

Chapter - IV

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COMPOSITION OF EXPENDITURE OF VILLAGE PANCHAYAT UNDER STUDY

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4.1 Introduction

Public expenditure is the most important aspect of public finance. It is tool in the hands of the government through the satisfaction of social, wants are possible. The performance of rural local body in discharging of its various functions is generally judged by its volume and benefits of expenditure occurring to the citizens.

Public expenditure that is incurred by the public authorities i. e. central, state and local government to satisfy those common wants which the people in individual capacity are unable to satisfy efficiently. Public expenditure thus tends to satisfy collective social wants. In case of Village Panchayat, public expenditure is undertaken in a limited area. These are certain schemes of development, which can be very usefully implemented by the local body because either their geographical coverage is small or they need local initiative and resources. Such schemes may include the development of water supply, sanitation, public health, primary education, as well as development of roads and gutters, medical arrangements etc. Thus, if the public expenditure policy of the local government is sufficiently and effectively geared to the promotion of economic growth, it can play an important role in the

expansion of infrastructural investment, which has been very aptly characterised as 'Foundation Investment.'

The following section of the Chapter IV examines the growth and composition of the public expenditures of Hupari Village Panchayat for the period 2000-01 to 2005-06. The data presented in the table is at the interval of six years while examining the growth and composition of the expenditure pattern of Hupari Village Panchayat especially in case of Kolhapur district.

4.2 Heads of Expenditure of Village Panchayat

The Hupari Village Panchayat undertook expenditure on following activities during the period under study.

a) Expenditure on General Administration

Under this head, the Panchayat incurs expenditure to undertake administrative activities. This expenditure is necessary to provide administrative service at present this expenditure of Villa Panchayat includes expenditure on official management, expenditure on salary and allowances of clerks, peons as well as expenditure on stationary etc.

b) Expenditure on Water Supply

Water is the necessity of life without which human beings cannot live. Expenditure on water supply is a very important major head of Hupari Village Panchayat. This expenditure of Village Panchayat includes expenditure on the minor heads such as water supply, TCL, salary

of workers and electricity bills, as well as expenditure on instruments of water supply etc.

c) Expenditure on Street Light

Expenditure on street light and rural electrification is also very important aspect of Village Panchayat functions. This expenditure of Village Panchayat includes expenditure for salary of workers, electricity bills, official electricity bills as well as instruments of lighting.

d) Expenditure on Public Health

Under this head of expenditure of the Village Panchayat includes expenditure on various heads such as gutters and urinals maintenance, road maintenance, cleaning of roads and streets etc.

e) Expenditure on Welfare of Backward Class People

Under this head of expenditure the Village Panchayat undertakes expenditure on various schemes like subsidy for welfare house, construction, subsidy for biogas as well as subsidy for cottage industries etc.

f) Expenditure on Education and Woman and Child Welfare

Under this head of expenditure the Village Panchayat provide educational facilities like primary education, running and maintenance of public libraries, nutritious food for children as well as pregnant woman, various preventive immunisation programmes, various medical and health facilities for woman and children.

g) Expenditure on District Rural Development Fund

The Village Panchayat contributes to percent or less of the total donations and contributions received by them to the district rural development fund.

The Village Panchayat get loan out of this fund and for which they have to apply to the Zilla Parishad they get loans at 5% interest per annum.

h) Expenditure on Social Programme

The Village Panchayat incurred some expenditure on social welfare under this head Village Panchayat does following works.

1. Give subsidy for purpose of biogas plant, construction of housing etc.
2. give some subsidy for the various mandals in village level and some sports materials for the boys under area of Village Panchayat .
3. The Sports and Cultural Development.

l) Expenditure on Miscellaneous Items

Under this head of expenditure the Village Panchayat undertakes expenditure to provide some miscellaneous services.

1. Expenditure on celebration of national festivals
2. Expenditure on dead stock, court expenses as well as interest payment etc.

