

CHAPTER - II

FINANCES OF A MUNICIPALITY

C H A P T E R - II

FINANCES OF A MUNICIPALITY

2.1 INTRODUCTION :

In this chapter we briefly discuss the general structure of revenue of the municipality and Actual Sources of Income and Expenditure of Ichalkaranji Municipality in brief are as follows :

I REVENUE

- 2.2 General Municipal Finance.
- 2.3 General Taxes.
- 2.4 General non tax revenue
- 2.5 General grants-in-aids.
- 2.6 General loans.
- 2.7 Actual sources of income of the Ichalkaranji Municipality.
- 2.8 Changing proportions of the items of receipts in Ichalkaranji Municipality.
- 2.9 Changing proportion of different taxes in Ichalkaranji Municipality.
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II EXPENDITURE

- 2.11 Actual expenditure items of Ichalkaranji Municipality.
- 2.12 Changing proportion of the items of expenditure in Ichalkaranji Municipality.

2.13 Changing proportion of capital account disbursements in
Ichalkaranji Municipality.

I REVENUE :

2.2 GENERAL MUNICIPAL FINANCE :

One of the important phenomena of Government in India is the steady rise in government cost. Studies conducted by the Reserve Bank of India in November, 1962, for a sample collection of revenue of 18 Corporations and 59 municipalities, have shown that between 1956-1960 and 1960-1961 receipts of local authorities covered by the survey have almost doubled, but disbursements have increased more. In consequence the gap in resources and expenditure has tended to widen. Similar studies conducted by official committee and educational institutions also pointed out the steady, increase in the municipal expenditure. This is because of transfer of many function to municipal authorities on welfare activities such as education, sanitation etc. This trend has not yet reached to peak point but has a prospect of still further cost increase. However, municipalities in India have to depend on State Government for allocation of taxes to themselves. There is no separate list in the Indian constitution for the allocation of taxes for local bodies. As the autonomy of municipal Government depends upon its ability to meet its fiscal needs, Local Finance Committee appointed by the Government in India in 1949, recommended the reservation of terminal taxes on goods and

passengers, carried by railway, sea or air from the union list and the following 12(Twelve) taxes from the state list for use of local bodies.

1. Tax on lands and buildings.
2. Tax on mineral rights.
3. Tax on entry of goods into local area for consumption use or resale.
4. Tax on consumption or sale of electricity.
5. Tax on advertisement other than advertisements published in news papers.
6. Tax on goods or passengers carried by roads or in land water ways.
7. Tax on vehicles.
8. Taxes on animals and boats.
- 9 Toll.
10. Taxes on profession, trades, calling and employments.
11. Capitation tax.
12. Tax on entertainment including amusements.

The Taxation Enquiry Commission appointed by the Government of India in 1954 observed, It was both desirable and necessary that certain taxes should be reserved for being utilised exclusively by or for local bodies and recommended utilization by the local bodies of more or less the same taxes as were recommended by the Local Finance Enquiry Committee 1949. In

addition to these taxes, the commission recommended new taxes for use of local bodies viz. duty on transfer or property to be levied alongwith stamps duty which should be collected by the State Government.

The Central Council of Local Self Government appointed a committee to study the problem of agumentation of the Financial resources of urban local bodies in 1962 and a Committee on Rural-Urban Relationship in 1963 to define the structure and functions of Urban Local Bodies and to make recommendations about the lines on which the Urban Community Development work should be undertaken. Both these committees made some important recommendations in addition to the recommendations made by Local Finance Enquiry Committee and the Taxation Enquiry Committee 1954.¹

MUNICIPALITIES OBTAIN THEIR INCOME FROM FOUR MAIN SOURCES NAMELY :

A. General Taxes. (B) General Non-Tax Revenues (C) General Grants-in-aid and (D) General Loans.

2.3 GENERAL TAXES :

Taxes which are imposed by the municipalities are of two types (1) Indirect Taxes, and (2) Direct Taxes.

2.3.1 INDIRECT TAXES :

Indirect taxes are octroi, terminal tax and tolls on Roads and direct taxes are property tax, entertainment tax, motor vehicles

tax, service tax etc. In some municipal Acts taxes are classified into (1) Compulsory taxes that must be levied by municipal, council and (2) Optional taxes that are left to the discretion of the municipal council.

Before imposing a tax the municipal council has to pass a resolution at a general meeting specifying the tax or taxes to be levied and the rate at which the tax shall be levied. The council after considering the objection raised by local inhabitants forward the same to the government for approval. After Government's approval, the council notifies the imposition of tax or taxes in the official gazette.²

1) OCTROI :

Octroi is one of the major tax, provided in the municipal Acts. This is a tax levied on all goods which enter into a jurisdictional area for use, sale or consumption there in. The basis of octroi is that those goods which come in but go out again, which are exported or just pass through are either to be exempted or refunded.

Though octroi is an ancient and primitive source of revenue, its continuance in the modern condition is being opposed on various grounds namely, that its incidence is uncertain and falls heavily on poor classes, whose necessities of life form the main items of such tax receipts; it hampers trade and industry; its collection and refund causes great inconvenience to the tax

payers and result in laxity in supervision and consequent evasion of tax.

According to U.K.Hicks, "Octroi is regressive in incidence, inequitable because of fraud and highly inconvenient to the tax payer. From the broader economic point of view, octroi hampers internal local trade, bolstering up the economic isolation which is one of the biggest obstacle to the development, specially development from below." Taxation Enquiry Committee and the Local Finance Enquiry Committee also referred to the evils inherent in the octroi system.

In 10 states, where octroi is levied its proceeds constitute nearly 20% of the total receipt of the local bodies, and in state Rajasthan, Punjab, Jammu and Kashmir and Madhya Pradesh the contribution of octroi to the total income of municipal bodies is as high as 82.70%, 80% and 78.80% respectively.

ii. TERMINAL TAX :

Octroi and terminal taxes are alternative taxes and cannot be levied simultaneously. This is a tax which levied on goods which come into an area. The difference between terminal tax and octroi is that all goods which come into an area are taxed, and that becomes the terminal tax, on the other hand, in case of octroi, all goods which come into an area for use consumption or sale therein are taxed, this becomes an octroi. The principal features of terminal tax are : (1) It is imposed on all imports at rates



lower than the existing octroi rates. (2) There is no refund business. (3) Terminal tax is assessed on weight only.

