administration and the establishment and the establishment of Zilla Parishads (under the pattern of Panchayat Raj Institution) need to have new ways and means to discharge the responsibilities. The success of these institutions depends on their financial resources and strength. These institutions can be made effective only if they are provided with sufficient financial resources.

"Financial resources places at the disposal of each unit of government, have to correspond to the functions and obligations assigned." In other words, the division of resources between different governments must be positively correlated with the division of functions. The resources of the most of the states in general and those of the local bodies in particular, have mostly been founded to be lagging behind. Their requirements are continuously increased, due to ever increasing functions. Therefore, the rational of the distribution of sources must closely follow the principles adopted in the distribution of functions.

Prof. Adarkar has mentioned three essential features, which should satisfy the efficient distribution of resources between different governments:

1) Independence of responsibility,

2) Adequacy and elasticity, and

3) Administrative economy.
“Revenue is the necessity of the first order for any system of government. No administration can be carried out without it. Raising money, is in fact, the most important and at the same time the most difficult problem which the local administration has to face.”

Finance is crucial any local government system. The ability of local government to discharge the functions entrusted to them depends on the adequacy of financial sources. The state government of Maharashtra has, however, not left the Panchayat Raj Administration in wilderness in search of revenue. It has made provisions in the Act (The Maharashtra Zilla Parishads and Panchayat Samitees Act, 1961 itself, with a view to giving adequate finance to the Panchayat Raj Units i.e. Zilla Parishads and Panchayat Samitee. The Zilla Parishads are one of the strongest units of Panchyat Raj institutions in Maharashtra. The development of a district depends upon its successful functioning. The Zilla Parishads have been created as the development agency by the State Government, which in turn, depends on the income from its own resources and partly on the grants-in-aid given by the State Government.

The Sections 128 to 131, 143 to 189 and 203 to 214 of the Maharashtra Zilla Parishads and Panchayat Samitees Act, 1961 provide for the assets of the Zilla Parishads and Panchayat Samitees. The revenue pattern as provided in the Zilla Parishads and Panchayat Samitees Act, 1961, is naturally based on the recommendations of Naik Committee Report (Shri V.P. Naik was the Chairman of the Committee, Government of Maharashtra, 1961).
The total receipts of Zilla Parishads include the following major heads:

i) Opening balance,

ii) Self-raised resources

iii) Government grants, and

iv) Debts.

i) Opening balance:

The first item in the receipts side of Zilla Parishad is opening balances, which is unspent and adds to total sources of the current year receipts.

ii) Self-raised resources:

This is an important source of receipts of Zilla Parishad. It includes fourteen (14) items of revenue of the Zilla Parishad e.g. taxes and fees, local fund cess, local rates, medical, etc.

iii) Government grants:

The income by government grants is another important source for the Zilla Parishads in Maharashtra. The Act 1961 provides for twelve different types of grants e.g. purposive grants, establishment grants, plan scheme grants, agency scheme grants, etc.

iv) Debts:
The capital income of Zilla Parishads is given in this section which has two sub-sections viz.

a) loans and advances, and

b) deposits and advances.

1) Opening Balance:

Opening balance is not a source of income. Therefore, it does no require further explanation.

2) Self-raised Sources:

This is an important source of receipts of the Zilla Parishads by authority vested in it under Sections 128 to 131 and Sections 151 to 159 and Section 179 of the Zilla Parishads and Panchayat Samitees Act, 1961 is put under the category of self-raised sources. This head includes following fourteen (14) items of revenue:

1. Taxes and fees
2. Local fund cess
3. Local Rates
4. Interest
5. Police
6. Education
7. Medical
8. Public Health
9. Agriculture
10. Animal husbandry
11. Industries and Cottage Industries
12. Public Works
13. Pensions, and

