Chapter – VI

CONCLUSIONS AND SUGGESTIONS

6.1 Introduction

Local bodies in general and rural local bodies in particular have special significance, because people are very closely associated with them. They also play a very important role in achieving socio-economic development of the areas under their jurisdiction. The socio-economic development achieved by them, greatly influences social welfare of the society as a whole. It is against this background it is essential to study the role of local bodies in social economic development of their area. Raigad district is one of the districts in Maharashtra state having domination of rural area and hence rural local bodies. In this backdrop the present study examines role of rural local bodies, that is Zilla Parishad, Panchayat Samities and Village Panchayats, in socio-economic development of the rural Raigad district during the post economic reforms period from 1991-92 to 2010-11.

6.2 Major Conclusions

The present research study after examining role of rural local bodies in socio-economic development of the Raigad district in Maharashtra reveals the major conclusions as follows:

1. The overall fiscal operations of the Raigad Zilla Parishad were not conducive for the speeding up socio-economic development of the area under its jurisdiction, because it created surplus unnecessarily for more than a decade during the total study period. Its both the total revenue and total expenditure grew at the considerable rates only. The fiscal operations of the Raigad Zilla Parishad on revenue account were rational, it created revenue surplus and diverted towards capital account. The noteworthy bad thing is for some years Raigad Zilla Parishad used part of the capital receipts for meeting revenue deficit.
2. All Panchayat Samities in Raigad district under study had meagre both the Total Revenue as well as Total Expenditure. However, they have shown efficiency in spending activities without creating excessive surplus or deficit. Only Alibag, Pen, Panvel and Mangaon Panchayat Samities were in good, but not better financial position.

3. More or less all Village Panchayats in Raigad district under our study are financially very much weak. However, comparatively the Panchayats Thal, Navade, Patanus were in good financial position so far as revenue mobilisation is concerned. We get mixed picture of surplus or deficit on all the fiscal accounts. However, the salient feature is they had attempted to dispose of collected revenue efficiently to the greater extent possible without creating much surplus or deficit.

4. Raigad Zilla Parishad has collected total revenue considerably, but not significantly, during the study period, which also showed a considerable growth rate of 13% CGR per annum. Its total revenue was (61%) dominated by Capital Receipts than the Revenue Receipts (39%) indicates the urge of the Zilla Parishad to achieve long term development of its area. But it is determined by composition of Capital Receipts. However, due to recent significant increasing Revenue Receipts they have shown a higher growth rate (20% CGR) than the Capital Receipts.

5. Total Revenue of Raigad Zilla Parishad was comparatively not prominent in Total Revenue collection, but increased at the significant rate during the study period. Its Total Revenue was dominated by Tax Revenue, in relative share (63%) as well as growth respects (27% CGR) is a good Revenue Receipts composition due to its certainty and productivity is concerned. However, Non-tax Revenue and Grants showed a dismal performance in relative position as well as growth grounds, which is a thing of serious concern.
In the Tax Revenue, the assigned Tax Revenue was prominent than the Water Cess and taxes imposed and collected. The assigned Tax Revenue contributed Tax Revenue by 57% on an average relatively with 29% CGR.

Even though, there are the number of sources of Non-tax Revenue the Raigad Zilla Parishad could not exploit and utilize all of them, hence, its Non-tax Revenue was lesser and insignificant in relative share as well as growth respects, this demands due attention towards its utilisation.

6. Even though Capital Receipts of Raigad Zilla Parishad dominated its Total Revenue, the study of the composition of Capital Receipts reveals that it was dominated by advances and authority (99%), which are refundable. Loans raised by the Zilla Parishad stood at only one percent relative share and 3% growth rate. This composition of Capital Receipts of the Raigad Zilla Parishad is not favourable for long term development of its area.

7. It is found that all the Panchayat Samities in Raigad district are financially weak, out of them some are very weak under our study. They totally depend upon Raigad Zilla Parishad for revenue mobilisation. They do not have a single source of revenue at disposal. Their Total Revenue is dominantly contributed by the cess grants given by the Zilla Parishad is very serious thing from the point of view of revenue mobilisation by the Panchayat Samities, and more importantly their fiscal autonomy.

