	1981-82	-29.97	1986-87	-10.27
1977-78	207.29	1982-83	-31.25	1987-88	22.75
1978-79	-42.00	1983-84	138.19	1988-89	4.47
1979-80	97.38	1984-85	-16.20	1989-90	-1.25

Percentage change over the previous
year of Capital Expenditure:

In Table no.4.4 (on the preceding page), is shown the percentage change over the previous year, which was highest in 1976-77 at 745.44. It was highest due to the expenditure on water supply plant, special development scheme and higher amount of deposit refund and advance refund.

The percentage change over the previous year of capital expenditure was lowest in the year 1975-76 at -91.61. It was due to no expenditure on water supply plant, road and building construction and town planning. Also, very less amount was spent on special scheme, deposit refund and advance refund.

Percentge change over the
previous year of Expenditure:

It is shown in Table 4.5 (on the following page) that the percentage change over the previous year of expenditure was highest in 1976-77 at 97.91. It was highest because of huge amount spent on revenue expenditure mainly on tax revenue and non-tax revenue and also the expenditure made on public health.

The percentage change over the previous year of expenditure was lowest in the year 1975-76 at -48.47. It was lowest due to low expenditure made on public security, water supply, general conservancy and public amenities.

Table 4.5

Simple Growth Rate of Expenditure

Year	Percentage change over the previous year	Year	Percentage change over the previous year	Year	Percentage change over the previous year
1975-76	-48.47	1980-81	23.65	1985-86	30.24
1976-77	97.91	1981-82	-18.71	1986-87	0.10
1977-78	78.77	1982-83	11.35	1987-88	16.98
1978-79	-14.22	1983-84	40.97	1988-89	22.24
1979-80	73.10	1984-85	10.43	1989-90	9.93

4.6 COMPOUND GROWTH RATE OF NAGARPALIKA EXPENDITURE:

Table 4.6

Compound Growth Rate of Revenue Expenditure

Sr. No.	Items	Years	Compound Growth Rate
1.	General administration and collection of tax	15	18.2
2.	Public security	15	16.8
3.	Water supply	15	14.5
4.	Sanitation	15	16.2
5.	Hospital and Dispensary	15	13.7
6.	Public Garden	15	17.9
7.	Public work	15	25.7
8.	Plantation and other	14	44.6
9.	Total Revenue expenditure	15	18.06

In the above Table 4.6, it is seen that the compound growth rate of revenue expenditure is 18.06 over the 15 years of the study period. Incase of plantation, compound growth rate is highest at 44.6. It means that the expenditure on plantation and other has, in fact, increased significantly. Next to plantation and other, public work is the second highest. The compound growth rate of public work is 25.7. It means that the expenditure on public work too has increased. General administration and collection of tax expenditure is the third highest item of compound growth rate at 18.2. It means that the expenditure on the general

administration and collection of tax is highest in comparison with the revenue expenditure. The compound growth rate of public security, sanitation, water supply, public garden, hospital and dispensary are lowest in comparison with the revenue expenditure. It means lowest expenditure made on these items.

Table 4.7

Compound Growth Rate of Capital Expenditure

Sr. No.	Items	Years	Compound Growth Rate
1.	Water supply plan	13	9.3
2.	Road and building construction	13	24.0
3.	Town Planning	3	70.95
4.	Deposit refund	15	34.2
5.	Advance	15	17.2
	Capital expenditure	15	14.2
	Total expenditure	15	16.3

Compound growth rate of town planning expenditure is very high in comparison with capital expenditure. The compound growth rate of town planning is 70.95. It means that more expenditure is made for the development of city. The compound growth rate of deposit refund is the second highest item of capital expenditure. It means more deposits were asked for refund. The compound growth rate of road and building construction is 24 percent. In comparison with the capital expenditure, the compound growth rate of the

road and building construction is high. It means more expenditure was made on the construction of roads and buildings. The compound growth rate of refund of advance amount is 17.2. It is high in comparison with the compound growth rate of capital expenditure. The compound growth rate of water supply plant is lowest in comparison with the capital expenditure compound growth rate. It means very low amount was spent on water supply plant.

Compound growth rate of capital expenditure is low in comparison with revenue expenditure. It means that the revenue expenditure is more than the capital expenditure. The compound growth rate of the total expenditure is 16.3.

4.7 CONCLUSION:

Following are the major conclusions drawn from the analysis of growth of expenditure of the Nagarpalika.

The compound growth rate of the capital expenditure is low in comparison with the compound growth rate of the revenue expenditure.

In revenue expenditure, the compound growth rate of plantation and public works is high. It means that most of the development work is taken by Nagarpalika and the administrative expenditure is also high.