3. Expenditure on various schemes like JRY, Indira Aawas Yojana, Gharkul Yojana, Samaj Mandirs etc.

4.3 Growth of Total Expenditure of Hupari Village Panchayat

The Village Panchayat has been playing a vital role at village level in improving the living conditions and standard of the people. Similarly, Village Panchayat at village level have been playing expected and vital role for the people. The functions of the Village Panchayat have increased which resulted into increased expenditure in other words. The expenditure of the Village Panchayat has been increasing due to increasing functions.

Table No. 4.1
Growth of Total Expenditure of Hupari Village Panchayat
(2000-01 to 2005-06)

(Rs. in lakh)

Year	Total Expenditure
2000-01	50.08
2001-02	33.03
2002-03	56.28
2003-04	68.66
2004-05	71.82
2005-06	78.52
CGR	14.62

Source: Official Records of Hupari Village Panchayat

Table No. 4.1 gives the data regarding the total expenditure of the Hupari Village Panchayat during the period under study. From the table we can see that during 2000-01 to 2005-06 the total expenditure of Village Panchayat has shown a rapid upward trend of growth.

The total expenditure of Village Panchayat was Rs. 50.08 lakh in 2000-01 it declined to Rs. 33.03 lakh in 2001-02. However, in 2002-03, total expenditure increased to Rs. 56.28 lakh and again it increased from Rs. 68.66 lakh in the year 2003-04. Similarly, the total expenditure has increased in the year 2004-05 to Rs. 71.82 lakh and again it increased to Rs. 78.52 lakh in 2005-06.

The compound growth rate is 14.62 during the period under study.

From the above data analysis regarding total expenditure and growth of total expenditure, we can draw the following conclusions.

1. Total expenditure of Village Panchayat under our study shows a rising trend.
2. Total expenditure of Panchayat was very low, in the year 2001-02 it was Rs. 33.03 lakh only.
3. Total expenditure of Hupari Village Panchayat shows rapid increasing trend during the period under study.

The growth of total expenditure is due to the increasing number of functions performed by the Panchayat on the one hand and on the other their extensive efforts to provide civic services for the rural people. Growth of total expenditure indicates the development depend upon the extent of total revenue that can be collected and its regularity and for this augmentation of financial resources of Village Panchayats is inevitable.

4.4 Analysis of the Composition of the Total Expenditure

1. Expenditure on General Administration

The column number one of the table No. 4.2 reveals the expenditure on general administration of the Hupari Village Panchayat during the period under study. The expenditure on general administration was Rs. 6.49 lakh in 2000-01. It declined to Rs. 2.39 lakh in 2001-02. However, it again increased to Rs. 6.76 lakh in 2002-03 and once again; it increased to Rs. 7.45 lakh in 2004-05. It was Rs. 7.88 lakh in 2005-06.

Table No. 4.2
Composition of Total Expenditure of Hupari Village Panchayat (2000-01 to 2005-06)

(Rs. in lakh)

