CHAPTER - VII

CONCLUSIONS AND SUGGESTIONS
7.1 MAJOR CONCLUSIONS

Our study reveals following major conclusions.

1. The problem of deficit of Corporations is a State level problem. During the period under study (1980-81 to 1992-93) on an average 41 percent of the total Corporations in the State faced deficit. The poor performance of Non Tax Revenue sources led to fall short of required Total Revenue (on an average 22 percent share in Total Revenue during 1980-81 and 1997-98) and growing expenditure on the heads Public Health and Medical Facilities and Others increased Total Expenditure (36 and 40 percent) rapidly and helped in creating deficit problem in the State.

   There is not a definite trend of deficit Corporationswise in the State except the Corporation of Kolhapur, which faced deficit persistently (except 1994-95) during the period under study. The problem of deficit is serious for the Greater Bombay Corporation.

2. The problem of deficit is a backdated problem of the Kolhapur Municipal Corporation and not a recently originated. The growing demand for civic amenities and utility services from the citizens increased the responsibilities to be discharged by the Corporation increased rapidly its Total Expenditure, and limited but under exploited revenue sources with less buoyancy and significant dues led to inadequate revenue
collection became difficult to avoid and control the extent of deficit for the Corporation.

Kolhapur Municipal Corporation will face the problem of deficit for the future period of 20 years because Total Expenditure of the Corporation will be greater than the Total Revenue. The deficit will amount to Rs. 905.05 lakhs in 2004-05 and Rs. 1461.27 lakhs in 2019-20.

3. During the period under study, Total Revenue of the Kolhapur Municipal Corporation showed a rapid growth registering an increase of 11.50 times over the period and 14 percent Compound Growth Rate (CGR) per annum. The growing population of the city, development of residential and non residential properties within municipal limits, income earning activities initiated by the Corporation, development of trade and commerce helped to increase Total Revenue during the period under study.

Tax revenue is a major and definite source of revenue for the Corporation as a result, it heavily depends on Tax Revenue for its resource mobilisation which contributed in Total Revenue on an average by 63 percent throughout the period. Non Tax Revenue is the second important source of Total Revenue which shows considerable fluctuations indicating its uncertainty and indefiniteness with an average share worth 33 percent. After 1992-93 Non Tax Revenue shows a considerable growth. Debt Revenue as a source of Total Revenue of the Corporation has not played a much important role in revenue mobilisation but showed a fluctuating growth due to restricted
borrowing powers and repayment ability because of unsound financial position with only 4 percent average share.

4. Total Revenue of all Corporations in the State shows a tremendous and persistent growth (except 1986-87) during the period under study is the result of growing Total Revenue of all Corporations, Corporationwise. The growing responsibilities to be discharged and increasing demand for civic amenities and public utility services from the citizens made the Corporations to increase revenue mobilisation.

It is the Corporation of Greater Bombay, which contributed a major share (70.36%) in Total Revenue of all Corporations in the State after that the Corporations of Pune (6.10%), Pimpri-Chinchwad (5.20%) and Nagpur (4.96%) subscribed Total Revenue considerably. Kolhapur is a small Corporation with smaller share (1.47%) contribution in Total Revenue.

5. Tax Revenue of all Municipal Corporations in the State shows a tremendous growth of 13 fold over the period and a significant average percentage share in Total Revenue equal to 42 percent throughout the period under study. Pimpri-Chinchwad Municipal Corporation has collected larger Tax Revenue (70%) in the State followed by Pune (63%), Nagpur (55%), Bombay (55%).

Non Tax Revenue of all Corporations combined together in the States indicates a remarkable growth of 44 times over the period. After 1992-93 Non Tax Revenue has increased significantly due to their move to exploit Non Tax Revenue sources. In respect of Non Tax Revenue collection the Corporation of Kolhapur showed better
performance with 32 percent average share in Total Revenue followed by Solapur with 24 percent and Pune with 23 percent.

Debt Revenue of all Corporations in the State shows moderate growth of 2 fold over the period with fluctuations indicating their restricted borrowing powers. Bombay Corporation has raised a major slice of Total Debt Revenue (30.05%) of all Corporations in the State followed by Nagpur (28%), Thane and Pune (14%) each.

In the Total Revenue of the KMC, Revenue Receipts play a vital role, which registered 13.70 percent CGR and 90 percent average share in Total Revenue indicating steady growth without any fall denotes certainty and regularity.

As far as Revenue Receipts collection of the Corporation is concerned, it mainly depends on Tax Revenue, which indicated 10 fold growth over the period and 70 percent average share in Total Revenue Receipts.

Tax is a major source and backbone of Tax Revenue as well as Total Revenue for the KMC. But the Tax and Rate structure available for this layer of government is inherited by certain drawbacks and deficiencies like limited taxes available, lack of full freedom to determine rates, absence of formula based devolution of tax proceed, leakage of revenue from State and Central government properties etc. which are greatly affecting resource mobilisation and thereby fiscal health.

