

Chapter - V

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MAJOR FINDINGS AND SUGGESTIONS

- 5.1 Introduction
- 5.2 Major Findings
- 5.3 Suggestions

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5.1 Introduction

In the earlier chapter, we have analysed the growth and composition of revenue and expenditure of Hupari Village Panchayat. In this last chapter, we present the major findings of our study and make a few suggestions. The conclusions drawn here though relate only to Hupari Village Panchayat may be equally applicable in case of similar local government.

5.2 Major Findings

After analysing the growth of total revenue and total expenditure of the Hupari Village Panchayat under study with the help of percentage share and compound growth rates, the following conclusions emerged.

1. Total revenue of Hupari Village Panchayat increased from Rs. 35.58 lakh in 2000-01 to Rs. 79.94 lakh in 2005-06. The compound growth rate of total revenue was 21.02 during the period under study.
2. Similarly, total expenditure of this Village Panchayat also increased from Rs. 50.08 lakh in 2000-01 to Rs. 78.53 lakh in 2005-06. The compound growth rate of total expenditure was 14.62 under the period 2000-01 to 205-06.

3. As regards this Village Panchayat it is found that in the year 2000-01 and 2001-02 and 2002-03 and 2004-05 the total expenditure was more than total revenue and the Panchayat had a deficit in its budget during this period.
4. However, in 2003-04 and 2005-06 the total expenditure has been less than total revenue. Therefore, in these two years there was surplus in the budget of this Village Panchayat.

From the analysis of the division of total revenue of the Hupari Village Panchayat following conclusions emerged.

1. Total revenue of the Village Panchayat classified into two groups such as tax revenue and non-tax revenue.
2. Tax revenue includes receipts from various taxes like house tax, water tax, light tax, market tax, health tax, fair tax etc.
3. Similarly non-tax revenue of the Village Panchayat include grants from state government, fees, fines, earning from public undertakings, payments for certain services provided etc.
4. We can say that this Village Panchayat has performed well as far as tax revenue. Its tax revenue increased rapidly during the study period. The data in Table No. 3.1 reveals that the percentage share of tax revenue to the total revenue was higher than non-tax revenue.

5. We can say that Village Panchayat also has heavily relied on non-tax revenue for collecting total revenue. It collected non-tax revenue mainly from government grant. The percentage share of non-tax revenue to the total revenue of Village Panchayat fluctuated between 23.13 and 32.26 percent during the period from 2000-01 to 2005-06.

The analysis of the composition of the revenue gave us the following findings.

1. Revenue of house tax shows a rising trend during the period under study. The revenue of house tax shows a positive increase at the compound growth rate of 24.97.
2. Similarly, the water tax increased rapidly under the study period the percentage share of water tax revenue to the total revenue fluctuated between 22.27 to 33.00 percent during the period 2000-01 to 2005-06.
3. The percentage share of revenue from the light tax to the total revenue was negligible which fluctuated between 1.57 to 2.11 percent during the period under study.
4. This Village Panchayat collected revenue in smaller extent from market tax and health (sanitary) tax. Similarly, the fair tax revenue of this Village Panchayat shows negligible under the study period.

5. the non-tax revenue shows significant fluctuations. It increased mainly due to rise in water closet as well as grant-in-aid.

After analysing the growth of public expenditure of Hupari Village Panchayat under study with the help of percentage and compound growth rates, the following conclusions emerge.

1. General administration, water supply, light maintenance, public health and social welfare are the major activities of the expenditure of Hupari Village Panchayat .
2. The analysis shows that the expenditure on general administration under our study shows a rising trend with considerable year to year fluctuations. It was Rs. 6.49 lakh in 2000-01, which was increased to Rs. 7.88 lakh.
3. Similarly, the analysis shows that the expenditure on water supply consistently increased throughout the period under study. The compound growth rate for period of 6 years in respect of water supply is calculated to be 20.17.
4. the expenditure on light maintenance has also increased and the compound growth rate came to be 28.43.
5. Public health is the important head of the expenditure of the Village Panchayat it undertake activities like disposal of garbage, spraying of drugs and BCC power, cleaning of gutters, drainage, etc. It is revealed that the expenditure

on public health of this Village Panchayat increased from Rs. 7.05 lakh in 2000-01 to Rs. 12.98 lakh in 2005-06.

6. In contrast, the expenditure on education, woman and child welfare and expenditure on backward class people welfare shows a negative increase at the compound growth rate of expenditure on education, woman and child welfare was – 9.40 and compound growth rate of expenditure on backward class people welfare was – 17.95. the expenditure on these activities has in fact come down during the period under study i. e. 2000-01 to 2005-06.
7. The analysis shows that the expenditure on District Rural Development Fund increased. It was Rs. 7.64 lakh in 2005-06. The compound growth rate was calculated to be 44.89, which is highest as compared to all other heads.
8. The expenditure on miscellaneous item of Hupari Village Panchayat also increased. Under this head Village Panchayat includes following items – construction of school building, expenditure on water closets, expenditure on interest payments, dead stock, court expenses, expenditure on national programme as well as expenditure on various schemes like JRY, TRYSEM, Indira Aawas Yojana, Gharkul Yojana, etc. That is the reason the expenditure on miscellaneous items increased.

The compound growth rate is calculated to be 40.66 during the period under study.

The conclusions and findings summarised above lead us to conclude the following.

1. Hupari Village Panchayat faced deficit for four year and it was having larger volume of deficit. These trends indicate that if the Village Panchayat has growing budgetary deficit then shortage of fund is bound to have an adverse impact on the provision of economic, social and infrastructural services to the rural population.
2. Village Panchayat did better performance in the collection of tax revenue. However, it has heavily relied on non-tax revenue to collect its total revenue, which indicates its heavy dependence on the government.
3. The expenditure on education, woman and child welfare and expenditure on backward class people welfare activities shows a negative increase at the compound growth rate of – 9.40 and – 17.95. This expenditure need to increase because it promotes the welfare of socially backward people and provides for their upliftment.

5.3 Suggestions

The Village Panchayat as a local government needs to be strengthened in many respects. Based on our analysis we recommended the following policy measures, which emanate from our study.

1. The Village Panchayat should assume greater role in planning and implementation of economic activities. For doing this the Village Panchayat should be given greater power for collecting revenue. So that it can tap other than the grants, sources of raising finances.
2. The Village Panchayat should have expenditure autonomy for the activities to be planned and implemented in a more meaningful manner. It is felt that the expenditure autonomy if given properly would boost up the morale of the leaders of Village Panchayat and that the Village Panchayat would be able to play a more significant role in decentralised planning system.