

# Chapter - II

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### **OVERALL BUDGETARY TRENDS IN VILLAGE PANCHAYAT FINANCE**

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### OVERALL BUDGETARY TRENDS IN VILLAGE PANCHAYAT FINANCE

#### 2.1 Introduction

Hupari is a small village situated in Kolhapur district, which is known as Silver Town. It has got a history of hundred years in silver business.

Majority of the Hupari village people are indulged in silver business. Hupari's specialty is silver smithy such as Hairpin, Bugadi, Bormal, Chandrahar, Painjan, Kamarpatta, Angathi, Jodvi, etc. have its own identity not only in Maharashtra but also all over the Indian market because of its specialty as handmade smithy work rather than handicraft products. These silver smiths use different kinds of their skills. The silver products from other places i. e. Agra, Salem, Ranpur are made with the help of machines therefore Hupari is a unique centre of silver smithy.

The present study makes an attempt to analyse the finance of Hupari Village Panchayat of Hatkanangale taluka, Kolhapur district, Maharashtra. It was established on 1929 to begin with an attempt is made to study the overall finance of the Village Panchayat by examining the total revenue and total expenditure of the Panchayat under study. For the data for six years (2000-01 to 2005-06) has been used. Table No. 2.1 gives the details of the total expenditure and total revenue of the Panchayat under study.

## 2.2 Trends in Total Revenue

The total revenue for the year 2000-01 to 2005-06 of the Hupari Village Panchayat is presented in Table No. 2.1.

**Table No. 2.1**  
**Total Revenue and Total Expenditure of Hupari Village Panchayat**  
**(2000-01 to 2005-06)**

(Rs. in lakhs)

Year	Total Revenue	Total Expenditure	Percentage of Expenditure into Revenue	Surplus or Deficit
1	2	3	4	5
2000-01	35.58	50.08	140.75	-14.50
2001-02	31.42	33.03	105.12	-1.61
2002-03	53.00	56.28	106.19	-3.28
2003-04	71.28	68.66	96.32	+2.61
2004-05	68.43	71.82	104.95	-3.29
2005-06	79.94	78.53	98.24	-1.41
CGR	21.02	14.62		

Source : Official Records of Hupari Village Panchayat

Table No. 2.1 reveals that it is in the later years that the Village Panchayat under study show a deficit in their finances.

Table No. 2.1 indicates that the total revenue has declined in the year 2001-02 and 2004-05 and it increased in the year 2003-04 and 2005-06. The total revenue increased from Rs. 35.68 lakh in 2000-01 to Rs. 79.94 in the year 2005-06.

The revenue during the period under study shows that it was Rs. 35.42 lakh in the year 2000-01, however it declined to Rs. 31.42 lakh in the year 2001-02 and again it increased to Rs. 53.00 lakh in the year 2002-03 and Rs. 71.28 lakh in the year 2003-04. However it declined

to Rs. 68.43 lakh in the years 2004-05 and in the year 2005-06 it increased to Rs. 79.94 lakh.

### **2.3 Trends in Total Expenditure**

The total expenditure of the Hupari Village Panchayat shows an increasing trend during the period under study. In the year 2001-02 we found that the total expenditure has shown a declined trend than the previous years.

Table No. 2.1 reveals that the total expenditure of Hupari Village Panchayat was Rs. 50.08 lakh in the year 2000-01 and in the year 2001-02 it was Rs. 33.03 lakh it increased upto Rs. 56.28 lakh in the year 2002-03 and again it increased to Rs. 68.66 lakh in the year 2003-04. Similarly the total expenditure has gradually increased, in the year 2004-05 it was Rs. 71.82 lakh and Rs. 78.53 lakh in the year 2005-06.

Since 2000-01 to 2005-06 the Hupari Village Panchayat finances have shown a rapid upward trend both in total revenue and total expenditure.

The total revenue and total expenditure of the Hupari Village Panchayat was very high during the period under study. Because the area and population under jurisdiction of the Village Panchayat is very high.

#### **2.4 Overall Budgetary Trends : Surplus or Deficit Position of Village Panchayat**

Column number 4 of the Table No. 2.1 shows that the percentage of the total expenditure into the total revenue of the Hupari Village Panchayat and column number 5 shows that the surplus or deficit position of their finance during the period under study.

Regarding the Hupari Village Panchayat since 2000-01 to 2002-03 the total expenditure is higher than the total revenue. In 2000-01 the Panchayat faced overall deficit of Rs. 14.50 lakh. Similarly in the years 2001-02 the total expenditure was more than the total revenue. The total expenditure was Rs. 33.03 lakh in 2001-02 and its percentage to total revenue was 105.12 percent. The Panchayat faced overall deficit of Rs. 1.61 lakh. In the year 2002-03 the total expenditure as percentage to total revenue was 106.19 percent. Therefore, the Panchayat faced overall deficit of Rs. 3.28 lakh.

Regarding the Hupari Village Panchayat in the year 2003-04 total revenue has been more than the total expenditure and total expenditure as percentage of total revenue was only 96.32 percent. Therefore, in this year the Village Panchayat had surplus of Rs. 2.61 lakh.

As regards this Village Panchayat it is found that in the year 2004-05 as well as 2005-06 the total expenditure was more than total revenue.

However, it was 104.95 percent in the year 2004-05 and the deficit was Rs. 3.29 lakh and in the year 2005-06 total expenditure as percentage of total revenue was 98.24 percent. therefore, in this year the Village Panchayat had surplus of Rs. 1.41 lakh.

The data reveals that the Village Panchayat under study shows fluctuating trends in their finance as well as revenue and expenditure pattern during the period under study. From the above data we can conclude that –

1. Total Revenue of the Hupari Village Panchayat shows growth with fluctuations during the period under study.
2. Similarly Total Expenditure of Hupari Village Panchayat also increased with fluctuations during the period 2000-01 to 2005-06.
3. The Panchayat of Hupari was having larger volume of deficit in 2000-01 it was Rs. 14.50 lakh.
4. Out of six years the Hupari Panchayat had financial crisis for the four years.
5. Out of six years the Panchayat had surplus for two years.
6. The problem of deficit may increase in future.

7. The Panchayat has larger trend of deficit. Growing deficit at the village level indicates that the finances of these local bodies needs to be augmented both by increase in 'Own Revenue' as well as 'Transfer Revenue'. Augmentation of revenue of Village Panchayat calls for more devolution of resources from the Zilla Parishads and state governments as well as increase in own tax and non-tax revenue of the Village Panchayat.