CHAPTER IX

FINDINGS REGARDING FINANCIAL ADMINISTRATION
OF JALGAON MUNICIPAL COUNCIL AND THEIR
CORRELATION WITH THE PARAMETERS
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CHAPTER IX

FINDINGS REGARDING FINANCIAL ADMINISTRATION
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9.1 Efficient Financial Administration

The Indian fiscal system has provided for the scheme of division of Government functions and financial administration among three levels of governance - Central, State and Local Governance. The Unified Operation of the financial administration at all these levels is necessary for the promotion of economic development and social justice.

In the words of Shri O.P. Sharma,

"... for a planned and effective operation of fiscal policy in a federal structure, it is necessary that an effective machinery of planning be erected at a national, regional and base levels so as to secure rapid economic growth. This is particularly important in an under-developed country like India which has adopted the technique of democratic planning for accelerating its pace of development."\(^1\)

The Indian fiscal system has provided on the basis of the theory of fiscal federalism the economic and financial rationale for the creation of multi-level governance in a federation, division of functions and financial resources
among the various levels of Government and the provision of various types of federal financial assistance to reduce the Union-State-Local financial imbalance - vertically as well as horizontally.

The Indian Constitution has provided for the unified pattern of State-Local Bodies financial relationship on the basis similar to the Centre-State financial relationship.

With the increasing role of Urban local bodies, the financial administration has become the challenging area which has a vital bearing on the fiscal policy as an instrument of economic growth and social justice.

The experience of Municipal Governance in India shows that operating under the various constraints - economic, social, political and constitutional - it does not adapt itself to the fiscal policy of Central and State Governments and consequently, the fiscal policy as a whole fails to be effectively and adequately geared to the broader goals of the society. History shows that our local government system has not been very effective, largely for the reasons of weak financial administration. At a time when there is a shift towards democratic decentralisation, the proper administration of local finance becomes all the more important.²

Financial administration relates to the sound system of generation, regulation and distribution of monetary resources needed for the smooth sustenance and growth of the Municipal
Governance. Sound administration depends on sound finance and sound finance depends on sound administration. The efficiency of the Municipal administration depends upon the efficiency of its financial administration.

The efficiency of the municipal financial administration depends on the raising, generation and collection of the adequate resources at its disposal, and their effective and efficient utilisation towards the discharge of obligatory duties and discretionary functions within the framework of the statutes-laid down in Section 49 of the Maharashtra Municipal Council Act, 1965. These have been reproduced in Annexure 'A'.

The task of financing these multitudinous duties and functions presents the major problem of the Municipal Councils. In the words of Hubert J.B. Allen, "The best restructuring of government by devolution to local entities is futile, if the resulting local authorities lack the necessary means to fulfill their responsibilities, and are left simply scavenging for residual funds after all of the best fiscal pickings have been appropriated by higher levels of government."³ "In actual practice, very little is left over for them in the tax bag."⁴

"General competence, appropriate size and structure, political sensitivity, accountability and participation - all these are meaningless if resources are lacking."⁵ "The flame of freedom requires fuel."⁶
Any regime that sincerely desires development of the whole nation, and not mere well-being for a privileged elite, must devise means of entrusting to its local authorities reliable, equitable and buoyant suppliers of revenue, commensurate with their responsibilities, together with the liberty and capacity to attract adequate staff on satisfactory terms of service. Transferring responsibility without decision-making power and without adequate resources, in no way enhances the autonomy of municipalities. On the contrary, it tends to bring them into contempt, by making them seem inefficient and by arousing expectations that they cannot possibly satisfy.  

9.2 Pattern of Tax Revenue and the Parameters

The trends of revenues of the Jalgaon Municipal Council from 1971-72 to 1995-96 have been detailed in Table NO. 6.2 of Chapter VI. It consists of (i) Tax Revenues and (ii) Non-Tax Revenues.