Except avoiding refund, the terminal tax bears all drawbacks of octroi tax. Octroi and terminal taxes are equally vexatious and obnoxious, there is only a difference of degree. Rural-Urban Relationship Committee expressed, ' it is in the national interest that the octroi and terminal taxes should go!

iii. TOLL TAX :

A toll on roads is a tax on animals and vehicles coming from outside and entering the limit of municipalities. It differs from terminal tax for it is assessed on the vehicles and not on weight of each consignment. There is every justification for imposing this tax on buses and trucks, as the roads are to be maintained by the municipality. The chief defect of the toll is that it becomes an obstruction to traffic and involves all the danger of speculation inherent in the octroi system. The Taxation Enquiry Commission has also recommended the abolition of toll tax with the exception that in case of new bridges costing a sum of about Rs. 5.00 lakhs each, toll may be levied till the cost of construction is recovered. The commission has also suggested that the loss of revenue caused by the abolition of tolls may be made up by the motor vehicles tax.

As the toll tax is not an important source of revenue to any municipality, it can be abolished without hesitation.

2.3.2 DIRECT TAXES :

Direct taxes levied by municipality are of various types important among them are :

- i. Property tax (House tax).
- ii. Entertainment tax.
- iii. Motor Vehicle Tax.
- iv. Service Taxes.

i. PROPERTY TAX :

This is known as house tax or tax on lands and buildings. The committee on augmentation of Financial Resources of Urban Local Bodies described it as property tax.³ Among all the taxes levied by municipalities in India, property tax is the most rational tax. Because of its importance the Taxation Enquiry Commission recommended it to be the exclusive monopoly of local bodies. However, most of the state like Madhya Pradesh, Maharashtra, Gujrat and Punjab have imposed the property tax. " As both State Government and municipality impose property tax, it seems rather unjust and unfair for the tax payers. Secondly, property tax levied by the state, affects the elasticity of revenue from property tax levied by the local bodies."

Though property tax is an important source of revenue of municipalities, it is not levied in a uniform manner. There is

a wide variation in the incidence of property taxes levied by different local bodies in various state.

The assessment of the House Tax is made in one of the following ways.

1. Gross annual rent at which a property may reasonably be expected to be let, or,
2. The actual rent whether contractual or payable under the rent control by the occupier to the owner or if the property is occupied by the owner, rent equivalent to that of similar properties in the locality.

The Taxation Enquiry Commission the Local Finance Enquiry Committee and the Committee on Augmentation of Financial Resources of Urban Local Bodies have all stressed the need to improve the assessment machinery as there is a great variation in the assessment done by the Excise and Taxation Department of the State and municipality some State Governments have in fact required initiated effected. Action in that direction and some states have proposed to set up a central valuation agency under the Directorate of Local Bodies. The Rural Urban Relationship Committee however, is not satisfied with such sporadic attempts and therefore, recommended that.

1. There should be a chief valuation officer in the Directorate of Local Bodies, who should lay down principles for

determining the annual value and supervise and control the valuation officers.

2. There should be full time valuation officers for cities with a population of five lakhs or more for groups of smaller cities and towns, valuation officers should be appointed according to the volume of work.
3. The assessment lists should be prepared by the valuation officer with the assistance of the Executive Officer/Deputy Municipal Commissioner and Published for objections. After deciding the objections, the valuation officer may finalise the list.
4. Appeals against assessment made by the valuation officer shall be made to the chief valuation officers.
5. An appeal against decision of the chief valuation officer shall made the District Judge.

There is also a need for undertaking periodical assessment as most of the municipalities continued to operate the old list for a long time. This deprives the local bodies of higher revenue. The Chief Executive Officer should be made responsible for maintaining an upto date list.⁴

ii. ENTERTAINMENT TAX :

Entertainment tax is imposed on Race courses, Dramas, Cinema shows, circus etc; though the bulk of the revenue from this tax is provided by the cinema. The tax is collected either in cash or through special adhesive stamps. Generally, entertainment of

charitable or religious nature or for educational or propoganda purposes or for the advancement of agriculture, industries, public health are exempted from entertainment tax.

In the beginning entertainment tax was levied only within the limits of municipalities but now it has become state wide and now imposed by the state.

The Committee on Augmentation of Financial Resources of Urban Local Bodies suggested, "The entire proceeds from entertainment tax, which at present go to the state exchequer should be earmarked for local bodies as they have a local basis and can also be administered by local authority with a certain degree of autonomy." Rural-Urban Relationship Committee also emphasised the need of transferring the proceeds of this tax to local bodies on the ground that, " Entertainment tax is essentially local character, being paid by local residents and its proceeds should be made over to local authorities."

Maharashtra, Tamil Nadu, Karnataka and Union Territory of Delhi accepted the above proposal and proceeds of the entertainment tax are transferred to the local bodies.

iii. MOTOR VEHICLES TAX :

The motor vehicles Act 1939 took away the power of all local bodies to levy taxes on the vehicles. Municipalities claimed some share in this tax on the ground that, vehicles are using the

municipal roads which are constructed and maintained by the municipalities. Most of the State Governments are giving compensation to local bodies for the loss of revenue caused by deprivation to levy this tax. However, there is no uniformity in giving the compensation nor any rational basis. Rural Urban Relationship Committee accepted the right of the local bodies to share the proceeds from Motor Vehicles Tax and recommended that, "25 per cent of the receipts from this source should be allocated to local bodies."

iv. SERVICE TAXES :

Service taxes like property tax is governed by the same principle of benefit and ability. The tax burden of this is readily borne by the tax payers. Taxes that are earmarked for special purposes are usually more acceptable. They are also popular because people can see the relationship between such taxes and the services they want. Service taxes are those taxes that are levied as charges, for specific services rendered by municipality to the inhabitants. These services taxes are :

1. Water Tax, levied for the provision of water supply to the inhabitants of town.
2. Electricity or lighting tax, levied to meet the cost of lighting the public street in a town.
3. Drainage tax, levied for the purpose of providing public drains and sewers and their regular cleaning and maintenance.
4. Latrine tax, levied on all which have latrines or cess for cleaning of which the municipality makes arrangement.

These taxes are levied not with the object of raising money but to meet the cost of services. However, it is the experience that receipts from these taxes are so meager that they could not even cover the expenses of the services. It is desirable that rates of service taxes should be such as they could raise the amount required for providing the services.⁶

2.4 GENERAL NON TAX REVENUE :

As the very name implies, non tax revenues are the revenues accrued from sources other than taxes. Such as Licence Fees, Registration Fee, Rent on Municipal land and property, Sale of sewage and other miscellaneous items.

2.4.1 LICENCE FEE :

The Municipal Act, rules and bye laws make extensive provisions for the levy of the licence fee on hotels, restaurants and eating places, dairies, work shop and Factory premises, sanctioning plans for buildings etc. If carefully, enforced these provisions would not only help in raising some revenues for municipal bodies but would also ensure regulation of matters affecting the health and convenience of citizens. However, the revenue collected by most of the municipalities is not satisfactory because.