The Corporation heavily depends upon taxes on trade for the collection of Tax revenue as well as Total Revenue, which contributed on an average by 80 percent in Tax Revenue of the Corporation.
After taxes on trade, property taxes have played a significant role in Tax Revenue collection of the Corporation with 19 percent average share.

Indirect Tax Revenue has contributed a prominent share in Tax Revenue collection as well as resource mobilisation of the Corporation with 81 percent and 51 percent average share respectively during the period under study. Octroi has played a vital role by contributing 79 percent and 45 percent average shares in Tax Revenue and Total Revenue collection of the Corporation. On the contrary, Direct Taxes shared only 19 and 12 percent average shares in Tax Revenue and Total Revenue.

Non Tax Revenue is the second important component of Revenue Receipts of the Corporation, which has played considerable but not satisfactory role in Revenue Receipts collection with 15 fold growth over the period and 30 percent share on an average. Donations and Contributions is a major source of Non Tax Revenue for the Corporation which contributed 54 percent average share in Aggregate Revenue from Non Tax sources followed by Others (22%), Municipal Properties (14%), Fees (7%), Fines and Penalties (1%). In Donations and Contributions as a source grants have contributed significantly.

7. Capital Receipts is an uncertain and irregular component of Total Revenue of the Corporation, which registered 17 percent CGR per annum, 17 fold growth over the period and 10 percent share on an average in Total Revenue during the period under study. But after 1991-92 they showed rapid rise.
Debt Revenue is the major source of Capital Receipts of the Corporation, which presented 5 fold growth over the period and 65 percent average share in Aggregate Capital Receipts, with heavy dependence on Open Market Borrowings (63.51%) followed by Own Fund (42%) and Others (15%).

8. Total Revenue shows a gradual and persistent growth of 1.65 fold for the coming two decades. The Corporation will heavily depend upon Tax Revenue to mobilise its Total Revenue with 60 percent average share and Non Tax Revenue with 37 percent share. Revenue Receipts will play a vital role in Total Revenue collection of the Corporation with 88 percent average share.

9. Total Expenditure of the Kolhapur Municipal Corporation shows a tremendous growth worth 13 fold over the period and 14 percent CGR per annum during the period under study which indicates the increased efforts and activities of the Corporation so as to provide civic amenities and public utility services for its citizens coupled with development of area within its jurisdiction.

10. Public Health and Medical Facilities is a major head of Total Expenditure of the Corporation, which contributed on an average 41 percent in Total Expenditure, followed by Others (28%), Public Education (15%), General Administration (13%) and Public Protection (3%) respectively during the period under our study.

11. Total Expenditure of all Corporations together in the State shows a significant growth of 11 fold during 1980-81 and 1997-98 as the result of increased activities and responsibilities they have been shouldering.
to provide for civic amenities and public utility services to the citizens and development of their jurisdictions.

In the Total Expenditure of Municipal Bodies in the State the Corporation of Greater Bombay stood first with highest contribution followed by Pune, Nagpur, Thane and Pimpri-Chinchwad with considerable shares.

As far as Corporationwise growth of Total Expenditure in the State is taken into account, Kolhapur Municipal Corporation ranks first with 9 fold growth, Pune and Solapur second with 7 times and Pimpri-Chinchwad third with 6 fold growth during the period under consideration.

12. The analysis of expenditure patterns of all Corporations reveals that they have given priority to provide Public Health and Medical Facilities followed by Others, Public Education, General Administration and Public Protection.

13. Revenue Expenditure of the Kolhapur Municipal Corporation reveals a persistently rising trend (except 1985-86), which registered 14 percent CGR per annum, 12 fold growth over the period and on an average 86 percent share in Total Expenditure during the period under study.

As far as the composition of Revenue Expenditure of the Corporation is concerned, it has given more importance to the major head Public Health and Medical Facilities due to its vital role in providing infrastructures and welfare promoting services as a result this head registered 39 percent average share in Total Revenue Expenditure and 17 fold growth over the period followed by Others (27%), Public
Education (17%), General Administration (14%) and Public Protection (3%) as major heads.

14. Capital Expenditure shows a significant growth during the period under study, which presented 12 percent CGR yearly and 20 fold growth over the period. But the proportion of Capital Expenditure to Total Expenditure was lower which remained at only 14 percent indicating smaller extent Capital Expenditure requiring activities undertaken by the Corporation than Revenue Expenditure requiring activities due to stringency of Capital Finance.

