Chapter-VII

SUMMARY AND CONCLUSIONS
7.1 INTRODUCTION

The pace of urbanization and urban growth is expected to be much more rapid and has wide ranging implications for augmentation of services and urban infrastructure. As the new investments in the form of trade and industrial activities are generally set up either in the urban centers or on the urban fringe, it will put direct demand for urban infrastructure and services as support systems for economic activities. The process, thus, has wider implications for augmentation of urban infrastructure and services. The municipal bodies (urban local bodies) which are statutorily responsible for the provision and maintenance of basic infrastructure and services in cities and towns which are experiencing tremendous fiscal stress even to operate and maintain the existing services at satisfactory levels, let alone augment them. While their responsibility to meet the growing demand to maintain existing services at satisfactory level is increasing rapidly, there is no commensurate increase in their revenue base, which has in fact been depleting constantly. Faced with such a situation the urban local bodies are becoming increasingly dependent on higher levels of government for their operation and maintenance requirements. What is worse, many urban local bodies have accumulated huge debts and are facing serious problems in even servicing their debt. This has serious repercussions on the availability and quality of urban basic services in urban areas of the country.

Municipal bodies of the country are facing a peculiar situation where in The demand for services has been rising due to urbanization and urban growth, but on the supply side, the local resource base has been constantly declining. Ineffective local governance, efficient management practices, poor planning process, lack of municipal tax rates/user charges, poor information system and it are some of the basic weaknesses in the present municipal system. Many municipalities in India, particularly which belong to small and medium size cities are poorly staffed and the staff responsibilities are fragmented, and that their capabilities and motivation to deal with the increasing complex urban needs are extremely low. The result is that the
resources at their command which are scarce to begin with, are not put to efficient use and are, in a sense wasted. Hence the present study on the "Financial Performance of Municipalities in Chittoor District" during the period 2004-05 to 2014-15 is undertaken.

7.2 FINDINGS

Chittoor district has seven municipalities, out of which the three selected municipalities viz, namely Chittoor, Madanapalle, and Srikalahasti are of varying nature with distinctive characters including population, size, revenue, expenditure patterns, profits and losses. The analysis of secondary data collected from the respective municipalities. Resulted into the following conclusions

7.3 REVENUE

The fiscal domain of municipal governments consists of large array of tax and non-tax sources of revenue. They also receive funds from the State Government in the form of grants-in-aid and also share in taxes collected by the State Government. The rise in volume of receipts is indication of the rise in percentage of receipts from this source to total income of the urban local bodies.

- The income from tax collected by Municipalities has been increasing in the study period. But the increasing trend is marked by certain exceptional years, during those years the income from taxation has dipped and showed negative growth rates.

- The taxes collected from other heads such as, entertainment tax, pilgrim tax, education, etc. have been increasing. The rate of growth of taxes collected by other heads shows erratic trend.

- The Municipal bodies received substantial amount of revenue in the offices, market fees, license fees, bus stand fees, and slaughter house fees fall under this category.
The Municipal revenue is strengthened by the receipt of grants-in-aid from the state governments. During the study period it has increased in almost all years.

The receipts of the Municipalities in the form of miscellaneous income have been increasing. It includes, recoveries on account of services rendered, income from investments, lapsed deposits, surplus from provident fund, legal lapses fall under this head.

Another important source of income of the is selected municipalities 'special' properties which has surged ahead and recorded very high growth rates, where income from special services has been declining.

There are many ups and downs is the incomes from loans, deposits and advances over the years.

In Chittoor Municipality the revenue from properties is lowest at Rs.132.22 lakhs in 2003–2004 and highest at Rs.267.93 lakhs in 2014–15 with an average of Rs. 204.77 lakhs. The total income collected from special properties is Rs. 2457.28 lakhs. The SD shows around Rs.48 lakhs deviation and CV shows around 24 per cent variation in the revenue collected from special properties. The CGR indicates very high compound growth while R2 value indicates high income. The t- value is 5.240 significant at 1 per cent level.

In Srikalahasthi Municipality the revenue from properties is lowest at Rs.1.26 lakhs in 2003–2004 and highest at Rs.55.65 lakhs in 2014–15 with an average of Rs.22.72 lakhs. The total income collected from properties is Rs.272.62 lakhs. The SD shows around Rs.23 lakhs deviation and CV shows 103 per cent variation in the revenue collected from special properties. The t- value is 7.507 significant at 1 per cent level.

