

# Chapter - 6

## **CHAPTER - VI**

### **CONCLUSIONS AND SUGGESTIONS**

The following are the major conclusion and suggestions of the study.

Our analysis reveals that the villages Panchayats are the base level rural local government. They perform a number of activities as to achieve the development of village on the one hand, and on the other improve the living conditions of the citizens. To discharge the responsibilities they spend on the different major heads. The major heads of total expenditure like water supply, public health, welfare of backward classes and womens and children, light facility indicate their economic and social importance. Thus in India Rural local government works as an engine of rural development and social welfare. All the more it is important to note that at the rural grassroot level, it is the Village Panchayat that acts as the agency for development of funds, revenue raising and implementation hence, their role is crucial in rural development and social welfare.

The Village Panchayats have been playing a vital role at village level in improving the living conditions and standards of the people. The functions of village panchayat have increased, which resulted into increased expenditure. In other words, the

expenditure of the village panchayats has been increasing due to increasing functions.

Total expenditure of Village Panchayats under our study shows a rising trend with considerable year to year fluctuations. The growth of total expenditure is due to the increasing number of functions performed by the Panchayats on the one hand, and on the other their extensive efforts to provide civic services for the rural people. The ups and downs in the total expenditure are due to the fluctuations in the total revenue. This indicates there has to be certainty and regularity of income of these local bodies. Growth of total expenditure indicates the efforts made by the Panchayats to achieve the development of the concerned village and the rural people. The future development will 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.

The foregoing analysis reveals that expenditure on general administration by the village Panchayats under study shows a considerable growth during period under study. It shows the efforts of the Panchayats for efficient administration of the activities undertaken by them to achieve the development of village and upliftment of living conditions of the people. It is to be noted that major slice of expenditure on general administration is consumed by the wages and salaries of employees of the Panchayats. .

Water the basic need of the people is being satisfied by the village Panchayat by making provision for drinking water supply. During the period under study all the Panchayats have made efforts to provide water to rural people and for this, they have incurred expenditure of water supply. They have spent significant amount and percentage share or expenditure on water supply. The growing demand for water due to population growth is reflected in growth of expenditure on water. The efforts of the Panchayats to increase water supply particularly expenditure as capital requiring activities pushed up this expenditure frequently. It is a thing of welcome that Panchayats 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. However in all the Panchayats under study are showing year wise fluctuations in the expenditure on this account. It is also necessary that these village panchayats should encourage the rural farmers in the village to undertake rainwater harvesting and watershed development programmes .so that the water table level is increased and water for animals and human is available in all the months of the year.

Street light is the basic civic amenity being provided by the village. Panchayats in the rural areas. It is important amenity on the ground that, it is needed for the safety of people in the night. It promotes trade and business activities, helps in the development of village economy, and is also necessary for beautification of the

village. The Panchayats under study have spent increased amount for this. And the increasing attempts have pushed up expenditure on street lighting. The extension of area development within village limit is helped in creasing expenditure on this head, which promotes capital expenditure on this head and there by total expenditure of this item. The role played by expenditure on street listing in the village is crucial. All village Panchayats under study have an expenditure pattern showing fluctuating trends.

It is obligatory for the village Panchayats to contribute to the District Rural Development Fund as per section 133 of 1958 Act. To perform this obligatory responsibility the Panchayats spend on this item. The Panchayats considered for our study have also spent on contributing to the District Rural development fund. Expenditure on this head of the Panchayats under consideration has increased, which indicates the attempts of the Panchayats 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 type of promptness of the Panchayats in collecting of revenue and proper spending will promote the development of the village and also a high degree of fiscal discipline.

Expenditure on backward classes people welfare by the village Panchayats assumes of great social importance. It promotes the welfare of socially backward people and provides for

their upliftment. This type of expenditure enables these people to construct these houses, provision of biogas etc. During the period under study expenditure on this major head of the village Panchayats concerned shows growth with fluctuations, which indicates the dependence on the state government for this expenditure. The Panchayats mainly spend on the welfare of backward classes people from the grants given by the state government. It is noteworthy thing that Panchayats have been playing an important role and an agency between the state government and backward classes people in rural areas. Data analysis of this expenditure reveals that we have noticed fluctuations year wise and village wise on this item of expenditure. The reason for this has been the fluctuation in the amount of grants given by state government to local rural bodies on this account. Being a socially very important item of public expenditure there has to be no fluctuation in the amount spent on this expenditure account, for which the state government will have to see that grants to local bodies for this expenditure are kept constant and increasing year after year.

The village Panchayats undertake activities like cleaning of streets, gutters, drainage, disposal of garbage, spraying of drugs and BCC powder etc. to create healthy atmosphere in this village where by health of the citizens can be improved. It is noteworthy thing that village Panchayats of Alave and Pimple have not incurred any expenditure on this item. It is revealed that the

expenditure on public health of the concerned Panchayats has increased with fluctuations indicating their efforts to provide health services for the people. As per arising needs the Panchayats have spent on this head as due to which, the expenditure on this head shows fluctuations. It is also beneficial for the Panchayats to earn income from the activities promoting health.

