CHAPTER 7

FINDINGS AND SUGGESTIONS
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Findings:

The main findings based on evaluation and analysis of financial management in Sangli and Aurangabad Zilla Parishads are presented below

1) Before, independence, local governments were under the control of rich people like Money lenders and shahukers. Hence, the growth and development of the PRIS in India and Maharashtra has been not satisfactory.

After independence, government of state and central level revised the policies on PRIS appointing several committees. These committees made creative recommendations. Governments implemented some of these recommendations because, state and central governments were interested in “keep power in our hands”. This kind of attitude of central and state governments lead to many rural Socio-Economic problems. Still then, the growth and development of the PRIS in India and Maharashtra has been satisfactory.

2) The self-raised sources are limited in the Sangli and Aurangabad Zilla Parishads. The percentage contribution of self-raised sources to total receipts was not more than 4 percent in both these Zilla Parishads and there is no possibility of any substantial increase in the same.
3) The government grants are the most dominating sources of the Zilla Parishad. They form the major portion of the income of the Zilla Parishads, and the reduce flexibility of the finances as they are all tied grants. The percentage of government grants to total receipts comes between 40 to 60 percent during the study period (See Table 6.3). The grants are tied and they are sent to the Zilla Parishad along with a detailed breakup, item wise and department wise. The details showing provisions form state budget for any financial year proposed to be transferred to Zilla Parishad is printed along with the state budget sent to the Zilla Parishad. This breakup of each grant gives no choice to the Zilla Parishads accept to utilise the same as per the directions, only during the said financial year. Thus, each grant is earmarked.

4) The loans and advances etc. add to the financial source of Zilla Parishad’s income. The Table 6.4 indicates that the percentage of debts source to total receipts comes about 37 to 54 percent during the period from 1988-89 to 1997-98 in both these Zilla Parishads.

5) Total Receipts of the Sangli Zilla Parishad was more than that the Aurangabad Zilla Parishad during the study period (See Table 6.5)

6) Expenditure on administration is increased tremendously in Sangli and Aurangabad Zilla Parishads. The amount of administration expenditure
is found that it has overall rising tendency due to the following main causes.

i) The pay and allowances are revised upward from time to time.

ii) Annual increments are imparted to the employees of the Zilla Parishad.

ii) Increase in the price of furniture, stationery and other required articles.

iii) Total staff was increased during the study period:

<table>
<thead>
<tr>
<th>Year</th>
<th>1988-89</th>
<th>1997-98</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sangli Zilla Parishad</td>
<td>6235</td>
<td>10,756</td>
</tr>
<tr>
<td>Aurangabad Zilla Parishad</td>
<td>7270</td>
<td>11,087</td>
</tr>
</tbody>
</table>

iv) The pension, gratuity and provident fund schemes are made available for the Zilla Parishad employees and the pension rates are revised upward from time to time.

7) Expenditure on education is increased by 244.38 percent in Sangli Zilla Parishad and 317.46 percent in Aurangabad Zilla Parishad during the study period. The average percentage of education expenditure to total expenditure comes to 24 percent in Sangli and 28 percent in Aurangabad Zilla Parishad (Table No. 6.7). It has made considerable progress in the spread of education in the rural areas, as is obvious from
the growth in literacy, number of school-going children and also the number of educational institutions (Table 5.16, 17, 18, 33, 34). The following factors have been contributed to the rise in the education expenditure during the period under study.

i) Many new primary and secondary schools were opened from time to time meet the needs of increasing populations.

ii) The number of teacher from primary and secondary schools increased from time to time, to meet the requirements of the increasing new schools as well as students strength.

iii) The rise in the prices of cement and other necessary materials, required for the construction of schools has also contributed to increase in the expenditure on education from time to time.

8) Expenditure on public works was increased tremendously. It has increased by 474.72 percent in Sangli and by 326.15 percent in Aurangabad Zilla Parishad during the study period.

   The Sangli Zilla Parishad has achieved considerable progress in construction of roads, percolation tanks and wells and pipe lines for drinking water in its area (Table No. 5.8, 9, 10). Likewise the Aurangabad Zilla Parishad has achieved remarkable progress in these fields (Table No. 5.25, 26, 27). Its percentage to total expenditure of
Zilla Parishads shows a fluctuating trend during ten years in both these Zilla Parishads (Table No. 4.6 & 4.14).