Out of the above fourteen items of revenue including

(a) rates, and

(b) police, which bear no income. Hence, in the
budgets of Zilla Parishads these two items were dropped. There
is one more item namely industrial and cottage industries, the
income from which has been transferred to the Government
since 1973. Therefore, there is no income from this source to the
Zilla Parishads since 1973 onwards. The explanation in brief, of
the remaining eleven items of the self-raised sources is given
below:

1. **Taxes and fees:**

Section 157 of the Act 1961, provides a fairly long
list of items for imposing taxes and fees by the Zilla Parishads
within its jurisdiction. The Zilla Parishads can impose the
following taxes.

a) A tax on persons carrying on any profession, trade calling
or employment within the Zilla Parishads jurisdiction.

b) Entertainment or amusement tax,

c) A pilgrim tax,

d) A general water tax,
e) A special tax on lands or buildings, and

f) Any tax.

The Zilla Parishads can also impose the following facts under the section of the Act 1961:

i) A license fee on brokers, commission agents, weightmen or measures, practicing their calling therein.

ii) A market fee for the right to expose goods for sale in the market or for use of any building or structure therein.

iii) Fees on registration of animals sold in the market.

2. Local fund cess:

This is the most important item of self-raised sources. The Sections 144 to 152 of the Zilla Parishad and Panchayat Samitees Act, 1961 of Maharashtra State is applicable to all Zilla Parishads in the State. This section makes every landholder, within the jurisdiction of the Zilla Parishads, liable to pay a cess of twenty paise per one rupee of land revenue or rent or lease money payable, in respect of such land.

Section 155 of the Act (1961) gives the authority to all Zilla Parishads to increase this rate of cess. Since 1962 the rate of local fund cess is increase five times upto 1985. For the first time this rate was increased by Rs. 0.40 during the year 1966, 1968 and 1975 it was increased by Rs. 0.30, 0.40 and 0.50 respectively. This rate was reached upto Rs. 2.00 in the year 1985.
The first assessment of cess was done by the State Government and hence it was uniform of all Zilla Parishads in Maharashtra.

The subsequent changes were made by the individual Zilla Parishads by passing the resolution and by getting the sanction from the state government. During the financial year 1963-64 each Zilla Parishad has exercised its power to increase the cess in different degrees. Before the year 1974-75 the limit of increased cess was upto 100 paise per one rupee of land revenue. It was the Maximum limit of cess. On the basis of increased local fund cess Zilla Parishads have got the incentive grant from the state government. In that time the formula of sanctioning incentive grant was as follows:

i) Increased the rate of cess upto a 40 paise = 0 paise;

ii) Increased the rate of cess from 41 to 100 paise = 100 paise.

In the year 1974-75 the limit of increased cess was extended upto 200 paise. At the time, the formula of incentive grant to be given to Zilla Parishads as also changed by the State Government. This new formula is as under:

i) Increased the rate of cess upto 50 paise = 0 paise.

ii) Increased the rate of cess from 51 paise to 100 paise = 75 paise.

iii) Increased the rate of cess from 101 to 200 paise = 100 paise.
We can say that this new formula of incentive grant is not encouraging one because at some place, State Government gives power to Zilla Parishads for increasing local funds cess and at other place it gives limited incentive grant. The amount of fund cess is given on the basis of the collection. But Zilla Prarishads in Maharashtra demanded that, it must be given on the basis of demand and not on the collection. This is the genuine demand of the Zilla Parishads.

The local fund cess forms one of the biggest part of the self-side sources of the Zilla Parishads it also amounts to an assured sources of increased.

3. Interest:

The Zilla Parishads get interest on their amounts deposited in the banks. As a rule, the district fund, which comprises of all receipts of Zilla Parishads and Panchayat Samitees under it, are deposited in the treasury only. Those receipts which are paid through by the persons like contractors, the bidders, etc. bear this income from interest. This amount is in the bank and that too in current accounts only. This gives the negligible small amount of interest that accrues to the Zilla Parishad. But even the district fund can be kept in the bank to which business of Government treasury is made over.

