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Chapter - 1

Chapter – I

INTRODUCTION, DATABASE AND RESEARCH METHODOLOGY

- 1.1 Introduction
- 1.2 Statement of the Research Problem
- 1.3 Significance of the Study
- 1.4 Objectives of the Study
- 1.5 Hypothesis of the Study
- 1.6 Research Methodology
- 1.7 Chapter Scheme
- 1.8 Limitations of the Study

Chapter – I

INTRODUCTION, DATABASE AND RESEARCH METHODOLOGY

1.1 Introduction

Government plays a pivotal role in economic development of the economy it represents. Government works at three levels in the country like India. Union government is at top or national level, state government at middle level, and local governments are at local level. Governments working at different levels endeavour to achieve and promote economic development of the areas under their jurisdictions. Local governments are classified into two categories rural local governments and urban local governments. People are very closely associated with local governments than the union as well as state governments. Hence, they expect much more from local governments in the context of economic development and more importantly social services to be provided for them. Therefore, the study of role being played by local governments by extending financial assistance is of crucial importance. Likewise, it is also a neglected aspect so far as research in Public Economics is concerned. Urbanisation has been taking place rapidly and persistently in the economy like India. Consequently, duties and responsibilities to be discharged by the urban local bodies directed especially towards urban development also have been increasing. This poses an urgent need to examine role of urban local bodies (ULBs) in urban development and more importantly its financial implications. It is a fact that the studies in Public Economics have

been mainly concentrated on union and state finances by neglecting local finance. Urban local governments consist of Municipal Corporations, Municipal Councils and Cantonment Boards. Finances and role of Municipal Councils in urban development is a very much-neglected aspect, because some attention is paid towards finances of municipal corporations and cantonment board is a very small and restricted constituent of urban local bodies. Hence, it is essential and of vital importance to assess role of municipal councils in urban development coupled with its financial implications. Sangola Municipal Council in Solapur district is an important and peculiar municipal council on various grounds in general in Maharashtra, and in particular in Western Maharashtra. It is fact that, it has been playing an important role in urban development. Hence the present research study intends to study role of Sangola Municipal Council in Solapur district in urban development with emphasis on its financial implications for the latest period from 2001-02 to 2010-11.

1.2 Statement of the Research Problem

Sangola Municipal Council has been undertaking the number of activities, duties, functions and responsibilities to materialise and promote urban development of the area under its jurisdiction. It is endeavouring to provide the services like drinking water, education, health and medical, roads, commercial complexes, parks and gardens, latrines and urinals, drainage and gutters, cleaning, collection and disposal of waste, and all others. But financial constraint is important and affecting

quantity and quality of infrastructure and civic amenities provided. In 2001-02, Revenue Expenditure of Sangola Municipal Council was higher (Rs. 499.41 lakh) than its Revenue Receipts (Rs. 286.13 lakh). In the same year, it had zero Capital Receipts, but it spent Rs. 112.25 lakh as Capital Expenditure. During the same year, its Total Expenditure (Rs. 640.62 lakh) was higher than Total Revenue (Rs. 582.93 lakh). Recently in the year 2010-11, again its Total Expenditure (Rs. 7212.25 lakh) exceeded Total Revenue (Rs. 7194.18 lakh). Revenue Expenditure also was greater (Rs. 4123.27 lakh) than Revenue Receipts (Rs. 3696.71 lakh). Likewise, it spent Capital Expenditure worth of Rs. 3021.05 lakh in absence of Capital Receipts. The number of water connections given by the Municipal Council has been increasing but Sangola city has a problem of water shortage. This council could supply 30% of total water supply on its own, and for remaining; it has to rely on irrigation department of (Jivan Pradhikaran) the government of Maharashtra. Besides this problem of water pollution is also an important problem before the Sangola city. It has a problem of dues of water charges, because its collection is just 0.8% of total demand. It becomes possible to collect and dispose of only about 70% of solid waste. Besides this, 9490 population of the city is below the poverty line.

It is against this statement of the problem it is very much essential to examine the role of Sangola Municipal Council, which it has been playing in urban development with emphasis on its financial implications. Hence, the present research study examines role of the Sangola

Municipal Council in urban development along with its financial implications during the latest period from 2001-02 to 2010-11.

1.3 Significance of the Study

The importance of the present research study is as follows :

1. The present research study is a unique contribution to research in local finance in branch of Public Economics, because it is a neglected aspect in Public Economics research.
2. The study highlights the role of ULBs in urban development.
3. The study also brings out quantity and quality of infrastructural and civic services being provided by the ULBs.
4. The study is of greater use in identifying problems in urban development being faced by the ULBs.
5. The study is useful in formulating urban development policy.

1.4 Objectives of the Study

The major objectives of the present research study are as follows :

1. To study the concept of urban development.
2. To study urban development financing by the ULBs with reference to Sangola Municipal Council.
3. To examine role of ULBs like Sangola Municipal Council in urban development.

4. To study financial implications of urban development by ULBs.
5. To suggest policy guidelines so as to deal with problems of urban development by ULBs.

1.5 Hypothesis of the Study

The hypothesis of the present research study is as follows :

"Urban local bodies (ULBs) like Sangola Municipal Council can play a vital role in urban development but financial stringency is a major problem."

1.6 Research Methodology

The present research study studies role of ULBs in urban development with special reference to Sangola Municipal Council in Solapur district during the latest period from 2001-02 to 2010-11. The study relies on the secondary data only. The necessary secondary data has been collected from the sources like Annual Budgets of Sangola Municipal Council, its Annual Reports and other information from official records, Economic Survey of Maharashtra, Socio-Economic Survey of Solapur district and all others. The collected secondary data is classified and tabulated in the light of objectives, hypothesis and chapter scheme of the study. The tabulated data is processed by employing appropriate statistical tools such as Compound Growth Rate (CGR), Ratio Analysis, Mean, and Coefficient of Variation. The processing of data is carried out by using computer softwares such as Excel, SPSS.

1.7 Chapter Scheme

The chapter scheme of the present research study is as follows :

- Chapter – I : Introduction, Database and Research Methodology
- Chapter – II : Review of Research Studies
- Chapter – III : Urban Development in Theoretical Perspective
- Chapter – IV : Financing Urban Development by Sangola Municipal Council
- Chapter – V : Role of Sangola Municipal Council in Urban Development
- Chapter – VI : Financial Implications of Urban Development by Sangola Municipal Council

1.8 Limitations of the Study

The noteworthy limitations of the present study are as follows :

1. The present study is concerned with only one Municipal Council.
2. The study is restricted to the period from 2001-02 to 2010-11.