The Tax Revenues consists of:

i) Taxes on Property i.e. lands and buildings including general tax, general water tax, lighting tax, general sanitary tax and latrine tax.

ii) Octroi

iii) Water Tax

iv) Education Tax

v) Vehicle Tax
vi) Other taxes viz. tax on advertisements, tax on projections, toll tax and animal tax.

In addition to the above local taxes, the Jalgaon Municipal Council recovers various fees, duties and cesses under Special Acts. This includes -

i) Kondwada Fees,

ii) Food Licence Fees,

iii) Cess on land within Municipal Limits, and

iv) Local Fund Cess,

The Non-Tax Revenue includes revenue derived from Municipal Properties and Powers:

i) Rent of Lands and Buildings,

ii) Rent from low cost housing provided to the hutment dwellers and employees,

iii) Rent from Dharmashalas,

iv) Income from hospitals and dispensaries,

v) Rent from gardens / parks,

vi) Theatre Rent,

vii) Payari Rent,

viii) Licence and Building permit fees,

ix) Notice fees,

x) Weekly Market, Daily Market and Slaughter House fees,

xi) Rent from Shopping Complexes including Non-refundable deposits,

xii) Development Charges, etc.
Grants-in-aid and contributions from the State and Central Governments form an essential part of Municipal Revenue. It can be defined as the sum of money assigned by a superior to an inferior governmental authority. According to Prof. Gyanchand, "Grants are the most effective method of finding and maintaining the working means between the extremes of centralisation and decentralisation."

The Jalgaon Municipal Council receives the following grants-in-aid from or through the State Government:

i) Primary Education Grant,
ii) Dearness Allowance Grant,
iii) Agricultural Cess Grant,
iv) Court Grant,
v) Road Grant,
vi) Police Grant,

vii) Slum Improvement Grant,
viii) Maharashtra Education Tax, and Employment Guarantee Tax Grant,
ix) Family Welfare and Women and Children Welfare Grant,
x) Town Planning Grant,
xi) Entertainment Tax Grant,
xii) Library Grant,
xiii) Malaria Grant,
xiv) Traffic Grant,
xv) Low Cost Sewerage Grant.
Miscellaneous Income of the Jalgaon Municipal Council includes interest on deposits, work done in private premise (Khajagi Kamacha Mobadala), Copying charges, income from swimming tanks, processing fees, non-refundable deposits from complexes, town-planning scheme charges and recoveries and fines.

In Chapter VI Table No. 6.2 has detailed the sourcewise distribution of Revenue of the Jalgaon Municipal Council over the period of 25 years from 1971-72 to 1995-96. The percentage of each of the source to the total revenue is also given in the said Table.

The correlation of each source of revenue of the Jalgaon Municipal Council with the parameters of the efficient financial administration can be brought out by the general observations.

The Tax Revenue of the Council has increased significantly in terms of absolute figures as also the percentage over the period of 25 years. The octroi and Property Taxes have also increased.

There has been no significant percentage increase (as a percentage of total revenue) in other taxes but in absolute terms they have increased significantly.

Section 105 of the Act and various Rules made thereunder have laid down the maximum and minimum rates of octroi, property taxes and other taxes to be levied by
various classes of Municipalities in Maharashtra. The Jalgaon Municipal Council being 'A' Class Municipal Council, has levied all the taxes at their maximum levels.

As regards the parameters vis-a-vis canons of the taxation, the Municipal Taxes levied by the Council satisfies Equality or Equity canon with reference to the benefit theory. The benefit offered by the Council are of a general nature. The property tax satisfied to a certain extent the ability theory of the Equity canon in its objective approach. The Profession Tax, though a Municipal subject is being recovered by the State Government, also satisfies this parameter. The cost of service approach is difficult to be applied for municipal taxation since it is difficult to quantify the value of services rendered to the individuals.

The other parameters of certainty, convenience and economy are satisfied except in the case of octroi levy.