- a. rate of fee is very less and,
- b. there is no effective check upon the evaders by municipal staff.

The fee is not much contributing towards revenue as the regulation and control of some trades and activities. However, the revenue from this source cannot be ignored. Rural Urban Relationship Committee strongly recommended; "The powers to levy licence fee should be freely used to raise revenue and for regulatory purposes."⁷

2.4.2 SALE OF MANURE :

Income from city sewage or manure is quite a good source of income from non tax revenue. However, it is found that municipal presidents or some influential councillors manage to take away this manure without paying for it or paying a very low price, if at all they pay. To avoid this loss, it is necessary to sale the manure by public auction and to improve the integrity of the councillors.

2.4.3 SALE OR RENT ON MUNICIPAL LAND :

Municipal authorities are empowered to sale municipal land or give it on lease basis. This is also an important source of revenue. In most of the towns due to industrialisation or other reasons, more buildings are required to be constructed. If municipality takes up the work of developing and plotting the municipal land, it can be auctioned at higher rates as more people will enter the bid, by this way income of the municipalities will be increased.

2.4.4 MARKET FEE :

It is popularly known as Bazar Patti. It is a sort of rent on municipal land, realised from persons carrying on their business on pavements and part of streets, market place and roads. It is not an important source of income.

2.5 GENERAL GRANTS-IN-AID :

The system of grants-in-aid to local authorities is followed to supplement their meagre source of income. The state government to achieve the concept of welfare state assigns more and more functions to local authorities and as such they are under a moral obligation to assist them to carry out these functions; particularly, when the principal sources of revenue have already been tapped by them.

The system of grants-in-aid has the advantage that, the grants can be related to the needs and the resources of Urban Local Bodies. For the smaller and financially weaker municipalities grants-in-aid are of great importance in initial stages to enable them to stand on their own legs. Moreover grants-in-aid also serve as an instrument for the implementation of state policies by encouraging the local bodies to undertake special programmes. Grants-in-aid therefore, form an essential part of local finances.

In India Grants-in-Aid are given to local bodies by State Governments which are of various kinds. They may be classified as:

- a. General Purpose grants (b) Specific purpose grants.
- c. Compensatory grants and, (d) Miscellaneous grants.

a) GENERAL PURPOSE GRANTS :

It refers to the general assistance given to local bodies towards the cost of municipal administration. Such general purpose grants are given to local bodies, in the state.

As regards the general purposes grants Rural Urban Relationship Committee observed that it will be better if funds were made available for strengthening the administrative structure of the municipalities which in turn will promote the mobilisation of local tax resources. It is also desirable to provide funds to enable the municipal authorities, particularly weaker ones, to obtain the services of technical staff. The committee further recommended, "wherever such general purpose grants are given they should be linked with the performance of local bodies in raising their own resources."

b) SPECIFIC PURPOSE GRANTS :

This is essentially a grant for selected services and amenities. It is generally given on percentage basis on both recurring as well as non-recurring expenditure of local bodies. The pattern of grants-in-aid adopted by various State Government, particularly the basis of their distribution and regulation varies from state to state. The specific grants are given to

the following purposes.

1. Water supply and drainage schemes.
2. Construction of roads, drainage, bridges, etc.

The rates of grants-in-aid however differ from state to state ranging from 20 per cent to 66 per cent. Rural Urban Relationship Committee considered the practice of providing grants for water supply and drainage project to be desirable practice as the health and sanitation of Urban areas depend largely on clean piped water supply and sewerage facilities. However, the provision for such grants in the state budgets were often meagre and the progress of water supply and sewerage schemes in the urban areas were actually hindered as the local bodies put off the work till such time as grants are made available. The committee, therefore, suggested that it would be better to convert a portion of the loan granted for these schemes in to subsidies.⁸

c) COMOENSATORY GRANTS :

Besides general and specific purpose grants-in-aid to urban local bodies are also given shares from the revenues of certain state taxes, particularly the Motor Vehicles Tax and Entertainment Tax. These are in the nature of compensation on account of loss revenue. Thus the vehicle tax compensation, for example constitutes an important source of revenue to the municipalities

in Maharashtra, Tamil Nadu, Andhra Pradesh, Gujarat and Uttar Pradesh.

d) MISCELLANEOUS GRANTS :

These refer to large number of small items on which nominal grants are being paid to local bodies by the State Governments. These include various items like grants for colleges, libraries, Gymnasias, open air theatres and so on. These are occasional grants and are not included in the regular system of grants-in-aid.

Thus grants-in-aid constitute an important source of revenue to the municipalities. However, as the system of grants-in-aid and the rates vary from state to state. Taxation Enquiry Commission recommended for the adoption by each state a system of grants-in-aid based on the following principles.

1. There should be a basic general purpose grants for each local body other than bigger municipalities.
2. The local bodies eligible for such grant should, within each category, (municipality, Local Board, Panchayat etc.) be classified into a few simple divisions based on population area, resources etc. and the grants itself related to these factors as well as the size of the normal budget of the local bodies.
3. The basic grant should be such that after taking into account its own resources, the local bodies will have fairly adequate finance for discharging its obligatory and executive functions.

4. The basic grants should be assured over a reasonable number of years, say three to five years, and save for exceptional reasons, not be subject to alternation from year to year within that period.

2.6 GENERAL LOANS :

As observed in the preceeding pages, the financial resources of the municipalities in the from of taxes and Government Grants are not enough to enable it to provide services of developmental character, and hence loans are required to meet the development needs of the town. As observed by Mr. Jackson," The large capital works that local authority has to undertake, could not be done out of revenues and hence loans are essential. In addition, there is a wide spread feeling that works which will benefit the future generation of rate payers, should be meet by loans, so that cost will spread over a number of years and the rate payers of the future will pay their share of their benefits."

Municipalities derive the power of borrowing from Local Authorities under Loans Act, 1914 and supplementary provisions in the municipal Acts, which more or less, conform to those contained in the Local Authorities Loans Act. Under Section 3 of the Act, local bodies are allowed to borrow money either from the State Government or from non governmental sources for carrying out works, giving relief during the period of scarcity and similar purpose. Although the local bodies are empowered to

raise loans, the sources for meeting their loans requirements are meagre and scarce. Except in few cases of major municipal authorities such as Calcutta, Bombay, Madras, other local bodies have been depending exclusively on the government for the financing of their major works of development. However, State Government advance loan only to the scheme of water supply and sewerage housing, slum clearance, land acquisition and developments. In this field also the capacity of State Governments to advance loan loans is limited.