9) Expenditure on sanitation and public health has been increased by about 342 percent in the Sangli Zilla Parishad and 163 percent in the Aurangabad Zilla Parishad during the study period. The percentage of the aggregate expenditure on sanitation and public health to the total expenditure was not more than 7 percent in both these Zilla Parishads. It shows that very little amount spent on this heads during study period. In relation to public health, Aurangabad and Sangli Zilla Parishads have successfully implemented the various programmes given by the state government as well as central government (Table No. 5.11 to 5.15 and 5.29 to 5.32). It is noteworthy that, the Sangli Zilla Parishad is a gold-medal-winner for the family planning programme in the year 1982-83. As it is seen from table No. 4.7, its trend is fluctuating throughout the study period in Sangli Zilla Parishad and Table No. 4.15 does not show any clearcut tendency of this expenditure in Aurangabad Zilla Parishad.

10) Miscellaneous expenditure covers eight sub-items. Agriculture, animal-husbandry, forests, social welfare, community development, pensions, etc. In absolute terms the expenditure on above heads has been increased tremendously in Sangli and Aurangabad Zilla Parishads
during the study period. It is seen that the aggregate miscellaneous expenditure have increased by about 479 percent in Sangli Zilla Parishad and 580 percent in Aurangabad Zilla Parishad. The average percentage of aggregate miscellaneous expenditure to the total expenditure of the Sangli Zilla Parishad comes to 8.13 percent and 12.96 in Aurangabad Zilla Parishad. It shows that very little amount is spent on agriculture, animal husbandry, forests, social-welfare, community development, etc in both these Zilla Parishads.

11) The share of capital expenditure is remarkable in the total expenditure of the Sangli and Aurangabad Zilla Parishads during the study period. Also the capital expenditure has been increased tremendously in both Zilla Parishads. It is seen that the capital expenditure have increased by about 354 percent in Sangli Zilla Parishad and by about 314 percent in Aurangabad Zilla Parishad (Table No. 4.9 and 4.17). The average percentage of capital expenditure to total expenditure comes to about 45.86 percent in Sangli Zilla Parishad and 41 percent in Aurangabad Zilla Parishad. The trend of capital expenditure shows fluctuations and increasing during the study period from 1988-89 to 19997-98 in both these Zilla Parishads.
12) The Aurangabad Zilla Parishad has not done remarkable progress in Agricultural schemes as compared to the Sangli Zilla Parishad (see table 5.1 and 5.20, 5.21 and 5.30). The “Horticultural Development Schemes has not been implemented by the Aurangabad Zilla Parishad. But under this scheme 3,88,140 plants were distributed to the farmers by the Sangli Zilla Parishad (See Table No. 5.2)

13) The Aurangabad Zilla Parishad has provided more efficient service to the farmers for the development of their animals as compared to Sangli Zilla Parishad (See Table No. 5.7 and 5.24)

14) The Aurangabad Zilla Parishad has been more successful than the Sangli Zilla Parishad in construction of Roads (See Table No. 5.25 and 5.8). Also in the construction of percolation tanks, Aurangabad Zilla Parishad has been more successful during the study period (See Table No. 5.9 and 5.26). But these two Zilla Parishads have given equal importance to drinking water facilities in their districts.

15) The Sangli Zilla Parishad has done remarkable progress than the Aurangabad Zilla Parishad in relation to public health (See Table No. 5.11 and 5.29, 5.15 and 5.30, 5.12 and 5.31).

16) The Sangli and Aurangabad Zilla Parishad have given greater emphasis on primary and secondary level education during the study period (See
Table No. 5.16 and 5.33, 5.17 and 5.34). But Aurangabad Zilla Parishad has not implemented the programme of ‘Adult Education’.

17) The Sangli Zilla Parishad had provided hostel facility to the more students than Aurangabad Zilla Parishad, but in the Aurangabad Zilla Parishad, more students were benefited under the scheme of scholarship. The Aurangabad Zilla Parishad has constructed more ‘Gharkuls’ than the Sangli Zilla Parishad (See Table No. 5.19 and 5.35).

The above discussion indicate growth and functional relationship of different financial revenue sources which are available to Sangli and Aurangabad Zilla Parishad.

Thus, it can be concluded that relatively better management policy practice were followed by Sangli Zilla Parishad.