Octroi is intended to be a tax on Urban Consumption. It can be levied on those goods which enter the Municipal Area. The Octroi Collection of the Jalgaon Municipal Council forms 52.66% of the total revenue and was Rs. 1449.18 lakhs in 1995-96. It has surpassed all other tax revenues taken together. It has become the main financial source of the Jalgaon Municipal Council. It is an indirect tax in the sense that its incidence is being passed to the consumers.
The following observations can be made while bringing out the correlationship of octroi duty and the canons of taxation vis-a-vis the parameters of the efficient of the financial administration:–

1. The rates of Octroi are frequently changed, thus making the octroi schedule ambiguous and complicated.

2. The assessment of octroi duty is made at check-posts or at Central Warehouse near Meharun or at railway station. It involves a time-consuming process often leading to disputes between the traders, manufacturers and the Council.

3. The assessment and collection procedure gives rise to the disputes regarding power of search, delay in movement of traffic, no facilities for weighment, shortage of parking space, valuation of articles, application of appropriate rates. The mode of assessment and collection of octroi is troublesome, delaying and expensive, which has led to corrupt practices. The Jalgaon Municipal Council has suspended the checkpost octroi clerks on the grounds of negligence and corruption on various occasions.

The Octroi duty is often condemned repeatedly and it is demanded that it should be scrapped and replaced by another tax based on turnover of the traders or manufacturers.
However, there is a need of an in-depth examination of the working of the octroi system with a view to reforming it.

The Property Tax revenue has increased in absolute forms over the period, but in terms of percentage of total revenue it has decreased. The increase in the absolute term is also proportionately low. The details given in Table No. 6.1 and 6.2 in Chapter VI.

The Jalgaon Municipal Council could not increase the property taxes due to the limitations imposed by Section 105 of the Act. The property values in and around have skyrocketed hence the Council has imposed development charges on the plot owners as well as processing fees for grant of commencement and/or Completion Certificates. It has been included in the Non-Tax Revenue and for the years 1993-94, 1994-95 and 1995-96 such income was Rs. 86.57 lakhs, Rs. 24.26 lakhs and Rs. 66.23 respectively.

Hence, there is an urgent need of an upward revision of the property taxes.

The other taxes and fees are of minor nature and have been levied within the prescribed limits of the Act.

9.3 Non-Tax Revenue

The non-tax revenue including the miscellaneous income of the Council has increased over the period. The increase is
mainly due to rent from shopping complexes since 1989-90, rent from low cost houses, income from hospitals and dispensaries and income from markets and slaughter houses.

The dynamism of the leadership, entrepreneurial ability and enterprising innovation on the part of the then Municipal President Shri Sureshdada Jain is mainly the driving force behind the overall increase in the Non-Tax Revenues of the Council. The share of Non-Tax Revenues can be increased on the basis of cost of service principle of the Equity maxim of tradition especially in respect of parking fees, swimming tanks, ground rent and licence fees.

9.4 Grants and Contributions

The total grants under various heads including contributions from the State Government have increased over the period. The combined increase in Non-Tax Revenue and Grants and Contributions has helped the Jalgaon Municipal Council out of total financial crunch from time to time.

9.5 Summary of Findings of Correlation between Trends of Revenue and the Parameters.

1. The Jalgaon Municipal Council in addition to carrying out the major obligatory duties and discretionary function as laid down in Section 49 of the Maharashtra Municipal Council Act, 1965, is now engaged in major developmental activities supplemented by programmes of socio-economic
character like slum improvement programmes, rehabilitation of slum dwellers by allotment concrete houses, shopping centres, middle and higher income group housing on the upper floors of the shopping centres and income generating activities especially for women, health, education and family planning programme.

It is the challenge before the Jalgaon Municipal Council to create the local infrastructural facilities necessary for the promotion of social and economic development. However, the ability of the Council to mobilize resources has not been commensurate with the growing functions developing upon them. Therefore, the gap between the functions and the resources is gradually widening.

2. the Tax Revenue as a percent of total revenue was 73% in 1971-72 and was 70.02% in 1995-96, thus more or less remained the same; but in absolute terms it has increased from Rs. 42.06 lakhs to Rs. 1926.87 lakhs. This was due to better tax administration as well as increased capacity of the citizens to absorb and pay more taxes.