The Corporation has kept at minimum level the Capital Expenditure on General Administration (2%) which made it obligatory for the Corporation to derive full utilization of available capital assets and goods because of inadequate funds available for capital expenditure. The Corporation has paid more attention to direct financial resources in increased Quantum towards major heads like Public Health and Medical Facilities (58%) and Miscellaneous Items (34%). The major heads Public Education (2%) and Public Protection (4%) also received comparatively smaller share of Aggregate Capital Expenditure during the same period.

15. The Corporation has incurred expenditure in huge amount to provide various services and civic amenities like fire fighting, street lighting, health and medical, public education, water supply, urban transport and others as a result, they show significant growth. But the application of different norms, indicators, criteria of satisfactory standards suggested by various
committees, institutes, government then it is found that the amenities and services provided were inadequate.

16. During the period for coming two decades Total Expenditure of the Corporation will increase persistently showing two fold growth. The relative importance of Public Health and Medical Facilities as a major head (44%) will continue in future also followed by Others (30%), General Administration (14%), Public Education (8%) and Public Protection (4%). In future also, Revenue Expenditure will retain its prominent position (87%) in the Total Expenditure.

17. KMT as a public undertaking of the Corporation was setup to provide city transport facilities by creating monopoly in City transport system so as to achieve maximum welfare of society as a whole. The inefficient administration and motive of social welfare maximisation worked during the first decade as factors of disturbing its sound financial position. But the extent of unsoundness was comparatively lower. During the second decade under our study, the administration was not cautious about the unsound financial condition and political intervention along with rapidly developing parallel transport system within municipal limits more or less collapsed the KMT.

Our study honestly endeavours to analyse the finances of all Corporations in the Maharashtra State with focus on the finances of Kolhapur Municipal Corporation (KMC) and tries to fill up the gap in the study of local finance especially urban finance in Public Finance branch of Economics as mentioned earlier in the review of literature. This does not mean, there is lack of any scope in undertaking further research related to urban body finances
in general and our topic of the study in particular. In future research studies could be taken on the topics such as public utility services and civic amenities provided by the KMC and the development and improvement in living conditions of nearby villages and their people, Master Plan of the Kolhapur City and the finances of KMC, Protection of city environment and the finances of the Corporation, Post 74th Amendment finances of municipal Corporations and Councils in the Maharashtra State.

7.2 SUGGESTIONS

WAYS AND MEANS TO AUGMENT FINANCES OF KMC AND OTHER SUGGESTIONS

The review of finances of Kolhapur Municipal Corporation during the period from 1980-81 to 1999-2000, covering a period of 20 years, clearly reveals that the Corporation is in severe financial crisis. The extent of inadequacy of resources as indicated by the magnitude of deficit of the Corporation is rising. Hence, the augmentation of financial resources by the Corporation is a master key so as to correct the fiscal imbalance. This will also facilitate the Corporation to undertake increased functions and responsibilities efficiently and providing for adequate and Qualitative Public utility services and civic amenities for the citizens as well as development of area it represents.

The suggested measures to augment financial resources for the Kolhapur Municipal Corporation are as follows:

A) MEASURES TO INCREASE TAX REVENUE

Tax revenue is the major, dominating component and definite source of Total Revenue for the Corporation. Therefore, revision of rates and broadening of base of the existing taxes along with introduction of new taxes will
promote volume of tax revenue and will be a definite source of revenue to the Corporation. Following are the new avenues of tax revenue.

1) ADULT CITIZEN TAX

An individual above 18 years should be taxed at nominal rates. The nature of this tax should be just like toll tax, its rate can be changed taking into account staying locality, nature of occupation, permanent or temporary staying etc. and should be collected as he or she stays within the jurisdiction of the Corporation temporary or permanently. This will give broad based tax to the Corporation.

2) FLOATING POPULATION TAX

Kolhapur is a famous educationally, industrially, socially and culturally developed city, district place having many offices, developed trade and commerce, tourist and holy place with in and around spots of temples and tourism, a railway station coupled with bus stands. Consequently, to a greater extent the floating population comes to Kolhapur and derives the benefits of public utility services and civic amenities provided by the Corporation. Hence, the floating population over 18 years should be taxed like toll, which will be a broad based tax.

3) LOCAL TAX ON ELECTRICITY CONSUMPTION

In modern days electricity has become the fundamental necessity of the people. As a result, we see electricity connections in each and every house. Therefore, the Corporation should levy local tax on electricity consumption, which will be a broad based and productive tax. It can be imposed at different
rates, taking into account the nature of use of electricity, type of building etc. The tax is being imposed by the Delhi Corporation.

4) PILGRIM/FAIR TAX

The fairs are arranged in the Kolhapur city as well as adjoining villages like Panhala, Jotiba, Vishalgad and others, for which the Corporation makes special arrangements like transport facilities, water supply, urinals and latrines. They put pressure on the various facilities and services provided by the Corporation. Therefore, the Corporation should impose pilgrim tax on the people gathered for pilgrims.