2.7 ACTUAL SOURCES OF INCOME OF THE ICHALKARANJI MUNICIPALITY :

Income sources of the Ichalkaranji Municipality are divided into five major heads. They are as follows :

1. Municipal Rents and Taxes.
2. Taxes under Special Acts.
3. Income derived from properties.
4. Grants and contributions.
5. Miscellaneous.

These major five heads consists following sub items.⁹ :

1. MUNICIPAL RENTS AND TAXES :

Under this head following sub items are included. Taxes on land buildings, Octroi, Entertainment Tax, Publicity Tax, Vehicle Tax, Toll Tax, Water Charges, Free pass etc.

2. TAXES UNDER SPECIAL ACTS :

Under this head following sub items are included : Gumasta Registration Renewal fee, Fees charged for Birth and Death Registrations.

3. INCOME DERIVED FROM PROPERTIES :

Under this head following sub items are included. Rent on land Building Rent, Income from gardens, Income from educational institutions, Income from medical Institutions, Muttan market and Fish market fees, water supply charges, licence fee etc.

4. GRANTS AND CONTRIBUTIONS :

Under this head following sub items are included. Grants granted by the Government to high schools, Dearness allowances, Road repairing, public health etc. Grants granted by Zilha Parishad to municipality for public health etc. Land revenue, non agree assessment, Convenience Act, Magistrial fines, local funds cess.

5. MISCELLANEOUS :

Under this head following sub items are included, Interest receipts from the amount invested by the municipality, Interest on joint taxes, Interest on monopoly activities, tender form fee Rent on Rollar, Income from tree and fruit bargaining, Rebate on education tax etc.

Extra ordinary debts heads and opening balance amount are excluded from income items of the Ichalkaranji Municipality.

From the Table No. 2.1, it is seen that revenue from

1. MUNICIPAL RENTS AND TAXES :

Municipal rents and taxes is most important for Ichalkaranji municipality. The Table shows that the income under this head is

TABLE NO. 2.1

SOURCE OF INCOME OF THE ICHALKARANJI MUNICIPALITY

(Figures in Thousands)

Sr. No.	69-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	Growth Amount Amount Average
1. Municipal Rents and Taxes	4311.9	4874.4	5229.6	5139.8	7671.4	9325.0	9419.5	11030.8	13366.8	16629.5	17522.6	26031.4	21210.5	32224.1	39538.3	42244.0	37932.1
% of Total	(77.12)	(76.65)	(73.48)	(72.74)	(82.10)	(78.36)	(74.09)	(64.72)	(71.52)	(79.67)	(77.52)	(80.14)	(77.37)	(74.02)	(74.35)	(73.65)	(63.47)
2. Taxes under Special Acts.	15.3	18.6	36.4	30.9	32.4	34.4	36.0	36.8	32.6	50.9	116.7	132.6	127.9	15.5	1.2	1.5	- 00.92
% of Total	(0.27)	(0.30)	(0.51)	(0.44)	(0.35)	(0.29)	(0.28)	(0.22)	(0.17)	(0.25)	(0.52)	(0.50)	(0.38)	(0.3)	(0.00)	(0.0)	(- 0.27)(- 6.01)
3 Income derived from properties	313.6	325.3	334.7	642.6	651.8	768.7	751.3	898.8	840.5	822.8	973.3	1055.9	1703.6	1215.3	1291.6	1429.9	1116.3
% of Total	(5.61)	(5.11)	(4.70)	(9.09)	(6.96)	(6.46)	(5.91)	(5.27)	(4.50)	(3.94)	(4.31)	(3.99)	(5.06)	(2.79)	(2.43)	(2.49)	(23.73)
4 Grants and contributions	547.6	688.0	748.4	919.7	588.3	1029.9	1878.0	4135.5	3825.1	2514.9	3019.7	2838.4	4324.1	7975.2	9093.3	9369.4	8821.8
% of Total	(9.79)	(10.82)	(10.52)	(13.02)	(6.30)	(8.65)	(14.77)	(24.26)	(20.47)	(12.05)	(13.36)	(10.72)	(12.85)	(18.32)	(17.10)	(16.34)	(107.40)
5. Miscellaneous	403.1	452.5	768.0	333.1	400.6	742.1	628.7	941.9	624.6	854.2	968.3	1229.9	1458.0	2106.3	3257.1	4312.5	3909.4
% of Total	(7.21)	(7.12)	(10.79)	(4.71)	(4.29)	(6.24)	(4.95)	(5.53)	(3.34)	(4.09)	(4.28)	(4.65)	(4.34)	(4.84)	(5.12)	(7.52)	(64.65)

**Total
Income
Amount**

5591.5	6358.8	7117.1	7066.1	9344.5	11900.1	17043.8	20872.3	22600.6	26467.3	33645.0	43536.4	57357.3	3451.05
					12713.5	18689.6						53181.5	51765.8

[illegible]

SOURCE : Annual Reports of the Ichalkaranji Municipality.

mainly concerned with octroi tax. In the year 1969-1970 income derived from municipal rents and taxes was Rs. 4311.9 thousands. This amount showed rapid increase over the years from 1969-1970 to 1984-1985. It was Rs. 7671.4 thousand in 1973 to 1974 and it further increased to Rs. 13366.8 thousand in 1977-1978. This amount doubled in 1980-1981. In last year our study it encreased to the huge amount of Rs. 42244.0 thousands.

2. TAX REVENUE UNDER SPECIAL ACT :

Table shows that the income derived from this account was mainly Gumasta registration renewal fee, taxes charged on birth and death dates registration. The revenue from the source showed contineous increase from Rs. 15.3 thousand in 1969-1970 to 132.6 thousand in 1980-1981. On the other hand in the years (1982-1983 to 1984-1985) from this source declined the rapidly in 1984-1985 it was Rs. 1.5 thousand. This fall in revenue is attributed to the fact that, In the year 1982-1983, the municipality has stoped the charges on Gumasta registration renewal fee.

3. INCOME DERIVED FROM PROPERTIES :

The data presented in table No. 2.1 sufficiently shows that, income from properties constitute an important source of revenue to Ichalkaranji Municipality. The amount of revenue from this source has continuously expanded from Rs. 313.6 thousands in 1969-1970 to Rs. 1430.0 thousands in 1984-1985. It is due to

increase in the municipal building rents, shopping centre rents, vegetable market rents, water supply income etc.

4. GRANTS AND CONTRIBUTIONS :

The Table also shows that grants and contributions from State Government under different items also provided considerable revenue amount to Ichalkaranji Municipality. These grants have also increased rapidly from Rs. 547.6 thousand in 1969-1970 to Rs. 919.7 thousand in 1972-1973. In the next year however, the amount of grants decreased to Rs. 4 thousand but again increased from the year 1974-1975 to the year 1977-1978. Again in the following four years these amounts showed serious fluctuations. It is happy to note that from 1981-1982 these grants have continuously increased and in the last year of study it stood Rs. 9369.4 thousand. It is due to municipality received grants for roads and road development, town planning development, magisterial fines etc.