3. the Non-Tax Revenue has declined as a percentage of total revenue from 15.24% in 1971-72 to 9.37% in 1995-96 but in absolute terms increased from Rs. 8.78 lakhs to Rs. 257.92 lakhs. There is a need to
increase this revenue, since the tax revenues have to be collected in conformity with the State Directives.

4. **The State Government Grants** and Contributions have been increased from Rs. 6.78 lakhs in 1971-72 (11.76%) to Rs. 567.29 lakhs (20.61%). Thus, the grants have become the major source of revenue to contribute positively for the Jalgaon Municipal Council activities.

5. *The tax revenue* as a percentage of total revenue has remain constant whereas the non-tax revenue and grants and contributions from the State Government have increased. It has become difficult to provide new services and improving the quality of services only through tax revenues. Also as shown in the Table 5.1, the increase in the pace revenue is not keeping with the increase in the cost of services and the total expenditure. Taking base of 1971-72 as 100 the income index in 1995-96 is 4776.26 and for the same year the expenditure index is 5172.17 and having deficit budget of Rs. 272.9 lakhs.

6. Resource mobilisation has been the key to the efficient municipal financial administration. The Jalgaon Municipal Council has taken many steps in this direction, but due to the limitation of the tax resources allotted to it and also non-
productive nature of local taxes it could not succeed in its goal of becoming self-financed local self-government institution. It has resort to borrowings and depend on Government Grants.

7. The Tax Revenues have to be administered efficiently by undertaking correct assessments, fixation of tax rates determining appropriate level of tax base by activating the collection machinery and streamlining the administrative procedures underlying these functions.

8. The tax-base has to be decided with proper care and it should be broadbased. It is observed that the property taxes are based on rateable values which are often under-assessed. The Council should set up independent valuation cell comprised of property valuers to undertake the valuation independently and impartially. The revision be made on annual basis.

9. The ad valorem values for octroi assessment be fixed to avoid undervaluation. A price tariff should be prepared for avoiding mistakes or malpractices. The duties of the octroi checkpost clerks be changed invariably every after fortnight to avoid the nexus between the clerks and the tax-evaders.
9.6 Loans obtained

With the pressing need of the rapid urbanisation and industrialisation, the Jalgaon Municipal Council had to resort to heavy borrowings from the various Government agencies to finance the capital projects like installations of water works, development of shopping centres, purchase of fire brigades, development of sewerage and public health systems, water supply schemes, and public works.

The detailed analysis of loan repayment and interest on loans has been given in Table No. 6.14 in Chapter VI, and also in Table No. 7.7 in Chapter VII. As on 31st March, 1996 the total borrowings made by the Council upto that date were of Rs. 1214.57 lakhs, out of which the amount of Rs. 817.90 lakhs was outstanding as principal.

The borrowings have been increased from 1989-90 onwards. In that year it was Rs. 84.04 lakhs and in 1995-96 it was Rs. 276.63 lakhs. The repayment of loan and interest thereon was highest in 1992-93 amounting to Rs. 217.44 lakhs (9.75% of total expenditure) and in 1995-96 the percentage was 7.40% of the total expenditure.

The Jalgaon Municipal Council has not raised any loans in the Open Market, since it has not been permitted by the State Government under Statutes.
The loan application has to be approved by the Ministry of Urban Development of the State Government.

9.7 Expenditure Pattern and Costing Parameters of Efficient Financial Administration

The Municipal expenditure is the total amount spent under various functional heads during the financial year. It represents revenue as well as capital expenditure and includes wage bill, cost of materials, and cost of new assets and constructions. It is the sum total cost of all the urban public goods and services provided in the city during the year. Similar to the direct and close relationship of input and output in the process of production of goods and services, there is a direct and close relationship between the Municipal expenditure and the urban public goods and services provided in the city. The urban public goods and civic services depend upon the effective demand thereof generated through population growth and commercial and industrial expansion. The factors leading to the growth of municipal expenditure are population growth, size of the town, density of population, geographical location, standard of living and general price level. These have been discussed in Chapter VIII.