8. The analysis of Total Revenue of Village Panchayats in Raigad district under study shows that all Panchayats are financially weak. However, comparatively the Panchayats Thal and Patanus are better in respect of revenue collection. Total Revenue of all Panchayats into consideration is dominated by Revenue Receipts in general and Tax Revenue in particular. Non-tax Revenue and grants could contribute very meagre
revenue to Revenue Receipts and Total Revenue as well, is a thing of serious concern that demands their exploitation and utilisation. It is a fact that these Panchayats have failed in Capital Receipts collection and thereby attempts for long term development. Further Tax Revenue of the Panchayats is dominated by buildings tax and trade tax with exception, also demand due attention towards utilisation of taxes. The noteworthy feature of Capital Receipts of the Panchayats under study is dominated by deposits (97%), grants (1%) exceptionally, by neglecting loans (1%).

9. Raigad Zilla Parishad has spent a considerable amount as its Total Expenditure to discharge its duties and responsibilities, which has also shown a considerable growth of 13% CGR during the study period. Its Total Expenditure is dominated by Capital Expenditure (58%) than the Revenue Expenditure (42%). However, Capital Expenditure is dominated by repayment of deposits and advances (98%) without much spending on development activities is a thing of serious concern. But Revenue Expenditure has been spent by this Zilla Parishad on buildings, communication and irrigation facilities (25%), medical and health facilities (15%), social welfare (22%) and administration (15%).

10. All Panchayat Samities in Raigad district covered by our study reveals that they are financially weak, hence they have spent lower expenditure. Their Total Expenditure is dominated by Revenue Expenditure (98%) than the Capital Expenditure (21%). They prominently attempt to provide building and communication services (65%) which is followed by community welfare (24%) and they have not given much importance to education, health, agriculture and animal husbandry so far as Revenue Expenditure is concerned. Moreover, they spend a lion's share of Capital Expenditure on repayment of advances and deposits.
11. Except Thal and Patanus Village Panchayats in Raigad district under study all others are financially worst. Hence, their Total Expenditure was also lower only, in respect of size as well as growth. Their Total Expenditure is dominated by Revenue Expenditure (85%) than the Capital Expenditure (15%). Revenue Expenditure of the Village Panchayats into consideration is spent on public welfare and education (23%), building and communication (24%), administration (12%) respectively. It is the fact that the Village Panchayats into our consideration have spent very less Capital Expenditure during study period. However, whatever they have spent that Capital Expenditure was on development work prominently is a satisfactory thing.

12. The major focus of the present research study was to examine fiscal operations undertaken by the rural local bodies in Raigad district for achieving social and economic development of the area under their control. The study of spending activities of the Raigad Zilla Parishad indicates that it has prominently spent on social development (65%) than the economic development (35%) that shows its commitment towards social development and thereby social welfare of the society as a whole. In social expenditure Raigad Zilla Parishad has given priority to social welfare activities (22%), public health (18%), administration (12%) and education (3%) respectively. In economic development activities Raigad Zilla Parishad has given importance to building and communication facilities (20%), agriculture and animal husbandry (6%) and irrigation (7%) respectively.

Raigad Zilla Parishad in Revenue Expenditure on socio-economic development spends a major share on social development (69%) than the economic development (31%), this clearly indicates its desire to provide social services to the people than the economic services. In Total Revenue Expenditure on social development this Zilla Parishad has given
increased importance to public health (33%), administration (10%), social welfare (16%) and education (2%). In Total Revenue Expenditure on economic development this Zilla Parishad has given priority to providing building and communication facilities (15%), agriculture and animal husbandry (6%) and irrigation facilities (11%). The salient feature of Revenue Expenditure on social and economic development activities is that they have shown considerable growth during study period.

Capital Expenditure on social and economic development reveals that Raigad Zilla Parishad has given importance to again social development (60%), than the economic development (40%). In the Total Capital Expenditure on social expenditure it has given priority to social welfare (31%), which is followed by miscellaneous (11%), administration (13%), education (5%) and public health (1%). On the contrary in Total Capital Expenditure on economic development, this Zilla Parishad had spent on buildings and communication (29%), agriculture and animal husbandry (6%) and irrigation (4%) respectively.

13. The analysis of spending activities of the Village Panchayats in Raigad district selected for the present study shows that more or less all are financially weak. However, whatever revenue collected by them they spend on social and economic development activities under their area. It is revealed that all Village Panchayats into consideration spend a major share of their Total Expenditure on social development (68%) than economic development (32%). Of the Total Expenditure on social development their priority is on education and welfare (20%), water supply (11%), public utility (16%), public health (8%) and street lighting (2%). Moreover, Total Expenditure on economic development, these Panchayats have given importance to buildings and communication (21%), development work (11%) and others (3%) respectively.
14. Road is a basic infrastructure that plays important role in economic development of the area. Raigad Zilla Parishad during the study period has undertaken road works that increased at the minimal growth rate of 3 percent per annum. Out of which maintenance of roads (71%) was prominent than the construction of new roads (29%). This is an indicator of Raigad Zilla Parishad’s failure in construction of roads.