4. Education:

Education is the biggest portfolio handed over to the Zilla Parishads. But it is not a big source of income for the Zilla Parishads. This income is derived from the fees received from
the schools run by the Zilla Parishads. Due to liberal and compulsory educational policy of the Government of Maharashtra a very few students are paying tuition fees. But, other minor fees paid by all the students account for the income from education.

5. **Medical**:

This source of income includes the income received by the Zilla Parishad from hospital fees, sales of medicines, from donations and contributions and miscellaneous incomes.

6. **Public Health**:

The income includes from fairs and contribution and donations for the public health schemes etc. The classification between medical and public health is not clearcut and one finds common sub-headings namely

i) Donation,

ii) Contributions,

iii) Miscellaneous,

iv) Other Income.

Under both the main headings there is no rule as to what income is to be treated as miscellaneous income of medical and what is to be treated as miscellaneous income of public health.
7. **Agriculture**: 

It accrues income from agriculture, agricultural plots, fees, received from farmers participating in crops contest, the rent charged under crop protection schemes of the Zilla Parishad and such other miscellaneous items.

8. **Animal husbandry**: 

It is closely connected with agriculture but, separately managed department. Every Zilla Parishad manages a few veterinary dispensaries within its jurisdiction. In the form fees, amount received from the owner of the sick animals which are brought for veterinary services, the income from the animals exhibitions, the sale proceeds of poultry farms owned by Zilla Parishad income under this item.

9. **Public Works**: 

The income under the category includes rent from land, buildings, machinery and instruments owned by Zilla Parishads, sales proceeds of old property, sales proceeds of trees and fruits, fees charged for the use of ghats both on roads and rivers, fees from Dharmashalas or Sarajs and Rest Houses and such other items.

10. **Pensions**: 

The State Government while transferring the services of its confirmed staff to the Zilla Parishads is still left with the responsibility of person provisions of such staff. The Zilla
Parishads, however, were responsible for making provision for provident fund of primary school teachers. However, the employer’s contribution being a grantable item could be shown under this item.

11. Miscellaneous Receipts:

This item is a Pondra’s box which contains each and everything which cannot be or has not been shown against other items. As such, whenever there is any doubt about the nature of income it could be safely put under this heading. It naturally follows that such amount is readjusted again after receiving the proper advice to the effect. This is accrued mainly from house rent under community development programmes, sales of unusable property, realization of excess payment, sale of receipt books, printing press, sale of magazines, etc.

3) Government Grants:

The income by way of grants from the state government is the most important source for all Zilla Parishads in Maharashtra. It is not only important source of revenue but also striking feature of Zilla Parishad budgets. In this connection Mr. Sidney Webb remarks that “In reality, the grants-in-aid is necessary hinge in the flap” He though it to be a device to establish control without adopting the bureaucratic system.

The system of grants-in-aid can also be used as an effective weapon of mitigating regional inequalities.
It will be interesting to note that Articles 45 and 46 of the India Constitution, deal with the national minimum standards, to be aimed at in respect of education and health, by the state government and local bodies. Article 45 implies the state shall endeavour to period of 10 years, for free and compulsory education for all children, until they complete the age of fourteen years. Article 46 indicates that the state shall regard the raising of nutrition and the standard of living of its people and the importance of public health, as among its primary duties.

The responsibilities of the local bodies to discharge these functions are to continue, then the state government must come towards with its assistance by way of adequate grants-in-aid.
PART - B : EXPENDITURE ANALYSIS OF ZILLA PARISHAD

Part B of this chapter deals with the analysis of the expenditure incurred by Zilla Parishad.

Expenditure Pattern of Zilla Parishad:

Our nation is emerging into a new social and economic order. There is a continuous and rapid growth in the quantum of expenditure of union, state and local governments. Russell W. Maddox and Robert F. Fuquary list the following causes for the rapid increase in their expenditure viz. changing social and economic order, changing concepts of the role of the government and changing concepts of democracy, population growth and inflation.