Suggestions:

On the basis of the findings and analysis some of the following suggestions would be useful for the effective management of the revenue and expenditure which would enhance the overall impact of the Zilla Parishads performance towards the Sangli and Aurangabad districts.

1) **Necessity of New Act:**

Taken into consideration the continental size of our country, its variations, its population and the hopes and aspirations and expectations of the people, the Government not only should divide the work in to
central and state level but also allow the district level to contribute in the
development-work. Therefore, After Indian Independence Local Self-
Government Institutions were modified and restructured according to
the recommendation of various committees. But the established ‘Power-
Politics’ handled the situations with tricks and tactics and never lost its
firm grip on these Institutions. Although they were compelled to form
the local Self-Government Institutions, they cannily used them as
their ‘agencies’ and never treated them as the real or Independent
Swaraj Sansthas. Also, Indian bureaucracy can create problems in
decentralising the power because there is a growing tendency among the
bureaucrats to work by pleasing their superiors. The disappearance of
the core interest “Socio economic change” from the scene of power
politics-may equally be responsible for creating obstacles in the process
of decentralisation. Therefore, by combining Bombay Village
Panchayats Act 1958; and the Maharashtra Zilla Parishads and
Panchayat Samitis Act, 1961 an independent and separate “Maharashtra
Panchayat Raj” Regulation Act should be formed.

2) **Implementation of new productive programmes:**

It is essential not only to decentralise “democracy” but also
‘economic factors’. Alongwith the agricultural development some
programmes related to rural services and rural small scale-Industries
should be implemented through Zilla Parishad. Every Zilla Parishad should prepare a long term development programmes including compulsory minimum schemes which could be treated as the core plan of the Zilla Parishad. The pattern of the development schemes and programmes need not be the same for all Zilla Parishads. It will depend on the potentialities as well as needs of the region.

The priorities should be given to those development programmes or schemes which will add to the revenues of the Zilla Parishad and also to those which will add to the earnings of the rural population in general. Such as construction of wells, small irrigation schemes, construction of roads, schools buildings should get priority over Mahila Mandal, Social Recreation Centres and Maternity Homes, in the Panchayat plans.

3) Simple Working Process:

In the functions of Zilla Parishad, most of human energy and enthusiasm is being lost in the things like more rules and complicated working processes such things are creating simply riddles. So, as far as possible, these rules and working processes must be simplified. And we have to create and develop some new traditions and techniques in the administration of Zilla Parishads.
4) **Training to Local Leaders:**

   The local leaders are energetic and enthusiastic. They want to do something creative and useful for the people. However, they should be given a kind of disciplined training so that they could manage 'economic transactions' properly in the Administration of Zilla Parishads.

5) **Augmenting the resources:**

   1) **Self-raised sources:**

   a) The broad base of the tax structure should remain as it is. But the number of compulsory taxes should be increased so as to add substantially to the income of Zilla Parishad. The tax on animals and carts at a nominal rate can fetch a good income of Zilla Parishad.

   b) The tax on purchase of sugarcane by sugar factories should be given statutory status. Since Maharashtra emerged as the greatest producer of sugarcane and sugar. This source will fetch immense revenue to the Zilla parishad.

   c) The properties in villages should be reassessed after every five years by the Zilla Parishad and tax rate should be fixed by them on the basis of the value of these properties.
d) The taxes may be collected by village level worker but one full time officer of the rank of class 11 should be appointed at panchayat samiti level to supervise, guide and help these village level workers.

e) A betterment levy should be imposed on individuals who derive individual benefit from the development schemes of Zilla Parishad or Government. Thus farmers who are benefited from percolation tanks, irrigation works, seed production programmes, and the like should be required to pay the levy individually. The amount should accrue to Zilla Parishad.

f) The present policy, regarding cess on land revenue source of income or fund of Zilla Parishad should be changed with a view to increase the self-raised sources of income. In this respect, the ceiling limit for cess should be increased form 200 paise to 300 paise per rupee of the land revenue. The Bongirwar Committee had, in fact recommended the raising the limit to 250 to 300 paise. The land revenue cess should be brought on the same level in Sangli and Aurangabad Zilla Parishads as well as in all the Zilla Parishads in the Maharashtra State.