15. Irrigation facilities play an important role in agricultural development of the area. Raigad Zilla Parishad has not much succeeded in promoting irrigation capacity, which decreased at the 8% per annum. Likewise the growth in new wells constructed also has shown negative growth of 7%. Only its work in well maintenance is appreciable (6% CGR).

16. Raigad Zilla Parishad also undertakes some activities for the agricultural development. During our study period it has played a significant role in supplying agricultural inputs like seeds, chemical fertilizers, insecticides and pesticides, which have shown a significant growth.

17. Raigad Zilla Parishad also attempts for the development of animal husbandry in the area under its jurisdiction. During the study period this Zilla Parishad has played an important role in the development of animal husbandry on the fronts of organising workshop (12%), artificial insemination (31%), farmer camps (4%).

18. Raigad Zilla Parishad also attempts for educational development. However, it is revealed that this Zilla Parishad has not succeeded in achieving educational development. The number of pre-primary schools increased at only 2% CGR and its number of students rose at the rate of 6% only.

19. Raigad Zilla Parishad tries to supply drinking water as a social service through wells and taps. However, its performance on this ground is not much appreciable. The number of drinking water wells supplied by the Zilla Parishad increased at the low
rate of 4% only. Moreover, taps provided by the Zilla Parishad showed a negative growth of 20% per annum during the study period.

20. Raigad Zilla Parishad also attempts to provide public health and medical facilities for the people under its area. This shows comparatively the better performance. The number of medical staff increased at 12% per annum during the study period. During the same period the number of beneficiary villages rose at the marginal rate of 6%. The beneficiary population showed a considerable growth of 12%. Likewise, the number of cots, patients admitted, family planning instruments provided, doses provided have shown satisfactory picture.

21. Raigad Zilla Parishad also attempts for promoting social welfare through some of the activities. The total number of beneficiaries from social welfare schemes increased at the considerable rate of 9%. The number of students in Balwadies (3%) and construction of Samaj Mandir (15%) have shown considerable progress. However, students benefited from B. C. hostels has shown negative growth.

22. The study of role of Village Panchayats in Raigad district selected for the study reveals that they also attempts for socio-economic development of the area under their control. Under social development, Thal Village Panchayat has undertaken certain activities for its social development. It has failed in promoting educational development, but has succeeded in increasing number of drinking water wells (4%), number of lakes (8%), public toilets (15%). It could not play much role in economic development of its village.

23. Karav Village Panchayat has undertaken certain activities of social development, but we did not get its satisfactory picture with some exceptions. The number of public toilets has increased by 13%, number of employees increased by 12% and plantation and maintenance of trees by 26%. However, this
Panchayat has failed in promoting number of drinking water wells, street light polls, construction of ghats etc. This Panchayat has undertaken a meagre activity of economic development through supply of seeds and fertilizers.

24. Navade Village Panchayat has undertaken some social development activities, which shows good picture. The number of public toilets has increased at 14% rate. The new toilets constructed grew at 7% rate. The number of street light polls increased at 10% rate. The Panchayat employees increased at 10% rate during the study period. However, it has failed in increasing number of drinking water wells, trees, anganwadies, etc.

25. Patanus Village Panchayat has not undertaken much social development activities. The number of public toilets in its area increased at 32%. Number of new toilets constructed grew at 5%. The number of drinking water wells decreased at 1%, the number of lakes and Balwadies was constant. This Panchayat has not attempted much for its economic development. The number of co-operative institutions, fair price shops has increased marginally. However, minor canal work and cottage industries have shown a negative growth.

26. Golegani Village Panchayats has undertaken some social development activities. The number of maintenance of wells increased at 22%. However, the number of drinking water wells, lakes, public toilets, trees, maintenance of trees, streetlight new polls has remained constant. The efforts made by Golegani Village Panchayat are dismal. The construction of roads, number of co-operative institutions and number of fair price shops is either constant or decreased.

27. Vanaste Village Panchayat has undertaken some efforts to achieve social development of the area in its control. However, it has not succeeded much. The number of drinking water wells
was the constant at 4%, toilets 6%, employees 1%. It has not undertaken any economic development activity.