Local services play a vital role in promising a healthy growth of the nation. With the shift in the conception of the functions of the state from defence to social services, the activities of local services, the activities of local bodies have assumed a new significance especially due to the fact that most convenient activities by the local authorities. In a welfare state, therefore, the functions of the local government agencies can really bring about the reconstruction of the national life. It is now recognized that 'emphasis on local function, therefore, is more pronounced and local expenditure has become a matter of policy'. Thus, the efficient performance of local services has become a prerequisite to national development.
However, in actual practice, it is seen that the capacity of the local bodies to contribute or to develop the well-being of the people, is strictly limited owning to the stringency of funds. This is, by and large, the case of local government institutions in India in general. Economic resources rather than the need, are determinant of the level of services, so that individuals residing in poorer areas are generally denied the protection of adequate health and medical services. It is the fiscal incapacity which prevents many states and localities from providing for their residents, adequate educational and health facilities and adequate protection against financial distress.

It will be better if the realize that 'these intangibles are not money but are good money making devices, when we need money for providing conditions for the re-birth of the nation'.

The decision to spend provides the base and the guidelines for the budgeting of public bodies. But the nature of expenditure is far different at local, state and central government levels, both in kind and in degree. The expenditure of the local bodies are already bracketed by the State Government by enactment and, therefore, the decision to spend is influenced more by the State Government. Having provided with the pattern of expenditure and the implementing machinery, the local bodies can, however, find some discretion for independent decisions of course in the limited sense.

The Maharashtra Zilla Parishad and Panchayat Samitees Act of 1961 vide Sections 100 to 110 has charged the Zilla Parishads and Panchayat Samitees with multiple functions
and liabilities. Schedule - I, under Section 100, enlists a number of duties with a detailed break-up for the Zilla Parishads.

The study of expenditure side of the Zilla Parishad speaks for the various activities undertaken by the Zilla Parishad. The Zilla Parishad has to carry out both the obligatory and discretionary functions, to meet the need of the rural population. The functions relating to welfare and development include supply of water for villages, medical facilities and hospitals, construction and maintenance of roads, electrification, improvement of agriculture, irrigation facilities, eradication of illiteracy and educational facilities, etc. and enlarging the coverage of social services to meet the growing needs of the rural people.

The Zilla Parishad expenditure studies from two angles i.e. its trend and its nature. An attempt is made in this chapter to analyse the change and growth in the pattern of expenditure of Pune Zilla Parishad over ten years from 1988-89 to 1997-98.

**Break-up of Zilla Parishad Expenditure**:

The expenditure of Zilla Parishad is grouped under two main categories - viz.

1) The revenue expenditure, and

2) The capital expenditure or the Debt Section.
The categories of expenditure are briefly explained below:

1) Revenue Expenditure:

All establishment and other expenses incurred in the conduct and administration of the business come under the heading of Revenue Expenditure. Further, all expenses incurred by way of repairs, replacements and renewals of existing assets, which do not in any way add to their earning capacity but simply serve to maintain the original equipment in an efficient working order, are properly chargeable to revenue. Thus, in the concern of Zilla Prishads the following items of expenses are included under this heading:

a) Administration expenses,

b) Expenses on education,

c) Expenses on public work,

d) Expenses on sanitation, and public health,

e) Miscellaneous expenses.

2) Capital Expenditure:

a) Capital expenditure is related to capital income of the Zilla Parishad. There is no possibility in future to increase on deposits and advances of Zilla Parishad due to attractive interest rate of banks and other financial institutions. So there is only one way to increase Capital expenditure i.e. state government should provide loan finance on the large
scale basis. With the financial help of state loan, Zilla Parishad will be in a better position to implement development projects in rural area e.g. Major irrigation projects.

b) The share of public in the major schemes implemented by Zilla Parishad, should be fixed at 10 percent of their total cost.