5) NUISANCE TAX

Now-a-days, noise or sound and air pollution have become greater environmental problems of the city due to their active role in environmental pollution of Kolhapur. All types of vehicles like two wheelers, auto rickshaws, cars, jeeps, buses, trucks and others as well as industrial units within the city, external or other vehicles, and individuals, organisations, parties, and others responsible for such pollution should bring into the net of this tax. It can be imposed at differentiated rates considering the extent of pollution made by the responsible factors.

6) TAX ON TELEPHONE AND WATER BILLS

Water is the basic need of human beings as a result, it has always inelastic demand. The Corporation should levy tax on the water bills of the citizens. It can be levied at different rates taking into account the purpose of water use, i.e. domestic, industrial and commercial. Likewise, as the part of growing need and urgency of quick communication due to dynamic world,
telephonic service has become common and necessary. Therefore, we see a telephonic connection in almost every house and in greater number public telephone booths. The Corporation should impose tax on telephone bills at differentiated rates considering the nature of use. It will be productive and broad based tax to the Corporation.

7) **FUEL TAX/TAX ON PETROLEUM PRODUCTS**

The increasing need for transport and communication facility has significantly pushed up demand for different category vehicles. Consequently, demand for petroleum products shows a persistently rising trend. Likewise, the LPG is a popular and more or less unique energy source for cooking purpose. Hence, the Corporation should bring the petroleum products into the net of this tax, which will be productive, broad based and buoyant.

8) **VACANT LAND TAX**

At present the ratable value of vacant land is calculated taking into account very low per square feet value, as a result, the owners of such lands leads to bear very less tax burden. Consequently, this has led to investment in plots as a source of earning increased returns converting black money into white. This type of land should be taxed heavily to control speculation of land, investment of black money and increase of revenue yields, which is being imposed by the Corporations of Delhi, Calcutta and Mumbai.

9) **TAX ON SALE AND TRANSFER OF VEHICLES**

The recent statistical information shows that, there are in all 60,000 vehicles of all kinds in the city, out of which about 45,000 are registered. The number of purchasing new vehicles shows a rapid and persistent rising
trend in the city due to more or less necessity of vehicles and part and parcel of urban man. Therefore, the Corporation should levy tax on sale and transfer of vehicles, which will be productive, broad based and buoyant tax for the Corporation with its nature just like toll.

10) VALORIZATION TAX

This tax is being levied in Colombia (Latin America). Valorization is basically concerned with recovery of project costs. The work of Improving City Water Supply Scheme Stage First Part One is in progress. It will be completed in a few months. This has placed burden of debt and interest payments on the Corporation significantly. Therefore, it is the proper timing that Valorization tax should be imposed on those people who will be benefited by this scheme.

11) BETTERMENT LEVY

This tax is imposed to recover the rise in land values resulting from the implementation of urban infrastructure projects on the beneficiaries. It is an appropriate tax the Corporation should levy at higher rates in those localities wherein the land values are higher like Tarabai Park, Nagala Park, Shivaji Park, Rajarampuri etc.

12) TRANSPORT BENEFIT TAX

The Corporation runs transport undertaking namely KMT. No doubt, the people from the city as well as suburbs like Kasba Bawada, Kadamwadi, Bhosalewadi, Sane Guruji Vasahat and nearby villages like Morewadi, R. K. Nagar (Pachgaon), Gandhinagar etc. are more benefited. The Corporation should impose Transport Benefit Tax on those benefited by the city transport facilities.
13) CABLE TAX

It is found that Kolhapur city has been inter-woven by cable network. More or less we see cable entertain facility housewise in the city. The Corporation should levy cable tax on those engaged in providing cable facility as well as consumers who are actual beneficiaries, which is a new tax avenue.

14) ENTRY TAX

In modern days, Kolhapur has become one of the developed cities in respect of education, trade and commerce, industry, sports and others. It is a city having efficient and increased railway, S.T., private transport facilities and the national highway (Pune Bangalore road) goes near by the city. As a result, the number of vehicles passing through the city has been increasing day by day. The Corporation should impose entry tax on these vehicles, excluding two wheelers, passing through the city, which at present is being imposed in Madhya Pradesh.

15) WATER PURIFICATION TAX

The run offs from agriculture with contents of insecticides, pesticides, chemical fertilizers and others mix in the river water leads to pollution of Panchganga river and thereby polluted water supply to the city. Likewise, nearby sugar factories also contribute to the pollution of river water. The Corporation should levy Water Purification Tax on those landlords and sugar factories responsible for water pollution.
16) **LOCAL BUSINESS TAX**

Octroi has shown its dominant position in the Tax as well as Total Revenue of the Corporation. Based on the wholesale business activities undertaken by the businessmen, the Corporation should levy local business tax only on the wholesalers, which will give considerable amount of revenue which is being practised in Philippines.