Year	2	3	4	5	6	7	8	9	10	11
	Expenditure on General Administration	Expenditure on Water Supply	Expenditure on Light Maintenance	Expenditure on Public Health	Expenditure on Education, Woman & Child Welfare	Expenditure on Backward Class People Welfare	Expenditure on District Rural Development Fund	Expenditure on Social Programme	Expenditure on Miscellaneous Items	Total Expenditure
1	2	3	4	5	6	7	8	9	10	11
2000-01	6.49 12.96)	19.47 38.88)	1.08 2.16)	7.05 (14.07)	2.05 (4.09)	8.41 (16.79)	0.76 (1.52)	0.41 (0.82)	4.36 (8.71)	50.08 (100)
2001-02	2.39 7.24)	12.12 36.69)	1.21 3.66)	8.81 (26.67)	2.66 (8.05)	3.28 (9.93)	0.59 (1.79)	0.42 (1.27)	1.55 (4.70)	33.03 (100)
2002-03	6.76 12.01)	24.71 43.91)	3.23 5.74)	10.01 (17.79)	0.94 (1.67)	4.24 (7.53)	0.89 (1.58)	0.47 (0.83)	5.03 (8.94)	56.28 (100)
2003-04	8.58 12.50)	31.07 45.25)	4.27 6.22)	10.83 (15.77)	1.08 (1.57)	2.78 (4.05)	0.90 (1.31)	0.28 (0.41)	8.87 (12.92)	68.66 (100)
2004-05	7.45 10.37)	39.17 54.54)	2.88 4.01)	12.40 (17.27)	1.57 (2.19)	1.84 (2.56)	0.95 (1.32)	0.77 (1.07)	4.79 (6.67)	71.82 (100)
2005-06	7.88 10.04)	33.31 42.42)	3.50 4.46)	12.98 (16.53)	1.37 (1.74)	3.24 (4.13)	7.64 (9.73)	0.25 (0.32)	8.35 (10.63)	78.52 (100)
CGR	14.10	420.17	28.43	12.60	-9.40	-17.95	44.89	-3.29	22.84	14.62

Source: Official Records of Hupari Village Panchayat

Note : The figures in the brackets indicates percentage to total.

Expenditure on general administration as percentage of total expenditure fluctuated between 7.24 percent and 12.96 percent during the period 2000-01 to 2005-06. As a percentage of total expenditure, expenditure on general administration was 12.96 percent in 2000-01 and it declined to 7.24 percent in 2001-02. However, in 2002-03, it was 12.01 percent and again it increased to 12.50 percent in 2003-04. However, it declined to 10.37 percent in 2004-05 and 10.04 percent in 2005-06.

The foregoing analysis reveals that expenditure on general administration by Hupari Village Panchayat shows a fluctuated trend during the period under study.

2. Expenditure on Water Supply

Column number two of Table No. 4.2 gives the information about the expenditure on water supply of Hupari Village Panchayat. The expenditure on water supply was Rs. 19.47 lakh in 2000-01, which declined to Rs. 12.12 lakh in 2001-02. However, it increased to Rs. 24.71 lakh in 2002-03 and again it increased to Rs. 31.07 lakh in 2003-04. Similarly, it again increased to Rs. 39.17 lakh in 2004-05 and declined to Rs. 33.31 in 2005-06.

Expenditure on water supply as percentage of total expenditure shows increasing trend in the year 2002-03 to 2004-05. It was maximum 54.54 percent and minimum 36.69 percent during the period under study.

The percentage of this expenditure of the total expenditure it was 38.88 percent in 2000-01. However, it declined to 86.69 percent in 2001-02, which increased to 43.91 percent in 2002-03. It again increased to 45.25 percent in 2003-04 and 54.54 percent in 2004-05. However, it declined to 42.42 percent in 2005-06.

The efforts of the Panchayat to increase water supply particularly expenditure as capital requiring activities pushed up this expenditure occasionally. It is thing of welcome the Panchayat have been giving due attention towards the provision of the basic need of people i. e. water which is indicated in growth of expenditure on water supply.

3. Expenditure on Street Lighting

Table No. 4.2 shows the expenditure on street lighting of Village Panchayat during the period under study.

Expenditure on street lighting of Village Panchayat Hupari was Rs. 1.08 lakh in 2000-01, it was increased to Rs. 1.21 lakh in 2001-02 and Rs. 3.23 lakh in 2002-03. Similarly, it was again increased to Rs. 4.27 lakh in 2003-04 and declined to Rs. 2.88 lakh in 2004-05. Again it increased to Rs. 3.50 lakh in 2005-06.

The expenditure as percentage of total expenditure was increased during the period 2000-01 to 2003-04.

The proportion of the percentage of this expenditure to the total expenditure was 2.16 percent in 2001-01 and it increased to 3.66 percent in 2001-02. Again, it increased to 5.74 percent in 2002-03 and

6.22 percent in 2003-04. However, it declined to 4.01 percent in 2004-05 and increased to 4.46 percent in 2005-06.