28. Nigadi Village Panchayat has undertaken some social development activities in the area under its jurisdiction. The number of drinking water wells increased at 4% rate. The number of public toilets increased at 16% rate. However, the number of lakes, streetlight polls, plantation and maintenance of trees, Balwadies and Panchayat employees is either constant or decreased during the study period. This Panchayat has not undertaken activities much for economic development. The number of co-operative institutions increased from 1 to 2 and the number of fair price shops was constant at only 2.

6.3 Important Suggestions

The present study has examined the role of rural local bodies in socio-economic development of Raigad district, and has identified certain problems relating to their fiscal operations as well as socio-economic development achieved by them. To deal with them the following suggestions could be useful.

1. The revenue base of Raigad Zilla Parishad should be increased by providing certain sources of revenue in the situation of increase in its duties and responsibilities by the 73rd amendment to the Indian Constitution.

2. Raigad Zilla Parishad should raise loans and advances from the nationalised banks and the state government to collect Capital Receipts, which will enable to undertake the long term socio-economic development activities.

3. Raigad Zilla Parishad in particular, and all Zilla Parishads in Maharashtra in general, should be permitted to revise the rates of taxes as well as Non-tax Revenue sources in accordance with the needs and requirements.
4. Raigad Zilla Parishad and other Zilla Parishads also get grants which are in lesser amounts and uncertain. Hence, the state government as well as the union government of India should devolve grants in significant amounts having provision of increase frequently and in accordance with the needs.

5. Raigad Zilla Parishad and others also be permitted to float bonds and debentures in the market to raise Capital Receipts.

6. It should be made obligatory to Zilla Parishads at least to spend 40% of Total Expenditure on Capital Account for development activities only.

7. Like social development the Zilla Parishads also should be made compulsory to undertake economic development activities in their jurisdiction that will promote rural development and economic development of the state as well as country as a whole.

8. Panchayat Samities in Raigad district and in the state of Maharashtra as well, are financially very much weak and they do not have their own revenue sources. Hence, the state government should assign some sources of Tax Revenue, Non-tax Revenue along with grants.

9. State government and union government should provide some assured grants to the Panchayat Samities by making their provision in budgets to enhance their resource base.

10. Panchayat Samities should also be allowed to raise Capital Receipts and Capital Expenditure to achieve long term development of the areas under their control.

11. Village Panchayats are financially very much weak. They should be permitted to revise the rates of taxes as well as Non-tax Revenue sources in accordance with their needs and requirements.
12. The amount of grants given by state government and union government should be increased, certain and regular for their financial stability.

13. Village Panchayats should be made compulsory to undertake some economic development activities to promote level of economic development at grass root level.

14. All rural local bodies namely Zilla Parishads, Panchayat Samities and Village Panchayats should be made compulsory to take precaution in supplying qualitative and adequate socio-economic services in the areas under their jurisdiction.

15. People's participation, especially of richer section and social and economic institutions through resource contribution should be promoted to promote socio-economic development in the rural areas.

16. Rural Development Fund should be created at both the state and national level by the state and union government to make dynamic the process of socio-economic development in rural areas.

17. Rural Development Institute should be setup at state level to study problems of socio-economic development in the rural areas and to give necessary recommendations to the state as well as local governments to deal with these problems.

18. Union Finance Commission should become more active in strengthening resource base of the rural local bodies.

19. State Finance Commission has become more or less defunct, which should be made active and contribute to the rural development through financial assistance and tackling rural development problems.

20. Planning Commission should directly participate in the socio-economic development of the rural areas to achieve overall economic development of the economy as a whole.
21. Socio-economic development projects on build, operative and transfer (BOT) basis should be permitted to the rural local bodies to promote the level of development but due precaution of injustice will not be done, should be taken.

6.4 Concluding Remarks

The present research study is an attempt to examine fiscal operations of rural local bodies in Raigad district with reference to the role in socio-economic development of the rural area. The study assesses the fiscal operations of Raigad Zilla Parishad, Panchayat Samities and Village Panchayats during the period from 1991-92 to 2010-11. The study also attempts to examine socio-economic development achieved by rural local bodies in Raigad district in physical terms. The study arrives at conclusion that all rural local bodies are financially weak, hence, they have failed in achieving socio-economic development to the extent required. Hence, it is urgent need of the hour to improve revenue base of these governments and also some desirable changes in their expenditure pattern. The present study tries to test the hypothesis by incorporating the analysis regarding it, and not by using statistical methods of testing of hypothesis. The hypothesis of the study is tested and also proved that rural local bodies in the Raigad district have not succeeded much in achieving the desirable socio-economic development of the area under their jurisdiction because of mainly weak financial base and financial constraints prominently.