17) **TAX ON CYBER CAFE**

In recent days, we see the growing number of Cyber Cafe Centres in the city. The response of the students, teacher community and others to them is considerable one. Likewise, the fees or charges charged are no doubt higher. Therefore, the Corporation should impose tax on Cyber Cafes in the City.

18) **TAX ON COMPUTER INSTITUTES**

Kolhapur is always dynamic and ready to accept modern changes, as a result, we see increasing number of computer institutes engaged in imparting knowledge of information technology by introducing a variety of certificate and diploma courses at higher fees. The Corporation should bring these institutes into the net of this tax.

19) **TOURIST SPOT TAX**

Kolhapur is a tourist place having tourist spots like Rankala Lake, Shalini Palace, New Palace, Jayprabha and Shalini Cinetone Studios, Mahalaxmi Temple, Old Palace, Shivaji University, Hutatma Park Garden, Sugar Factory, Water Works etc. The significant number of people visit these spots. The Corporation should levy them this tax.
20) PRIVATE CLASSES TAX

No doubt, Kolhapur is a educational centre equipped with variety of educational facilities. As a result, the number of Private Coaching Classes shows a increasing trend with some hostel facility coupled with due response of the students. The Corporation should levy this tax which will give considerable revenue and will regulate and control the Private Classes as a urban local government.

21) SPORTS TAX

Kolhapur is famous for sports. A variety of sports are played and the tournaments are arranged of the cricket, football,, wrestling, kabbaddi, kho-kho, basket ball, tennis, etc. in the stadiums and halls with tickets. The Corporation can levy sports tax on the arrangers as well as audience, which will give a definite amount of revenue.

22) POPULATION TAX

The Corporation makes population census after every 10 years, undertakes assessment of properties after each five years and also keeps birth-death records of the city. It is a fact that population growth has become an obstacle in the development of India. Hence, to control population growth, the Corporation should tax heavily those families having children more than two as population tax.

23) TAX ON BANKS AND FINANCIAL INSTITUTIONS

The rapid and all-round development of Kolhapur City has been flourished the development of banks and financial institutions in remarkable number. They are having significant financial transactions or turn over.
The Corporation should levy them, which will be a new avenue of tax revenue to the Corporation.

24) TAX ON HOTELS, LODGE AND PERMIT ROOMS

Kolhapur has developed hotel industry. Therefore, we see decent lodge, big hotels and permit rooms and their owners are from rich family as well as the visitors or consumers also represent rich section of the population. The Corporation should levy tax on hotels, lodge and permit rooms as a urban local government.

25) TAX ON PROFESSIONERS LIKE DOCTORS, ENGINEERS, ARCHITECTS, BUILDERS, CONTRACTORS

Doctors, Engineers, Architects, Builders, Contractors earn plenty of money by deriving the benefits of the utility services and amenities provided by the Corporation. Therefore, they should be taxed.

B) NON TAX REVENUE SOURCES

The analysis of Revenue Receipts of the Corporation reveals that the relative contribution of Non Tax Revenue in the Aggregate Revenue Receipts is insignificant. It is the need of modern days to promote the relative importance of Non Tax Revenue sources in the Total Revenue Receipts with the help of the sources such as -

1) USER CHARGES

It is the proper time to apply the theory of user charges to some services and facilities provided by the Corporation. According to Richard Bird, "User Charge is the amount of money per unit of goods or services produced or provided by the government which is collected from the recipient." Theory
of user charges can be applied to those services linked to individual users. The subsidies to target population or poor people can be extended or offered. The services for which theory of user charges can be applied to provided by the Corporation are water supply, urban transportation, public housing, sewerage etc.

2) COMMERCIAL COMPLEXES

The Corporation has constructed a few commercial complexes especially in the heart of the City. But still, it has significant scope to construct complexes more specifically in suburbs like Kasaba Bawada, Kadamwadi, Jaragnagar, Subhash Nagar, Sane Guruji Vasahat, Phulewadi etc. It can construct complexes individually or get constructed from the builders on the basis of area or plot development on its own land.

3) OFFICE BUILDINGS/BLOCKS

Kolhapur as a City is developing rapidly and allround. As a result, the offices of Central, State governments, banks, as well as private sector show a rising number. But it has become difficult to get adequate and appropriate office blocks in the City. In such a situation, it will be beneficial to construct office blocks and lease out which will work as income earning source for the Corporation.

4) STUDENTS AND WORKING MENS HOSTELS

Kolhapur is educationally developed City having a variety of educational institutions and University. As a result, the residence of student as well as teacher community is significant one. Likewise, due to offices of the Central, State governments, banks and financial and other institutions the number
of employees staying in the City is considerable one. But, to get accommodation for them in the city is rather difficult. Hence, the Corporation should make provision of students and working mens hostels as a source of Non Tax Revenue.