Street light is important amenity on the ground that, it is needed the promoter trade and business activities and helps in the development process of village economy. Similarly, it is important amenity on the ground that it is needed for the safety of people in the night and also necessary for beautification of the village. The Hupari Village Panchayat under study have spent amount for this and the increasing attempts have pushed up expenditure on street lighting.

4. Expenditure on Public Health

Column number four of the table gives data regarding expenditure on public health of Village Panchayat during the period under study.

Expenditure on public health of this Village Panchayat shows increasing trend in the period under study. In 2000-01, this expenditure was Rs. 7.05 lakh; it increased to Rs. 8.81 lakh in 2001-02. It again increased to Rs. 10.01 lakh in 2002-03 similarly it increased to Rs. 19.83 lakh in 2003-04 and again increased to Rs. 12.40 lakh in 2004-05. Likewise, it increased to Rs. 12.98 lakh in 2005-06.

The percentage of this expenditure to the total expenditure was 14.07 percent in 2000-01 and it increased to 26.67 percent in 2001-02. However, it declined to 17.79 percent in 2002-03 and again it decreased to 16.77 percent in 2003-04. It increased to 17.27 percent in 2004-05 and again declined to 16.53 percent in 2005-06.

Expenditure on public health is important to create healthy atmosphere in the village and that is why this Village Panchayat undertake activities like clearing of streets, gutters, drainage, disposal of garbage, spraying of drugs and BCC powers etc. and that the reason the expenditure on public health shows rapidly increased during the period 2000-01 to 2005-06. It is also beneficial for the Panchayat to earn income from the activities promoting health.

5. Expenditure on Education and Woman and Child Welfare

Column number six of the table gives data regarding expenditure on education and woman and child welfare.

Expenditure on this head shows fluctuating trend during the period under study. This expenditure was Rs. 2.05 lakh in 2000-01 and increased to Rs. 2.66 lakh in 2001-02. However, it declined to Rs. 0.94 lakh in 2002-03. However, it increase3d to Rs. 1.08 lakh in 2003-04 and similarly it increased to Rs. 1.57 lakh in 2004-05. In the year 2005-06, it was Rs. 1.37 lakh.

The proportion of the percentage of the expenditure was 4.09 percent in 2000-01 and it increased to 8.05 percent in 2001-02. However, it declined to 1.67 percent in 2002-03 and again declined to 1.57 percent in 2003-04. However, it increased to 2.19 percent in 2004-05 and declined to 1.74 percent in 2005-06.

The foregoing analysis reveals that expenditure on education, woman and child welfare by the Village Panchayat under our consideration shows a fluctuation during the period under study. It shows

that the expenditure on this head was higher in first two years and after the year 2003-03 to 2003-04 it declined rapidly.

6. Expenditure on Backward Classes People Welfare

Column number seven of the table gives the data regarding expenditure on Backward Classes People Welfare by Village Panchayat during the period under consideration.

Expenditure on backward classes people of this Village Panchayat was Rs. 8.41 lakh in 2000-01 and it declined to Rs. 3.28 lakh in 2001-02. However, it increased to Rs. 4.24 lakh in 2002-03 and again declined to Rs. 2.78 lakh in 2003-04. Similarly, it decreased to Rs. 1.84 lakh in 2004-05, which increased to Rs. 3.24 lakh in 2005-06.

The expenditure on backward classes people welfare promotes the welfare of socially backward people and provides for their upliftment. This type of expenditure enables these people gas etc. Data analysis of this expenditure reveals that in our study we have noticed fluctuations yearwise on this item of expenditure.

The Panchayat mainly spend on the welfare of backward classes people from the grant given by the state government. It is noteworthy thing that the Panchayat have been playing an important role as an agency between the state government and backward classes people in rural areas.