II) **Government Grants:**

a) The revenue grant should be paid to the Zilla Parishads on 100 percent basis and the loss of Zilla Parishads should be made good by the state
government. Out of the land revenue grant thus paid to the gram Panchayat 25 percent, grant should be paid to Panchayat Samitis for working out its schemes at panchayat samitis level, for filling in gaps between the actual resources and absolute minimum resources of Zilla Parishads within its jurisdiction. This amount will have to be utilised for village uplift and the development schemes too, if the funds permit.

b) The state government should create a special reserve fund for each Zilla Parishad in the nature of an imprest amount for the transferred schemes. If this fund is lodged with the treasury then ways and means position of the state will not be seriously affected. This fund could be recouped from the grants as and when they arrive.

c) Government should not discontinue incentive grants. Researchers feel that it should be resumed and patterned on the basis of the resource mobilization by the Zilla Parishad.

d) Government should give a small saving matching grant to the Zilla Parishad. The Zilla Parishad should encourage its hundreds of employees to invest in various schemes of national saving organisation directly from their salaries under the ‘pay roll saving scheme’ and as an incentive to the Zilla Parishad. Government should give it a matching grant.
e) The present complicated accounting system in respect of government’s grants should be simplified. Delays in sanctioning and release of grants results in ‘March Expenditure Fever’ and reduces the budgetory process at the Zilla Parishad level to mere ritual. Administrative practices must be made efficient to avoid such delays.

f) The State Government should decide the criteria of constructing new buildings and keeping them in up-to-date conditions. It also should take into account the ever-changing prices of the material used and go into details and finally increase in the ‘purposive grants’.

g) Grants for ‘road and their repairation should be increased from 40% to 50% its necessity.

h) It would be better to increase the “Forest Revenue – Grants” of the districts in which majority of the land is covered by the forests. Of the total revenue, it should be increased from 7% to 15%.

i) The Zilla Parishads should have Rs.50/- per head for the development works. However, they should raise ¼ of the total amount through the taxes, and the remaining ¾ of it should be given as ‘development grants’ by the State Government. Such grants transferred to the Zilla Parishads should be termed as 'Development – Expenditure'. And the
State Government deserves the right to see whether such a grant is actually used for the proposed development or not.

III) Capital Receipts:

a) State Government should provide loan finance at the low rate of interest to Zilla Parishads for its capital expenditure on the condition that it must be utilized for productive activity for the development of rural areas.

b) The Zilla Parishad should be allowed to run remunerative enterprises like printing press, petrol pump and other productive activities which they must run on commercial principle and generate surplus for capital expenditure. So therefore, state government should provide loan finance for such enterprises. These enterprises have a large scope in view of the developing rural areas of the district.

c) The capital that is raised through various ways or schemes in a particular Zilla Parishad should be invested in that area only. Efforts should be made to increase the investment for the underdeveloped districts. The Panchayat Raj Institutions should establish an organisation “Local Swaraj financial corporation”. In order to meet the ever-growing need of ‘capital’ for the planned development-works in the districts.
6) Effective Planning and Controlling over expenditure

I) Administrative Expenditure:

The Zilla Parishad should minimise the travelling allowances of non-officials and officials.

II) Expenditure on Education:

a) The Zilla Parishad needs to make still more concrete efforts for the spread of education, in view of the findings that there were still so many ‘wadies’ without schools. Also it needs to be very sincere over its own expenditure on education by the Panchayat Samitis under its jurisdiction, so that the proportion of wasteful expenditure will be reduced to the minimum.

b) Today’s pattern of ‘Education for all’ has its own deformities. It is organised and administered by some private Institutes, Local self-government Institutions, Education Departments and Social Welfare Department. In order to remove the disparity, as far as ‘Education for all’ is concerned, it would be better to keep the matter in the hands of the Panchayat Raj Institutions. In addition to it, the Panchayat Raj Institutions should be responsible for imparting the education for ‘all-round-development’ of all.

Whatever may be the amount received from the government for Education, it must be spent only on the “Education for all” first. The
informal activities are as essential as the formal education. So the informal educational programmes like ‘eradication of illiteracy, Adult education, Lok-shikshan, i.e. social awareness, sports and cultural activities should be carried out. The Zilla Parishad should impart and control this formal and informal ‘Education for all’ in the district.

c) As 96 percent of the total amount on primary education is used as the ‘Salary-amount’ of the teachers, we can not get good facilities and teaching aids in our schools. Therefore, 25 percent of the total expenditure on primary education should be restricted to the ‘School-facilities’ which may facilitate the ‘Learning and Teaching process’.