5) PARKING LOTS

Due to rapid development of the City and growing number of all kinds of vehicles, their parking has become an acute problem. The Corporation should create parking lots on "Pay and Park" basis at those places where vehicles are crowded, like S.T. Stand, Railway Station, Rankala Tower, Mahalaxmi Temple, Mahadwar Road, Educational Institutions and Offices etc. which will offer receipts in considerable amount.

6) CANTEENS AND HOTELS

The Corporation should construct Canteen and Hotel blocks at public places like Colleges, Cinema theatres, S. T. Stand and Railway Station, Rankala Tower, Stadiums, University Campus, Public Parks and Gardens etc. which will give considerable amount of revenue to the Corporation.

7) DEVELOPMENT OF FISHERY/PISCICULTURE

Kolhapur City has natural lakes like Rankala, Rajaram, Kotitirth, Residency, Kalamba in which fish breeding and development of fishery occupation can be developed by the Corporation or on lease out basis. This will give certain amount of revenue to the Corporation and will be a source of Non Tax Revenue.
8) SITES FOR ADVERTISEMENTS

The Modern Age is the age of advertisement more or less each and every commodity is advertised, and a lot of money is spent. The Corporation should create advertisement sites like wall spots, boards, provision of electronic advertisement facility, municipal vehicles, public places etc. with the help of which it can collect a certain amount of revenue.

9) PROFESSION FEES

We see a large number of traders, merchants, sellers, retailer who sell a variety of goods like ready-mades, grocery, stationery, fruits, vegetables etc. on both the sides of roads and some public places like Railway Gate etc. No doubt, their sale of goods is considerable one. Therefore, the Corporation should collect profession fees from them based on sound footing.

10) SALE OF LAND

The Corporation has possessed some vacant land or plots. It should give priority to utilise its reserved land for the development of commercial complexes, official blocks, hostels, hotels etc. But the land not suitable for the above said purposes should be sold out for housing or other purposes, which will give a definite amount of fund to the Corporation.

11) PENALTIES ON POLLUTION

The Corporation should collect pollution penalties from all those responsible for air, sound and water pollution of the City, which are not covered under nuisance tax. For example, use of plastic bags, proper management of waste and sewage water, solid waste etc.
12) CONTRIBUTIONS FROM AFFLUENT CITIZENS

No doubt, we see some affluent population in the City, especially in the areas like Tarabai Park, Shivaji Park, Ruikar Colony, Nagala Park etc. They are industrialists, businessmen, professionals etc. and they will definitely contribute to the revenue of the Corporation. But, the proper appeal to this category people from the Corporation is needed.

13) FOREIGN AID FROM COUNTRIES

The foreign countries like Denmark, Germany and U.S.A. extend financial aid for the urban development. The Corporation should also try to get such assistance which will be a source of Non Tax Revenue for it.

14) DONOR INSTITUTIONS

Certain heritage buildings, maintenance of gardens, traffic islands etc. can be given to donor institutions who will take the responsibility of maintenance and under their 'name'. Kolhapur has many co-operative institutions who can take up this initiate.

C) GRANTS IN AID

Grants in aid play a vital role in the resource mobilization of the local bodies in general and urban local bodies in particular. The financial assistance in terms of grants does not disturb fiscal autonomy of the ULBs, because their problem is not of fiscal autonomy as far as the proportion of Own Revenue to Total Revenue is concerned. But their problem is of inadequate revenue or resources compared to expenditure.
It is a fact that the ULBs in the State get financial assistance in the form of grants in aid is indefinite, uncertain, lack of formula based, and inadequate. Only Agriculture and Non-Agriculture grant is formula based and all others are irregular, uncertain and lack of formula based. Kolhapur Corporation received some grant for Capital Expenditure purposes. The first State Finance Commission report and the Action Report of the State government also have not made any efforts so as to make them formula based as well as to bring about regularity, adequacy and certainty. But the 74th Constitutional Amendment has assigned some additional responsibilities to this layer government.

On this background, it is the need of time to bring about reforms in the grants in aid of the ULBs. The grants to this layer government should be formula based, adequate in comparison with their expenditure, regular and certain. Taking into account Total Expenditure and Revenue of ULBs the State government should contribute 20 percent share of Total Expenditure in the form of grants in aid and full freedom to utilize the grants for revenue as well as Capital expenditure purposes. But, the State government should supervise and audit grant utilization and release grants in two equal instalments in a year by making provision through placing demand before Union Finance Commission from the Central government. In exceptional cases, the State government can increase the share of grants in Total Expenditure in the situation of natural calamities like flood, cyclone, earthquake etc. The Central government can release grants to the ULBs for its sponsored various schemes. The review of finances of the ULBs after every five years in the State will change (either increase or decrease) the proportion of grant revenue in the Total Revenue. At present, Kolhapur Corporation is in urgent need of increased in contribution of grants in the Total Revenue.
D) SHARED REVENUE

The existing structure of shared revenue from the State government to ULBs in general and Kolhapur Corporation in particular shows that, the government releases shared revenue in the form of only rebate on Maharashtra Education Tax, Residency Tax and Employment Guarantee Tax for their collection, which forms below 5 percent of collections. Besides, there is lack of regularity in extending such a shared revenue. Likewise, the State government releases the part of revenue collected from Entertainment Tax and Profession Tax in the form of grant.