5. MISCELLANEOUS :

It is clear from table No. 2.1 that miscellaneous revenue constitutes not a very significant source of revenue. It ranges between 4% to 7% of total revenue.

Most important source of revenue is municipal rent and taxes followed by grants and contributions. Among taxes, Octroi dominates the composition.

2.8 CHANGING PROPORTIONS OF THE ITEMS OF REVENUE IN ICHALKARANJI MUNICIPALITY :

The table No. 2.1 shows various sources of Revenue of the Ichalkaranji Municipality for the period 1969-1970 to 1984-1985. The first source of Revenue is municipal Rents and Taxes. In the year 1969-1970 the municipality got Rs. 4311.9 thousand and its percentage to total income was 77.12. There was considerable growth in the same over the entire period in 1984-1985, it was Rs. 42244.0 thousand and its percentage to total income was 73.65.

Thus the revenue from municipal rents and raxes rose by Rs. 37932.1 thousand in 1984-1985 over 1969-1970. The average growth rate was 58.65%.

The second source of income is taxes under special Acts. The revenue under this source was not very significant except in the years 1979-1980 to 1981-1982.

The revenue from income derived from properties rose from Rs. 313.6 thousand in 1969-1970 to Rs. 1429.0 thousand represting an annual growth of Rs. 74.42 thousand or 23.73%.

Next to municipal Rents and Taxes, important source of revenue was Grants and contributions which expanded at an annual rate of Rs. 588.12 thousand or 107.40%.

The revenue from miscellaneous sources went on rising from Rs. 403.1 thousand in 1969-1970 to Rs. 3909.4 thousand recording an annual growth rate of Rs. 260.63 thousand or 64.65%.

The total income of the municipality increased from Rs. 5591.5 thousand to Rs. 51765.80 thousand during the entire period under study. The annual growth rate was Rs. 3451.05 thousand or 61.72%.

CHANGING PROPORTIONS OF DIFFERENT TAXES IN ICHALKARANJI MUNICIPALITY

		(Figures in thousands)																		
Sr. No.	Taxes	69-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	Growth	Amount Average	
1.	Octroi Tax Amount	3294.7	3756.1	4141.9	4236.8	6131.6	7982.2	8000.0	9257.9	11590.7	14367.8	15188.9	22536.6	27780.4	34674.8	36738.0	33443.3	2229.55		
	% of Total	(76.41)	(77.06)	(79.20)	(82.43)	(79.93)	(85.60)	(84.93)	(83.93)	(86.71)	(86.40)	(86.68)	(86.94)	(86.57)	(86.21)	(87.70)	(86.97)	(10.56)	(67.67)	
2	Property tax Amount	692.3	778.9	754.6	505.6	1119.9	923.7	1000.0	1275.7	1227.8	1652.7	1705.0	2083.0	2339.6	2629.0	2846.7	3787.7	3095.4	206.36	
	% of Total	(16.06)	(15.98)	(14.43)	(9.84)	(14.60)	(9.91)	(10.62)	(11.56)	(9.19)	(9.94)	(9.73)	(9.82)	(8.99)	(8.16)	(7.20)	(8.97)	(-7.09)	(29.81)	
3	All Other Amount	324.9	339.4	333.1	397.4	419.9	419.1	419.5	497.2	548.3	609.0	628.7	686.8	1155.2	1814.7	2016.8	1718.3	1393.4	92.89	
	% of Total	(7.53)	(6.96)	(6.37)	(7.73)	(5.47)	(4.49)	(4.45)	(4.51)	(4.10)	(3.66)	(3.59)	(3.24)	(4.44)	(5.63)	(5.10)	(4.06)	(3.47)	(28.58)	
4	Total Amount	4311.9	4874.4	5229.6	5139.8	7671.4	9325.0	9419.5	11030.8	13366.8	16629.5	17522.6	21210.5	26031.4	32224.1	42244.0	37932.1	2528.81		
	% of Total	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(58.65)	

SOURCE : Annual Reports of the Ichalkaranji Municipality.

2.9 CHANGING PROPORTIONS OF DIFFERENT TAXES :

Revenue from octroi was of largest magnitude in all the years under study. The amount of revenue from octroi tax continuously increased from Rs. 3294.7 thousand in 1969-1970 to Rs. 36738.0 thousands in 1984-1985, recording annual growth of Rs. 2229.55 thousand or 67.67%. Similarly, the proportion of octroi revenue to total tax revenue of municipality expanded from 76.41 to 86.97 in 1984-1985, that is by 10.56%.

Revenue from property tax continuously increased from Rs. 692.3 thousand in 1969-1970 to Rs. 3787.7 thousand in 1984-1985, recording an annual growth of Rs. 206.36 thousand or 29.81%. But the proportion of property tax revenue to total tax revenue decreased by 7.09 per cent.

Revenue from remaining tax sources rose from Rs. 324.9 thousand in 1969-1970 to Rs. 1718.3 thousand in 1984-1985. It had gives annual growth of Rs. 92.89 thousand or 28.58%. But the tax revenue from this source was of lower magnitude and it shows a declining proportion through out the period of our study. It decreased from 7.53% in 1969-1970 to 4.06% in 1984-1985.

Capital Receipts

[illegible]

Recovery of

Advances

Amount

% Total at

Others

Amount

% of Total

Al Amount

% Total

3718.9 2486.9 3970.4 2155.0 3696.6 8849.4 3126.3 6550.7 7662.4 30170.5 9088.7 18902.5 29276.3 25557.4 2129.78
(61.37) (45.50) (44.14) (33.71) (36.59) (62.52) (26.78) (39.80) (33.19) (63.89) (46.13) (48.86) (59.30) (-2.02) (57.27)

117.5 195.6 355.9 305.0 693.2 590.8 753.0 790.2 1448.6 1298.5 1348.5 8005.1 6321.9 6204.4 517.03
(1.94) (3.58) (3.96) (4.77) (6.86) (4.17) (6.45) (4.80) (6.25) (2.75) (6.85) (20.69) (12.80) (10.85) (440.03)

6059.5 5466.1 8994.5 6392.1 10103.1 14155.5 11671.5 16458.6 23088.1 47222.6 19699.6 38689.7 49372.2 43312.7 3609.39
(100) (100) (100) (100) (100) (100) (100) (100) (100) (100) (100) (100) (100) (0.00) (59.56)

SOURCE : Annual Report of the Ichalkaranji Municipality.