The trends of Expenditure of the Jalgaon Municipal Council for the period of 25 years have been analysed function-wise in Tables No. 6.6 to 6.12 in Chapter VI. The
Functional analysis of total expenditure has been made on the basis of the following heads:

i) General Administration,
ii) Public Safety and Security,
iii) Water supply,
iv) Public Health,
v) Education,
vi) Others (Miscellaneous)

These have been specified in the Maharashtra Municipal Account (Code), 1971.

9.8 General Administration

This head of account includes aggregate expenditure incurred on general expenditure, salaries and dearness allowance, collection charges of all taxes, survey of lands, refunds, provident fund, pension and gratuities.

From Table 6.6 it has increased in absolute terms from 1971-72 when it was Rs. 9.82 lakhs to Rs. 291.64 lakhs in 1995-96. But in terms of percentage of total expenditure it has reduced from 16.79% to 9.64%.

Public Safety and Security

The maintenance of public safety measures is an obligatory function of the Council. The major services are fire services and street lighting. This expenditure has direct bearing on the socio-economic well-being of the citizens at large.
From Table No. 6.7 it is seen that it has increased from Rs.1.64 lakhs in 1971-72 (2.80% of total expenditure) to Rs. 134.53 lakhs in 1995-96 (4.45%), in absolute terms as well as in terms of the percentage of total expenditure.

9.9 Water Supply

Under this obligatory function of the Jalgaon Municipal Council the cost of Water Supply is high due to the fact that it has to be drawn from the Girana River as far as from 50 Kms. It includes cost of water works, Depora Dam Expenditure, Salary and allowances to water supply department employees, electricity charges, diesel oil, etc., cost of pipelines, machinery, maintenance, pumps, etc.

The expenditure trend as seen from Table No. 6.8 shows an increase from Rs. 4.03 lakhs in 1971-72 (6.89% of total expenditure) to Rs. 711.60 lakhs in 1995-96 i.e. 23.53% of total expenditure. There has been increase in absolute terms as well as in terms of the percentage to the expenditure.

9.10 Public Health

This is the major function of the Municipal Council and as such major resources are spent on the Public Health Schemes. It involves drainage, health office expenses, vaccination, dispensaries and hospitals, construction of buildings and roads, parks and gardens, public latrines and urinals and cleaning charges.
Table 6.9 has analysed in detail the trends of this expenditure for the period of 25 years from 1971-72 to 1995-96. The expenditure under this head has increased from Rs. 37.23 lakhs in 1971-72 (63.67% of total expenditure) to Rs. 1456.13 lakhs in 1995-96 (48.15%).

9.11 Education

Primary education is the major function of the Municipal Council. The Jalgaon Municipal Council has provided primary education through its 45 primary schools and secondary education to girls through one high school.

Table 6.10 has analysed the expenditure on education over the period of 25 years. It shows that the expenditure has increased from Rs. 3.57 lakhs in 1971-72 (6.11% of total expenditure) to Rs. 96.84 lakhs (i.e. 3.20% of total expenditure). Though, there has been an increase in absolute terms, it has in fact decreased in terms of percentage of the total expenditure.

9.12 Other Expenditure

This omnibus head includes miscellaneous expenditure and other expenditure like interest on loans, repayment of loans, meeting allowance, work done in private premises, cost of acquisition/purchase of land, election expenditure, as well as contribution to various funds.
Table No. 6.11 and 6.12 analyse the trend of this expenditure. In 1971-72, it was just Rs. 2.18 lakhs constituting 3.72% of the total expenditure. In 1995-96 it increased to Rs. 333.42 lakhs, constituting 11.03% of the total expenditure. Thus, it has increased in absolute terms as well as in terms of percentage of total expenditure.