III) Expenditure on Public Works:

The Zilla Parishad needs to expand its expenditure on road construction and road maintenance, build irrigation projects with a vital infrastructure of rural development. Also it needs to have strict control over its public works to avoid undue expenditure on them.

IV) Expenditure on Sanitation and Public Health:

The percentage of this expenditure to total expenditure has not more than 7 percent in the Sangli and Aurangabad Zilla Parishads (table no-6.8). The Zilla parishad needs to strive hard to cover all the towns and villages in their district with well water supply and pipe line water
supply. Expenditure on Medical and ayurved should be increased in view of the growing requirement of rural areas in the district. The average expenditure on public health needs to be increased in view of the situation obtaining in the rural areas of the district.

V) Miscellaneous Expenditure:

a) The Zilla Parishad needs to be highly careful that agricultural schemes are implemented honestly, benefits of which must be allowed to poor and marginal farmers. The Zilla Parishad should arrange agricultural demonstration for giving knowledge to farmers about new agro technique, skill, equipment, water management improved seeds. Therefore, it is needed that the Zilla Parishad should provide big amount for the development of agriculture and animal husbandry.

b) The ‘Irrigation-technique’ has not yet been properly used and developed in the most irrigated areas. As an adverse effect of it there is emerging the most horrible problem of the “Saline-Land”, especially in Sangli district. We have to irrigate our land by adopting new methods and techniques. The Zilla Parishad should use more amounts to solve agricultural problems of farmers and to enhance the agricultural development in their districts.
c) The Government should start processing of agricultural products on the co-operative basis in the Aurangabad Zilla Parishad area. Also the Government should provide "Capital" to the 'Cotton Mills' in the Aurangabad districts as per 1:9 formula. It will lead to the economic-development of the farmers.

VI) 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.

7) Setting up of new organs for better financial aid and financial control:

1) Panchayat Raj finance commission:

Panchayat Raj finance commission need to be established with the view of following purposes / objectives.
a) To study the financial sources of Zilla Parishad, its Panchayat Samitis and Gram Panchayats.

b) To find out the correlations between functions and finances of the Zilla Parishad.

c) To find out the new ways and means of self-raised sources to the Zilla Parishad and Gram Panchayat.

d) To give proper guidelines to the Zilla Parishad for allocation of funds.

II) Panchayat Raj finance corporation:

Panchayat Raj finance corporation may be established to provide loans to the Zilla Parishad, Panchayat Samitis and Gram Panchayats for their development programmes or public utility schemes. Its constitution should be worked out by the state government and it should work on the lines of other finance corporations.

III) Agricultural Research Institutes:

It is necessary to concentrate on the agricultural development. In India, there are many varieties of soil-particles, climatic conditions and crops. It is essential to know which crop grows better and yields better in a peculiar land form. With this view the Zilla Parishads should start the "Agricultural Research Institutes" in their districts.
8) **The simple and flexible accounting system:**

a) The Zilla Parishad needs a simple accounting system with broad categories of income and expenditure. All that is needed is to check whether each paisa is well accounted for and each item of expenditure is supported by proper sanction and proper voucher. This would add more flexibility in the utilisation of finances and might reduce the cases of misappropriation.

b) The funds flowing from various sources for the similar schemes should be pooled together and credited under one heading and the expenditure should also be debited under the same budget head. This will reduce the complexities arising out of maintaining separate accounts for the same scheme or programme.

c) At Zilla Parishad level instead of burdening the accounts branch with the maintenance of the account of departments, the departmental accounts should be entrusted to the concerned department. For this purpose one of the clerks attached to each department should be given account work.

d) Zilla Parishads should train the adequate number of staff in accounts work. The training courses may be started at Divisional
Commissionerate level by the state Government. It should also conduct the refresher courses of short duration for the benefit of accounts staff.

e) The C.A.F.O will continue to control the finance, and release the same to other heads of the departments on demand as per the budgeted allocations. The accounts of expenditure will be submitted periodically by the concerned department to the C.A.F.O. The C.A.F.O. should also be entrusted with the responsibility of co-ordinating accounts submitted by accounts clerks working in different departments.

Having seen the working and financial management of Zilla Parishad; it could be said that for further reinforcement of the efficient functioning the findings and suggestions listed above should be taken into consideration in the near future.