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TABLE NO.2.3

ICHALKARANJI MUNICIPALITY CAPITAL ACCOUNT RECEIPTS

Growth

84-85

83-84

82-83

81-82

80-81

79-80

78-79

77-78

76-77

75-76

74-75

73-74

72-73

71-72

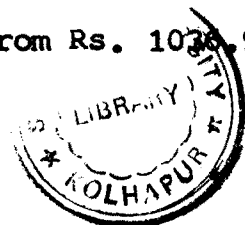
70-71

2.10 CHANGING PROPORTION OF CAPITAL ACCOUNT RECEIPTS IN
ICHALKARANJI MUNICIPALITY :

The table No. 2.3 shows the capital account receipts of the Ichalkaranji municipality for the period 1972-1973 to 1984-1985. The first source of capital account receipts is water works grants received from the government water works grants were received in 1974-1975, 1976-1977, 1980-1981 and 1981-1982. In the year 1974-1975 the municipality got Rs. 1001.0 thousand and its percentage to total capital account receipts was 11.13. In 1976-1977 Rs. 1141.2 thousand were received under this head. In 1980-1981 and 1981-1982 the amount of grants received was 6000.0 thousand and 2149.3 thousand respectively.

This table also shows that, to some extent municipality received grants for roads and road development and town planning development in only for years of our study. Since 1981-1982 grants were not received for this purpose. In 1983-1984 grants of Rs. 1050.0 thousand were received for drainage purpose. The data presented in this table shows that in 1978-1979, 1979-1980, and 1981-1982 huge amounts of loan for water works were given by the government. In recent years since 1981-1982 some loans were received for slum improvement. For purposes like play ground and latrine development only marginal grants have been received.

The table also gives figures for primary education, deposits and others. The loans for primary education have been received regularly. This amount has increased continuously from Rs. 1036.9 thousands in 1972-1973 to Rs. 8279.0 thousands.



in 1984-1985, recording an annual growth by Rs. 603.51 thousand or 58.20%. The deposits kept with Ichalkaranji municipality have increased from Rs. 1135.2 thousands, in 1972-1973 to Rs. 5347.0 thousands in 1984-1985, with annual growth of Rs. 350.98 thousands or 30.92%.

The most significant item of capital receipts ranging between 27% to 64% of the total capital receipts is the recovery of advances. They increased from Rs. 3718.9 thousands in 1972-73 to Rs. 29276.3 thousands in 1984-1985. Thus the recovery of advances registered annual growth of Rs. 2129.78 thousands or 57.27% in the period under study.

If we take the aggregate of all the capital receipts we find that they have risen from Rs. 6059.5 thousands in 1972-1973 to Rs. 49372.2 thousands in 1984-1985. Aggregate capital receipts have recorded annual growth of Rs. 3609.39 thousands or 59.56%.

II EXPENDITURE :

2.11 ACTUAL EXPENDITURE ITEMS OF ICHALKARANJI MUNICIPALITY :

The expenditure of Ichalkaranji Municipality is divided into six main heads. They are as under.^g

1. General Administration Tax, Octroi Tax etc.
2. Fire, Lighting, Safety etc.
3. General conservancy and Public Amenities.

4. Education, Grants etc.
5. Miscellaneous
6. Contributions.

1. GENERAL ADMINISTRATION TAX, OCTROI TAX ETC :

Under this head the following items are considered.

a. GENERAL ADMINISTRATION :

Salaries and allowances of the staff, travelling expenditure, printing, contingencies (Sadilwar, light bill, dress expenditure of peons, revenue stamp, publicity, bye laws publicity, typewriters repairing, dead stock furniture, meeting allowances and tea of members, honorarium of president, identity card expenditure, welfare activities of labour, salaries of car and jeep drivers, car and jeep repairing and petrol, insurance, tyre and tubes vehicles purchasing for staff and maintainance furniture etc.)

b. EXPENDITURE ON OCTROI COLLECTION :

Salaries and allowances of the staff, contingencies (sadilwar, light bill servicemen dress, revenue stamp) printing, construction of NAKA and repairing, postage, rent, furniture, boards, flash light calculator purchasing, transport expenditure etc. purchasing goods for managaldham, recreation and repairing of goods.

c. AMOUNT OF REFUND :

Octroi refund, other tax refund, other refund, pension, gratuity, providend fund, salary reserve fund, etc.

2. FIRE, LIGHTING, SAFETY ETC :

In this item following sub items are considered.

a. FIRE FIGHTER :

Salaries and allowances of the staff, contingencies (serviceman dress, telephone bill tools purchasing) passing, insurance, tyre tubes, fuel etc.

b. STREET LIGHTING :

Salaries and allowances of the staff, serviceman dress, electric light, pictures, light bill etc.

c. SAFETY :

Prizes for destroying dangerous things (snake killing), destroying harmful grass etc.

3. GENERAL CONSERVANCY AND PUBLIC AMINITIES :

In this item following sub items are considered.

Salaries and allowances of the staff, contingencies (light bill, servicemen dress, revenue stamp), expenditure of water supply, conservancy expenditure, hospital, dispensary expenditure, drainage expenditure, sanitary expenditure, Administration charges expenditure for maintaining, birth and death record, guest house maintainnace, compound for municipality building and foot path, public hall, plantation, public gardens, play grounds, public works expenditure, workshop etc.

4. EDUCATION AND GRANTS ETC :

Under this head following items are included :

Donation to the educational institutes, daily newspapers, magazines bill, municipal school board grants, municipal library expenditure, expenditure of secondary schools, montessory school expenditure etc.

5. MISCELLANEOUS :

Under this heads following items are considered. :

Election expenditure, census expenditure, court fee, water supply scheme fund repayment and interest, latrines, suspense expenditure, freedom festival and other festival expenditure , feliciatation function, training facilities to the workers, compensation to workers, expenditure on unexpected items etc.

6. CONTRIBUTIONS :

Under this head following two items are considered. :

Local self government contributions and gazette contributions etc.

The extra ordinary debts and opening balance are not included in expenditure of Ichalkaranji Municipality.