Analysis of the pattern of public expenditure of the village Panchayats under study reveals fluctuation on year wise basis on all the heads of expenditure. This is mainly due to year wise fluctuations in the revenue availability and grant from the state government to the local bodies. Hence, sustained growth of public expenditure of rural local bodies needs sustained growth in revenues of these bodies. This calls for more revenue mobilization by these local bodies by augmenting their "own Revenue base" as well as increase in devolutions on the recommendations of the state finance commissions.

Total Revenue of the village Panchayats is classified into groups such as Tax revenue, Non tax revenue and Grants. Tax revenue includes receipts from various taxes like House Tax, Water Tax, Light Tax, Market Tax, Health Tax etc. Tax is the source of own revenue for the village Panchayat.

Similarly, non tax revenue of the village Panchayats include Forest auction, Rent etc.

In Grants the grants from the state government in conclusion, we can say the village Panchayat Alave has not fully exploited tax revenue sources. It did not collect revenue from sanitary tax, which lost tax revenue In future; it will be beneficial to impose these taxes so as to collect increased tax revenue and development of the village. Compared to other village Panchayats, it collected revenue in smaller extent from non tax revenue mainly because of irregular and fluctuating amount received from grants. It should think over raising revenue from non tax sources where by the volume of total revenue will increase and will help in providing increased services for its citizen in number and in quality.

In concluding the analysis regarding taxes of Panchayats, we can say these Panchayat also have heavily relied on non tax revenue for collection of total revenue. They collected non tax revenue mainly from grants.

The Panchayats have excluded the imposing of market tax and lost the revenue. The proper assessment coupled with lack of dues on the one hand and on the other increase in tax rates will increase tax revenue and thereby total revenue of the Panchayat.

In concluding the analysis, it can be said that, Panchayat of Kotoli has performed well. As far tax revenue collection is concerned, the rapid crease in non tax revenue during the last three year of our study pushed up the non tax revenue in volume as well as in percentage terms. The imposition of sanitary tax in



future will help in incensing tax revenue. As well as total revenue of the Panchayat. The fall in revenue due to water tax and market tax in the last two years invited due attention of the Panchayats towards their collection.

Village Panchayat of Alave did better performance in the collection of tax revenue. It's tax revenue increased persistently except one year. The fluctuations in the volume of non tax revenue led to fluctuate in the shares of tax and non tax, grants in the total revenue. It is a fact that this Panchayat has collected the revenue from the non-tax sources.

The Panchayats did not pay due attention towards the collection of taxes because of which the revenue form different taxes show considerable fluctuations. Non-tax revenue shows significant fluctuations in it, mainly due to rise in grant for water closet. The imposition of sanitary tax will help in raising revenue of the Panchayat in future.

Village Panchayat of Kotoli has heavily relied on non-tax revenue to collect its total revenue, which indicates its heavy dependence on the government, the performance of tax revenue was comparatively pessimistic, which indicates the need or due attention to be paid for tax revenue collection. The revenue from light tax shows consider ups and downs. The income from sanitary tax was meager which shows the need to increase. The non tax revenue collected by this Panchayat was good. To be precise, the

overall performance of this Panchayat was better compared to others.

In conclusion we can say the village Panchayats under our study have imposed the same types of taxes so as to collect required revenue with the exception of market tax. But the rates of taxes imposed were different with slight exceptional uniformity in same taxes for different taxes. This is the result of maximum and minimum limits of tax rates fixed by the 1958 Act. Taking into account economic conditions and responses of the citizens in the village the Panchayats have fixed different rates of the same taxes. The upper limit of tax rates gives an opportunity to overcome the deficit problem of these local government units, but due response from the representatives and the citizen is a must.

## **5.2 SUGGESTIONS**

The important suggestions of our study are as follows:

1. Such policy measures should be introduced and implemented that will control excessive expenditure on General Administration.
2. Attempts should be made to control unnecessary expenditure on water supply through efficient administration.

3. The street lighting system of Panchayats should be changed to solar bulbs from electricity that will be economical and eco-friendly.
4. Expenditure on backward classes people should be increased from 15 percent to 25 percent so as to promote their education, economic and social development.
5. The expenditure of the Village Panchayats on sanitation consisting of gutters, drainage, urinals, and latrines is very much necessary to increase so as to provide improved health facilities and cleanliness as well as protection of the environment.
6. The problem of dues of tax and other liabilities of the people is very much crucial. To tackle this problem a special mechanism agency, which will be efficient, should be created.
7. It is very much necessary to increase the share of tax revenue in revenue receipts as well as total revenue of the Panchayats, which is not to the expected extent.