As far as reforms in the shared revenue is concerned, the State government should hand over the above said three taxes i.e. Maharashtra Education tax, Residency Tax and Employment Guarantee Tax to the ULBs, which are convenient for them and they will make more productive.

E) DEBT REVENUE

Debt Revenue is a major source of Capital Receipts of the ULBs in general and Kolhapur Corporation in particular. It plays a vital role in capital expenditure requiring activities and thereby promotion of capacity, productivity and efficiency of public utility services and civic amenities provided by them. But, to raise adequate debt revenue is a major problem especially before the Corporation. Besides this, the Corporation has heavily depended on Open Market Borrowings (OMBs) i.e. Debenture loan, during the period under our study. The analysis reveals that, it is urgent need to search new sources or alternatives so as to raise debt revenue for the Corporation. They are -
1) **ISSUE OF MUNICIPAL BONDS**

The Corporation should float municipal bonds in the State of any category the general obligation bonds, municipal revenue bonds, pollution control revenue bonds, water bonds, etc. It is the Ahmedabad Municipal Corporation in the country which has issued municipal bonds so as to collect its debt revenue.

2) **LOANS FROM NATIONALISED BANKS**

There are many nationalised commercial banks with their branches in the Kolhapur City. The Corporation should raise debt revenue from the nationalised banks like Bank of India, State Bank of India, Corporation Bank and others, which will reduce its over dependence on a unique source.

3) **LOANS FROM FINANCIAL CORPORATIONS**

The financial corporations like CIDCO, HUDCO, LIC, GIC and others extend loans to ULBs, especially for the development of infrastructures. The Corporation should take loans from such financial Corporations. The CIDCO has extended financial assistance for the development of Mankhurd-Belapur Commuter Railway Project.

4) **LOCAL BANKS**

There are a few local banks like Maratha Bank, Ratnakar Bank, United Western Bank and others located in the City. They are having good financial position. As the part of social consciousness and responsibility they extend loans for local development, which can be tapped by the Corporation.
5) ESTABLISHMENT OF DIFFERENT FUNDS

The State government should setup different funds like Municipal Development Fund, Regional infrastructure development fund, social development fund, Local Government Infrastructure Fund, Municipal Finance Board etc. with the initiatives of the private and corporate sector, which will be a source of debt revenue for ULBs in general and Kolhapur Corporation in particular.

6) EXTERNAL DEBT

Since the setup, the Corporation has not raised any amount of external debt in mobilising its debt revenue. The international institutions like IMF, ADB, IBRD etc. extend debt finance for urban development. The Municipal Corporation of Kalyan in the State and for Madras urban development project the World Bank has extended financial assistance.

F) PRIVATE PARTICIPATION IN URBAN DEVELOPMENT

It is the global phenomenon to introduce private participation in the development of countries from bottom to top by reducing the role of public sector wherever necessary and possible and increasing the participation of the private sector in the economy. In a few thirst areas in urban areas or sector the experiment of private participation is found in the world just like the street lights, roads, garbage collection, water works, sewerage system, waste water, solid waste management, transport, sanitation, electricity, telecommunications, land development, toilet complexes, urban infrastructure etc. The 'BOOT' (Build, Own, Operate and Transfer), 'BOO' (Build, Own and Operate) are the major forms of private participation in urban development.
The countries who have introduced private participation in urban development are Philippines, Indonesia, China, Pakistan, Bangladesh, Fiji, Malaysia and others. India is also not behind in this process. The Kolhapur Corporation has also accepted the importance of urban development through participation of private sector. Recently, it has completed the main road entering the City on the 'BOOT' basis. But, still it has scope to introduce private participation in urban development without disturbing the level of social welfare.

The Corporation can introduce private participation for construction of main roads, garbage collection, waste and sewage water management, solid waste management, urban transport, flying bridges, land development, drainage based on the principle of 'BOO' or 'BOOT'.

G) PARTICIPATION OF NGO'S IN URBAN DEVELOPMENT

Dr. Bindeshwar Pathak has setup "Sulabh International Social Service Organization" a NGO engaged in constructing and maintaining public latrines, baths and urinals (toilets) on behalf of the municipalities throughout India and in the neighbouring countries. It has started toilet-cum-bath complexes on a "Pay and Use" basis in the metropolitan cities of Delhi, Calcutta, Madras and Bombay. Sulabh has converted these toilets into centres of social services, providing telephones, medicare and help in sanitation and family welfare. The Corporation should also introduce the participation of Sulabh International for construction and maintenance of public latrines and urinals which are inadequate and dirty in nature on pay and use basis by taking due care of poor section of population.