Table No. 9.1 lays down the standard cost of services for 'A' class Municipalities based on the standard norms of (TCPO) the Committee of Ministers appointed by the Council of Local Self-Government (Augmentation of Financial Resources of Urban Local Bodies, 1960). The Committee (known as the Zakaria Committee) had laid down the norms for 1957-58 price level. The standard norms have been updated on the basis of wholesale price indices and cost inflationary indices and brought upto the level of 1971-72, 1976-77, 1981-82, 1985-86, 1991-92 and 1995-96 prices.

The population of the Jalgaon city has been taken on the basis of Census of 1971, 1981 and 1991 as 1,06,711, 1,45,254 and 241,630 respectively.

Table No. 9.2 analyses the desirable per capita expenditure for minimum services and the actual expenditure per capita for the years 1971-72 and 1976-77 and the total amount required to bridge the gap for 1971-72 as Rs. 48.44 lakhs. There has been no such gap in totality for 1976-77; though,
TABLE No.9.1

Standard Cost of Services for 'A' Class Municipalities


(Range of Population - 1,00,000 to 3,00,000 from 1971-72 to 1995-96)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>3.00</td>
<td>9.00</td>
<td>12.00</td>
<td>15.00</td>
<td>20.00</td>
<td>30.00</td>
<td>45.00</td>
</tr>
<tr>
<td>Public Safety</td>
<td>2.80</td>
<td>8.40</td>
<td>11.20</td>
<td>14.00</td>
<td>18.67</td>
<td>28.00</td>
<td>42.00</td>
</tr>
<tr>
<td>Water Supply</td>
<td>9.80</td>
<td>29.40</td>
<td>39.20</td>
<td>49.00</td>
<td>65.33</td>
<td>98.00</td>
<td>147.00</td>
</tr>
<tr>
<td>Public Health</td>
<td>11.80</td>
<td>35.40</td>
<td>47.20</td>
<td>59.00</td>
<td>78.67</td>
<td>118.00</td>
<td>177.00</td>
</tr>
<tr>
<td>Education</td>
<td>4.00</td>
<td>12.00</td>
<td>16.00</td>
<td>20.00</td>
<td>26.67</td>
<td>40.00</td>
<td>60.00</td>
</tr>
<tr>
<td>Others</td>
<td>2.00</td>
<td>6.00</td>
<td>8.00</td>
<td>10.00</td>
<td>13.33</td>
<td>20.00</td>
<td>30.00</td>
</tr>
<tr>
<td>Total Rs.</td>
<td>33.40</td>
<td>100.20</td>
<td>133.60</td>
<td>167.00</td>
<td>222.67</td>
<td>334.00</td>
<td>501.00</td>
</tr>
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</table>
Bases Adopted

i) 1957-58: These norms of standard cost have been laid down by the Committee of Ministers appointed by the Council of Local Self-Government (Augmentation of Financial Resources of Urban Local Bodies, 1960).

ii) 1971-72: Taking the base as 1961-62 = 100, the financial year average index of wholesale prices for 1955-56 has been 73.9 and that of 1971-72 has been 188.7; hence the same has been taken as three times approximately of the prices of 1957-58. (Source: Revised Index Numbers of Wholesale Prices in India (Base 1970-71), 1988-89).

iii) 1976-77: The Wholesale Price Index for 1976-77 has been 310.7 (Taking the base as mentioned in (ii) above), hence approximately taken as four times of the prices of 1957-58.

iv) 1981-82: The wholesale Price Index for 1981-82 has been 509.4, hence it has been taken approximately five times of the prices of 1957-58 (Source: As above).

v) 1985-86: Based on the Cost Inflationary Index (1981-82=100) in 1985-86 as 133 as laid down by the Ministry of Finance for Income Tax Act, 1961, it has been taken as 1.33 times of the 1981-82 prices approximately.

vi) 1991-92: Based on the Cost Inflationary Index (1981-82 = 100) in 1991-92 as 199, it has been taken as double the prices of 1981-82 approximately.