7. District Rural Development Fund

Expenditure on District Rural Development Fund of Village Panchayat shows rapidly increasing trend during the period under study. It was Rs. 0.76 lakh in 2000-01 and declined to Rs. 0.59 lakh in 2001-02. However, it increased to Rs. 0.89 lakh in 2002-03 and again increased to Rs. 0.9 lakh in 2003-04, which again increased to Rs. 0.95 lakh in 2004-05. Similarly, it increased to Rs. 7.64 lakh in 2005-06.

The percentage of this expenditure to the total expenditure was fluctuating during the period under study. It was 1.52 percent in 2000-01, increased to 1.79 percent for the year 2001-02, and declined to 1.58 percent in 2002-03. It declined to 1.32 percent in 2003-04 and increased to 1.32 percent in 2004-05. However, it was highly increased to 9.73 percent in the year 2005-06.

The contribution of District Rural Development Fund of this Panchayat shows increasing trend during the period under study and it largely increased to Rs. 9.73 lakh in 2005-06. Expenditure on this head of the Panchayat under consideration has increased which indicates the attempts of the Panchayat to promptly discharge their legal responsibilities on the one hand and on the other their provision of loans for capital expenditure because they get loans out of this fund such types of promptness of the Panchayat in collecting of revenue and proper spending will promote the development of the village and also a high degree of fiscal discipline.

8. Expenditure on Social Programme

Column number nine of Table 4.2 gives data regarding expenditure on social programme of Village Panchayat during the period under study.

Expenditure on social programme shows fluctuating trends during the period under study. In 2000-01, the expenditure on social programme was Rs. 0.41 lakh; it has increased to Rs. 0.42 lakh in 2001-02. Similarly, it again increased to Rs. 0.47 lakh in 2002-03. However, in 2003-04 it declined to Rs. 0.00 lakh and Rs. 0.25 lakh in the year 2005-06.

The proportion of the percentage of this expenditure was 0.82 percent in 2000-01, 1.27 percent in 2001-02. However, in 2002-03 its percentage declined to 0.83 percent and again declined to 0.41 percent in 2004-05 and 0.32 percent in 2005-06.

9. Expenditure on Miscellaneous Items

Column number ten of the table reveals that the expenditure on miscellaneous items of Village Panchayat during the period under study.

Expenditure on other items of Hupari Village Panchayat was Rs. 4.26 lakh in 2000-01 and it declined to Rs. 1.55 lakh in 2001-02. However, in 20-02-03 it increased to Rs. 5.03 lakh and again rapidly increased to Rs. 8.87 lakh in 2003-04. After that, it declined to Rs. 4.79 lakh in 2004-05 and again it increased to Rs. 8.35 lakh in 2005-06.

The percentage of expenditure on miscellaneous items to the total expenditure was 8.71 percent in 2000-01 and it was only 4.70 percent in 2001-02. However, in 2002-03 and 2003-04 its percentage was very high i. e. 8.94 percent in 2002-03 and 12.92 percent in 2003-04. However, it declined to 6.67 percent in 2004-05 and again it increased to 10.63 percent in the year 2005-06.

Under the head of miscellaneous items, the Panchayat spend on following items.

1. Expenditure on various schemes like Indira Aawas Yojana, Gharkul Yojana as well as JRY and TRYSEM etc.
2. Expenditure on National Programme like 15th August, 26th January etc.
3. Expenditure on minor water closets
4. Expenditure on construction and maintenance of school building
5. Expenditure on interest payments, court expenses, dead stock etc.

Analysis of the major heads of public expenditure in Village Panchayat under study period it reveals fluctuation on year wise basis on all the heads of expenditure. From the above data, we can conclude that –

1. The total expenditure of this Village Panchayat shows growth with the period under study.

2. The expenditure on water supply of this Village Panchayat was very high and shows rapid increasing trend during the period under study.
3. The compound growth rate of expenditure on education and child welfare, expenditure on backward class people welfare and expenditure on social programme shows negative trend.