Like Sulabh International, there are some NGO's engaged in the activity of environment protection and pollution control, they should participate in environment protection, pollution control, spread of environmental education,
cleaning of city, collection of wastes, proper and full utilization of services and facilities provided by the Corporation, spread of knowledge and information about pollution, tree plantation, population control and family welfare, food adulteration, pulse polio and Hepatitis immunization, consciousness about AIDS, registration of births and deaths and others. The social organisations, sports clubs, social institutions and others can work as NGO's and participate actively in the development of the City.

H) AUTONOMY TO FIX RATES AND CHARGES

The study of Revenue aspect of the Corporation reveals that, it has no full freedom to determine the rates of taxes, utility services like water supply and urban transport and charges of other services and facilities provided. To solve the problem of inadequate resources of the ULBs in general and the Corporation in particular should be given full freedom to fix the rates, charges and user charges. The representatives and the general public will work as 'Watchdog' on the rates policy of this layer government and the State government through annual audits.

J) PROPERTY TAX REFORMS

Property tax is the pillar of Tax Revenue of the ULBs in general and the Corporation in particular, because the number of property taxes in the municipal taxation is higher with considerable revenue share. But, they are rigid, inelastic, less productive and less buoyant due to their inherent drawbacks. It is urgent need of the time to introduce reforms in it to promote revenue yields and augmentation of resources in the light of following direction.

1. The assessment of properties should be after every three years.
2. There should be an appointment of independent assessment authority not less than the cadre of IAS Officer temporary on deputation supported by other staff for proper assessment of properties.

3. Non intervention of the representatives should be obligatory in the assessment of properties.

4. The Corporation should adopt area wise method of rental value assessment by considering the locality of property, type of construction, carpet area, nature of use, infrastructural facilities available, supply of civic amenities and other facilities.

5. To escape from Rent Control Act as to avoid leakages to revenue from property taxes the Corporation should determine reasonable rent of such properties to reach to the rental value.

6. The Corporation should determine higher per square feet rental value of those properties of RCC, located on the main roads, used for commercial purposes, located near educational institutions, medical institutions, banks, postal services, telephone services, located in the localities like Tarabai Park, Shivaji Park, New Rajarampuri and others and vice-versa.

7. The Corporation should maintain highest possible efficiency in assessment as well as collection of property tax liabilities from the citizens as a result the extent of dues will reach to nil or zero percent.

8. The leakages to property tax revenue due to exemptions and remissions given to the State and Central governments should be stopped except the poor people.
9. It is the sole responsibility of the Corporation to supply all necessary information to the citizens regarding their property tax and other liabilities.

10. The representatives or Corporators should extend due co-operation and assistance to the municipal administrative staff in the assessment, imposition and collection of tax liabilities.

J) DUE POWERS REGARDING COLLECTION OF TAX AND OTHER LIABILITIES

It is a fact that the Corporation does not have due powers regarding punishment and penalties to the defaulters of tax and other liabilities especially rich class people and purposeful defaulters. A very negligible amount is collected as penalty and not a single example of auction or sale of property is seen or happened since the setup of the Corporation. The State government should devolve such powers to the ULBs, as a result, it will be easy and practical for them to collect tax and other liabilities from the people.

K) STATE CONTROL OVER THE ULBS

Eventhough the ULBs should be given due autonomy. But, this does not mean they should be free from any kind of control and supervision over them. The State government should be always at top of the local bodies, rural as well as urban. It will act as apex government body in the State. It should have due control over the working of sub regional governments, whereby they will not derive undue benefits of freedom from the people in the form of over taxing and other charges collection. The people can complaint against such lower level government to the State government and can get justice.
L) DEVELOPING CIVIC SENSE

The financial health of the ULBs in India needs reshape. Financial situation necessitates a growing awareness among citizens, policy makers, Corporators that public services and amenities will henceforth not come free and beneficiaries will have to pay some user charges having ability to pay. Such a 'Civic Sense' has to be developed so that all concerned are aware of the financial necessity of such sense. Hence the local leaders, local press, local political leaders, academicians etc. can play a major part in developing this 'Civic Sense'.

M) ECONOMY IN PUBLIC EXPENDITURE

Besides the augmentation of financial resources the Corporation should also endeavour to enforce economy in its Public Expenditure wherever necessary and possible. The reduction in expenditure on those civic amenities and utility services of excessive supply and mere duplication like education, dispensaries, urban transport, loans and advances to servants for festivals, purchase of vehicles, housing etc. and should also attempt to cutdown unnecessary expenditure on administration, representatives, elections and others wherever possible.