vii) 1995-96: Based on the Cost Inflationary Index (1981-82 = 100) in 1995-96 as 281, it has been taken as three times of the prices of 1981-82 approximately.
TABLE No. 9.2
Desirable Per Capita Expenditure and Actual Expenditure (1971-72 and 1976-77)
(Population : 1,06,711 as per 1971 Census)

<table>
<thead>
<tr>
<th>Services</th>
<th>1971-72</th>
<th>1976-77</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Desirable per capita Expenditure</td>
<td>Actual per capita expenditure</td>
</tr>
<tr>
<td>General Administration</td>
<td>9.00</td>
<td>9.20</td>
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<tr>
<td>Public Safety</td>
<td>8.40</td>
<td>1.54</td>
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<tr>
<td>Public Health</td>
<td>35.40</td>
<td>34.89</td>
</tr>
<tr>
<td>Education</td>
<td>12.00</td>
<td>3.35</td>
</tr>
<tr>
<td>Others</td>
<td>6.00</td>
<td>2.04</td>
</tr>
<tr>
<td>Total Rs.</td>
<td>100.20</td>
<td>54.80</td>
</tr>
</tbody>
</table>

Total Amount Required to bridge the Gap = Rs. 48.44 lakhs
Total Amount Required to bridge the Gap = NIL
**TABLE No. 9.3**

Desirable Per Capita Expenditure and Actual Expenditure (1981-82 and 1985-86)  
(Population : 1,45,254 as per 1981 Census)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>General Administration</td>
<td>15.00</td>
<td>23.79</td>
<td>+ 8.79</td>
<td>20.00</td>
<td>45.05</td>
<td>+ 25.05</td>
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<tr>
<td>Public Safety</td>
<td>14.00</td>
<td>9.81</td>
<td>- 4.19</td>
<td>18.67</td>
<td>13.82</td>
<td>- 4.85</td>
</tr>
<tr>
<td>Water Supply</td>
<td>49.00</td>
<td>12.95</td>
<td>- 36.05</td>
<td>65.33</td>
<td>43.89</td>
<td>- 21.44</td>
</tr>
<tr>
<td>Public Health</td>
<td>59.00</td>
<td>102.31</td>
<td>- 43.31</td>
<td>78.67</td>
<td>123.62</td>
<td>+ 44.95</td>
</tr>
<tr>
<td>Education</td>
<td>20.00</td>
<td>43.62</td>
<td>+ 23.62</td>
<td>26.67</td>
<td>70.81</td>
<td>+ 44.14</td>
</tr>
<tr>
<td>Others</td>
<td>10.00</td>
<td>13.05</td>
<td>+ 3.05</td>
<td>13.33</td>
<td>24.54</td>
<td>+ 11.21</td>
</tr>
<tr>
<td><strong>Total Rs.</strong></td>
<td><strong>167.00</strong></td>
<td><strong>205.53</strong></td>
<td><strong>+ 38.53</strong></td>
<td><strong>222.67</strong></td>
<td><strong>321.73</strong></td>
<td><strong>+ 108.76</strong></td>
</tr>
</tbody>
</table>

Total Amount Required to bridge the Gap = NIL.

Total Amount Required to bridge the Gap = NIL
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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>30.00</td>
<td>97.92</td>
<td>+75.70</td>
<td>30.00</td>
<td>120.70</td>
<td>+80.70</td>
<td>120.70</td>
</tr>
<tr>
<td>Public Safety</td>
<td>28.00</td>
<td>79.86</td>
<td>-51.86</td>
<td>28.00</td>
<td>117.00</td>
<td>+88.64</td>
<td>117.00</td>
</tr>
<tr>
<td>Water Supply</td>
<td>98.00</td>
<td>466.55</td>
<td>-368.55</td>
<td>98.00</td>
<td>602.57</td>
<td>+504.57</td>
<td>602.57</td>
</tr>
<tr>
<td>Public Health</td>
<td>118.00</td>
<td>103.64</td>
<td>-9.36</td>
<td>118.00</td>
<td>60.00</td>
<td>+50.00</td>
<td>60.00</td>
</tr>
<tr>
<td>Education</td>
<td>40.00</td>
<td>98.18</td>
<td>+58.18</td>
<td>40.00</td>
<td>137.99</td>
<td>+97.99</td>
<td>137.99</td>
</tr>
<tr>
<td>Others</td>
<td>20.00</td>
<td>858.18</td>
<td>-838.18</td>
<td>20.00</td>
<td>501.00</td>
<td>+299.00</td>
<td>501.00</td>
</tr>
<tr>
<td><strong>Total Rs.</strong></td>
<td><strong>334.00</strong></td>
<td><strong>858.18</strong></td>
<td><strong>-524.18</strong></td>
<td><strong>334.00</strong></td>
<td><strong>1251.52</strong></td>
<td><strong>+500.52</strong></td>
<td><strong>1251.52</strong></td>
</tr>
</tbody>
</table>
in public safety and water supply services there has been gap of Rs. 6.82 and Rs. 24.85 per capita.