TABLE NO. 2.4

EXPENDITURE ITEMS OF ICHALKARANJI MUNICIPALITY

Sr. No.	Items of Expenditure	69-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85
1.	Expenditure on Collection General Administration Tax Octroi Tax etc.	759.9	882.3	978.2	889.2	992.6	1135.0	1266.1	1699.1	1560.4	1917.6	1874.2	3155.6	3454.0	3153.2	4335.3	4560.5
2.	Fire, lighting, safety etc.	236.7	254.7	258.6	283.6	372.7	545.0	767.3	717.3	568.6	644.1	927.2	1310.8	2320.5	1264.4	1871.6	1728.5
3.	General conservancy and Public amenities	3066.8	3882.7	5358.5	3090.9	3016.6	4272.4	4674.2	5433.4	6300.2	6236.9	7924.0	11231.7	13015.4	11933.8	17353.8	23503.5
4.	Education, grants etc.	564.0	679.6	711.9	824.2	1069.0	1078.7	1853.5	1859.5	1361.7	2436.7	2666.8	2339.2	3317.3	3484.7	4394.2	4064.6
5.	Miscellaneous	185.6	189.3	206.5	151.9	167.0	213.7	177.0	217.8	213.7	240.6	405.5	907.1	1464.3	1952.2	2981.5	3126.3
6.	Contributions	0.3	0.3	0.7	0.4	0.4	0.4	1.0	0.6	0.6	0.7	0.6	1.0	0.9	1.1	1.2	1.3
	Total Expenditure	4813.2	5888.9	7514.4	5240.2	5618.3	7245.2	8739.1	9927.7	10005.2	11476.6	13771.3	18945.4	21789.4	30937.6	36984.7	
	Amount								23572.4								

SOURCE : Annual Reports of the Ichalkaranji Municipality

ITEMS OF EXPENDITURE :

1. EXPENDITURE ON COLLECTION, GENERAL ADMINISTRATION OF TAXES :

The table No. 2.4 shows that the expenditure on this head was Rs. 759.8 thousands. in 1969-1970. This amount showed rapid increase over the years. In the year 1984-1985 the expenditure on collection, general administration tax, octroi tax had more than doubled and its amount was Rs. 4560.5 thousands.

2. FIRE, LIGHTING, SAFETY ETC :

For well being of the society safety is important. The table No. 2.4 shows that for this purpose municipality incurred an expenditure of Rs. 236.7 thousands in the year 1969-1970. The expenditure on this account has been consistently rising through out the year. In the year 1979-1980 it amounts to Rs. 927.2 thousand, this has increased twofold in the year 1984-1985 and its amount was Rs. 1728.5 thousands. This increasing trend of expenditure on this head shows that the Ichalkaranji municipality has given due importance to the safety of the people of Ichalkaranji.

3. GENERAL CONSERVANCY AND PUBLIC AMINITIES :

As the population of the city grows the need for public aninities and general conservancy services have to be increased. It is very important item in the expenditure of the Ichalkaranji municipality. The table shows that the expenditure on this item has been consistently rising through out the years. It increased rapidly from Rs. 3066.8 thousands in 1969-1970 to Rs. 23503.5 thousands in 1984-1985. It indicates that the Ichalkaranji

municipality has served the increasing demand for general conservancy and public amenities.

4. EDUCATION AND GRANTS ETC :

Mass literacy is the main aspect of Twenty point economic programme. The table shows that the municipality has been incurring better amount on education. This educational grants are used for primary schools, montessory, higher secondary schools, colleges, textile institute etc. This expenditure increased rapidly from Rs.564.0 thousands in 1969-1970 to Rs. 4064.6 thousands in 1984-1985. All these figures shows that the Ichalkaranji municipality is spending better amount on educational grants.

5. MISCELLANEOUS :

For financing water supply scheme, census, drainage system, freedom festivals and other festivals, municipality made grants available to these schemes. This expenditure is also rising throughout the years. This expenditure increased from Rs. 185.6 thousands in 1969-1970 to Rs. 3126.3 thousands in 1984-1985. This trend of increasing expenditure on this account shows that the Ichalkaranji municipality has given due importance to these activities.

6. CONTRIBUTIONS :

In this head contribution for local self government and gazette are concerned. The amount on this account was Rs. 0.3 thousands in the year 1969-1970. It has increased to Rs. 1.3 thousands in 1984-1985.

TABLE NO.2.5

CHANGING PROPORTION OF THE ITEMS OF EXPENDITURE IN ICHALKARANJI MUNICIPALITY

(Figures in Thousands)

Sr. No.	Items of Expenditure	69-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	Growth Amount Average (%)	
1.	Expenditure on Collection, General Conservancy and Public Amenities Amount	3066.8	3882.7	5358.5	3090.9	3016.6	4272.4	4674.2	5433.4	6300.2	6236.9	7924.0	11231.7	11933.8	17353.8	23503.5	20436.7	1362.45	
	% of Total	(63.72)											13015.4				(63.55) (-0.17) (44.42)		
2.	Education Grant etc.	564.0	679.6	711.9	824.2	1069.0	1078.7	1853.5	1859.5	1361.7	2436.7	2666.8	2339.2	3317.3	3484.7	4394.2	4064.6	3500.6	233.37
	% of Total	(11.72)															(10.99) (-0.73) (41.38)		
3	Expenditure on Collection of General Administration Tax, Octroi Tax etc.	759.8	882.3	978.2	889.2	992.6	1135.0	1266.1	1699.1	1560.4	1917.6	1847.2	3155.6	3454.0	3153.2	4335.3	4560.5	3800.7	253.38
	% of Total	(15.78)															(12.33) (-3.45) (33.35)		
4	Residual Amount	422.6	444.3	465.8	435.9	540.1	759.1	945.3	935.7	782.9	885.4	1333.3	2218.9	3785.7	3217.7	4854.3	4856.1	4431.5	295.57
	% of Total	(8.78)															(13.13) (4.35) (69.94)		
5.	Total Expenditure Amount	4813.2	5888.9	7514.4	5240.2	5618.3	7245.2	8739.1	9927.7	10005.2	11476.6	13771.3	18945.4	23572.4	30937.6	36984.7	32171.5	2144.77	
	% of Total	(100)															(100)	(0.00)	(44.56)

Annual
SOURCE :/Report of the Ichalkaranji Municipality.

2.12 CHANGING PROPORTION OF THE ITEMS OF EXPENDITURE IN ICHALKARANJI MUNICIPALITY :

The expenditure pattern of Ichalkaranji municipality is shown in the table No. 2.5 the total expenditure of the municipality, increased from Rs. 4813.2 thousand in 1969-1970 to Rs. 36984.7 thousand in 1984-1985. It showed an annual growth of Rs. 2144.77 thousand or 44.56%. It may be pointed out that in most all the years municipal expenditure, was much lower than municipal revenue. Similarly, it was even lower than the municipal tax revenue in all the years. So in budget of the Ichalkaranji municipality there was surplus and size of the surplus increased fast.

The expenditure of highest magnitude was incurred by the municipality on general conservancy and public amenities (expenditure of water supply, hospital, drainage, sanitary, administration charges, maintainance, birth and death record, guest house maintainance, compound for municipality building and foot path, public hall, plantation, public gardens, play ground, public works, workshop, salaries and allowances of staff, contingencies etc.). It increased rapidly from Rs. 3066.8 thousands in 1969-1970 to Rs. 23503.5 thousands in 1984-1985, recording annual growth of Rs. 1362.45 thousand or 44.42%. This expenditure formed almost constant proportion to total expenditure. It was 63.72% in the year 1969-1970 and slightly declined to 63.55% in 1984-1985.