Summarily Table No. 9.3 analyses the gap for the years 1981-82 and 1984-85 and Table No. 9.4 for the years 1991-92 and 1995-96. Though, there has been no overall gap required to be bridged, in terms of individual civic services, the per capita gap is obvious in the following areas:

<table>
<thead>
<tr>
<th>Year</th>
<th>Per Capita Expenditure Gap.</th>
<th>Civic Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981-82</td>
<td>4.19</td>
<td>Public Safety</td>
</tr>
<tr>
<td>1981-82</td>
<td>56.05</td>
<td>Water Supply</td>
</tr>
<tr>
<td>1985-86</td>
<td>4.85</td>
<td>Public Safety</td>
</tr>
<tr>
<td>1985-86</td>
<td>21.44</td>
<td>Water Supply</td>
</tr>
<tr>
<td>1995-96</td>
<td>19.92</td>
<td>Education</td>
</tr>
</tbody>
</table>
9.13 Summary of Findings

From the analysis in Tables No. 9.2 to 9.4 it is clear that though overall per capita expenditure spent by the Jalgaon Municipal Council is exceeding the desirable total per capita expenditure, the individual civic-service-wise cost structure shows gaps in terms of water supply, education and public safety. Though, the public health cost is exceeding the desirable level it is inclusive of construction roads, and capital expenditure on public works.

The rapid growth in population and urbanisation and industrialisation has created social and economic problems. As more and more people are settling down in the city the responsibilities of the Municipal Council are increasing considerably. As a result of inflationary trends the cost of services which it is expected to provide also keeps on increasing.

In the words of Robert Repetto, "the growth of India's cities since 1971 proceeded in a predictable pattern and at a normal pace. What was unforeseen was the rapid increase in the numbers of urban poor, which stemmed from continued population growth, the slow overall growth of the economy, the stagnation of industrial employment, and the wide disparities in urban incomes. Poverty would itself consign tens of millions of households to squalid living conditions, but their plight was more precarious because public authorities could not keep up with the growing demand for essential urban services or present urban pollution from
increasing. These lags in infrastructure investment stemmed form a progressive weakening of municipal authorities and from urban development policies that chronically failed to produce needed revenues.¹⁰

Thus, the limited resources of the Jalgaon Municipal Council have impeded the efficiency of services such as drainage, hospitals, sewerage, water supply and the improvement of roads. It has to resort to borrowings to meet the cost of civic services. The inelasticity of the municipal taxes coupled with the continued growth of expenditure has led it to promote search for additional resources like borrowings and non-refundable public deposits for shops.

Thus, the hypothesis that "the financial resources of the Jalgaon Municipal Council are, on the whole not sufficient to enable it to discharge its obligatory duties and discretionary functions as laid down in the Maharashtra Municipal Council Act, 1965, and, it is therefore, necessary to manage its financial resources more efficiently," stands proved.
REFERENCES


2. O.P. Sharma: Ibid p. 44.


7. Hubert J.B. Allen: p. 106


9. Prof. Gynachand: Local Finance in India, Allahabad, 1947, p. 184