Next important item of expenditure was expenditure on collection of taxes. However, its annual growth was lower than all other types of expenditure. This expenditure declined in terms of proportion from 15.78% in 1969-1970 to 12.33% in 1984-85, in the total expenditure.

Expenditure on education, grants etc. comes third item of expenditure. This expenditure increased by to Rs. 233.2 thousand per annum that is 41.38%. It had formed almost of the constant proportion of total expenditure. It slightly decreased from 11.72% in 1969-1970 to 10.99% in 1984-1985.

The residual expenditure (Fire, lighting, safety, miscellaneous, contributions etc.) rose from Rs. 422.6 thousand in 1969-70 to Rs. 4856.1 thousand in 1984-1985, recording an annual growth rate of Rs. 295.57 thousand or 69.94%. This expenditure shows rising proportion to total expenditure from 8.78% in 1969-1970 to 13.13% in 1984-1985.

Sr. Disbursement No.	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	Growth	
														Amount	Average(%)
1. Capital Disbursement															
i) Water works															
(water supply plan No.1 to 4) Amount			2468.6	1000.0		4976.6				21685.4			6432.4	3963.8	396.38
% of Total			(21.41)	(8.69)		(25.66)				(41.78)			(10.26)	(11.15)	(16.06)
ii) Dranage															
Amount	105.0	63.7	760.4	250.0	295.6	228.0	278.0	347.7	316.2	237.5	192.9	10065.3	4818.8	4713.8	392.83
% of Total	(1.37)	(0.82)	(6.60)	(2.17)	(2.05)	(1.17)	(1.71)	(1.43)	(1.06)	(0.46)	(0.69)	16.98	(7.68)	(6.31)	(374.11)
iii) Roads and Road Development															
Amount	542.3	988.1	935.4	640.0	1318.1	986.5	969.8	1644.4	2390.0	2883.1	2551.4	4181.0	3112.9	2570.6	214.22
% of Total	(7.06)	(12.70)	(8.11)	(5.56)	(9.15)	(5.09)	(5.96)	(6.75)	(8.00)	(5.56)	(9.16)	(7.05)	(4.96)	(-2.1)	(39.50)
iv) Town Planning Scheme															
Amount			139.9						21.2	10.0			2.6	-137.3	-13.73
% of Total			(1.21)						(0.07)	(0.01)			(0.01)	(-1.2)	(-9.81)
v) Building															
Amount	1267.7	548.4	202.9	703.0	426.5	686.5	894.0	763.0	1400.6	729.0	1625.3	4619.8	4848.2	3580.5	298.37
% of Total	(16.49)	(7.05)	(1.76)	(6.11)	(2.96)	(3.54)	(5.49)	(3.13)	(4.69)	(1.40)	(5.83)	(7.79)	(7.73)	(-8.36)	(23.54)
vi) Special Scheme															
Amount	563.5	352.6	507.9	299.0	331.1	625.1	309.6	1821.1	1002.4	1343.3	1612.5	3733.6	6159.3	5595.8	466.32
% of Total	(7.33)	(4.53)	(4.41)	(2.60)	(2.30)	(3.22)	(1.90)	(7.48)	(3.36)	(2.59)	(5.79)	(6.30)	(9.82)	(2.49)	(82.75)
Total Amount(I)	2478.5												25374.2	22895.7	1907.97
														(76.98)	
2. Extra ordinary Advances															
i) Deposit Refund															
Amount	239.8	284.9	261.8	235.3	391.3	444.3	554.0	862.6	1422.9	948.9	1563.9	2227.6	2519.7	2270.9	189.24
% of Total	(3.12)	(3.66)	(2.27)	(2.04)	(2.72)	(2.29)	(3.40)	(3.54)	(4.77)	(1.83)	(5.61)	(3.76)	(4.00)	(0.88)	(78.92)
ii) Advances															
Amount	4966.9	5541.5	6251.9	8381.7	11636.9	11448.8	13278.1	18912.3	23304.5	24064.5	20319.2	34451.0	34830.6	29863.7	2488.64
% of Total	(64.63)	(71.24)	(54.23)	(72.83)	(80.82)	(59.03)	(81.54)	(77.67)	(78.05)	(46.37)	(72.92)	(58.12)	(55.54)	(-89.89)	(50.10)
Total Amount(II)	7685.2	7779.2	11528.8	11509.0	14399.5	19395.8	16283.5	24351.1	29857.8	51901.7	27865.2	59278.3	62715.5	55030.3	4585.86
% of Total	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(59.67)

SOURCE : Annual Reports of the Ichalkaranji Municipality.

TABLE NO. 2.6
ICHAIKARANJI MUNICIPALITY CAPITAL ACCOUNT DISBURSEMENTS

2.13 CHANGING PROPORTION OF CAPITAL ACCOUNT DISBURSEMENT IN
ICHALKARANJI MUNICIPALITY :

In the table No. 2.6 the data on capital account disbursements are given. The data show that regularly ever growing amounts of capital expenditure have taken place only on developmental items like drainage, roads and road development, various types of buildings for various purpose(i.e. Labour welfare centre, high school building, other schools, Latrine, maternity home, shopping centre, children centre, Rajaram stadium, vegetable market etc.). The total amount of the developmental expenditure of the municipality increased from Rs. 2478.5 thousands in 1972-1973 to Rs. 25374.2 thousands in 1984-1985 recording annual growth of Rs. 1907.97 thousands. This table also shows data regarding extra ordinary advances consisting of deposit refunds and advances. On this account the annual disbursement is of huge magnitude of this the advances (municipal servant, store material for construction of houses and buying the municipal servant advances to contractor etc. are the most important item of the total disbursements the advances. Constituted a very high proportion ranging between 54% to 64% in the period of our study. Deposit refunds ranged between 2.27% to 3.12% of annual disbursement. On the other hand the capital expenditure of developmental type form 36% to 46% of the total disbursements during the period of our study.

If we compare the two tables of capital account receipts and capital account disbursements the deficit on capital account is found to be fairly high magnitude and showed growing tendency over the period from 1972-1973 to 1984-1985.

Both capital receipts and disbursements have increased at the same rate (about 60%) per annum. But the deficits on capital account increased at a high annual rate of Rs. 976.4 thousands.

The large deficits on capital amount are financed by huge current account surpluses which constitute an important feature of the budget of Ichalkaranji Municipality for all the years under study.

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