In Madanapalli Municipality the revenue from properties is lowest at Rs.19.37 lakhs in 2003–2004 and highest at Rs.51.84 lakhs in 2014–15.
with an average of Rs.37.64 lakhs. The total income collected from properties is Rs. 451.71 lakhs and shows an increasing trend. The SD shows around Rs.10 lakhs deviation and CV shows 26 per cent variation in the revenue collected from of special properties. The CGR indicates very high compound growth while R2 and indicates high income. The t-value is 8.955 significant at 1 per cent level.

7.4 MAJOR REVENUE SOURCES

7.4.1 Income from Tax collected

The percentage of total revenue from tax collected varies from 10.17 percent in Madanapalli to 3.87 percent in Chittoor Municipality.

7.4.2 Tax by other Agencies (Non-tax)

The percentage of total revenue as tax by other agencies ranges between 12.70 percent Srikalahasti Municipality and 14.25 percent in Chittoor Municipality. The total revenue from tax by other agencies in Srikalahasti is 13.08 percent.

7.4.3 Fees

The percentage of revenue from fee ranges from 1.21 percent in Srikalahasti Municipality to 6.89 percent in Chittoor Municipality. Srikalahasti Municipality has lower percentage of revenue at 1.77 percent.

7.4.4 Grants and Contributions

The percentage of revenue per year from grants and contributions is observed highest at 13.72 percent in Chittoor Municipality and the lowest at 4.03 percent in Madanapalli Municipality. The percentage of revenue from grants and contributions in Srikalahasti Municipality is 4.77 percent.

7.4.5 Income from others sources

The percentage of income from miscellaneous sources varies between 1.36 percent in Madhanapalli municipality and 3.81 percent in Srikalahasti municipality. The percentage of income from miscellaneous sources in Chittoor is 2.11 percent.
7.4.6 Revenue from Special Properties

The percentage of revenue from Special Properties varies between 1.78 percent in Srikalahasti municipality and 3.26 percent is Chittoor Municipality. The other municipality having lower income from Special Properties is Tirupati at 7.05 percent.

7.4.7 Revenue from Special Services

The percentage of revenue from Special Properties varies between 35.13 percent in Srikalahasti municipality and 36.24 percent in Madhanapalli municipality. The remaining municipality have around 35.97 percent of revenue from special services.

7.4.8 Loans

The percentage of revenue from loans varies between 3.22 percent in Madanapalli municipality and 13.85 percent in Srikalahasti Municipality.

7.4.9 Deposits

The percentage of revenue from deposits varies from 10.79 percent in Madhanapalli Municipality to 12.19 percent in Srikalahasti municipality. Chittoor municipality is having the lower total revenue from loans at 11.68 percent.

7.4.10 Advances

The percentage of revenue from advances varies 0.63 percent in Chittoor municipality and 1.45 percent Srikalahasti, Madhanapalli income from advances at 0.92 percent.

7.5 EXPENDITURE

The performance of a municipality in the discharge of its functions is judged by the way the tax revenues are utilized, the tendency towards increase or decrease of expenditure, and the satisfaction which is derived from such expenditure.

- The expenditure on general administration has been increasing during the study period. Expenditure on public works like roads, buildings,
etc. has been increasing. Expenditure on water supply and drainage and education has also increased significantly.

- The expenditure on obligatory services like street lights, public health and expenditure on sanitation has been increasing drastically, whereas expenditure on town planning, loans given and paid advances have been falling during the study period.

- There are variations in the profit/deficit positions of Municipalities, depending on their expenditure pattern.

- The expenditure in Chittoor Municipality is highest at Rs.4914.90 lakhs on water supply and drainage followed by obligatory services at Rs.3945.66 lakhs, general administration at Rs.2227.21 lakhs, deposits at Rs.1856.99 lakhs and education at Rs.2267.57 lakhs. The CGR is highest in the case of expenditure on general administration.

- The expenditure in Srikalahasti Rs.3154.59 lakhs in water supply and drainage followed by loans at Rs.2Q28.79 lakhs, expenditure on obligatory services at Rs.2011.73 lakhs, education at Rs.1884.48 lakhs and general administration at Rs.1917.95 lakhs. The CGR is very high on all the above variables.

- Madhanapalli municipality inversed the highest expenditure on discretionary services at Rs.6413.98 lakhs followed by obligatory services at Rs.5665.84 lakhs and water supply and drainage at Rs.4838.93 lakhs, loans at Rs.4380.83 lakhs, general administration at Rs.3725.21 lakhs. The CGR is very high in the case of expenditure on discretionary services and general administration.

- The tax revenue of Chittoor municipality during 2005-06 to 2014-15. has increased. The revenue towards property tax increased from Rs.37.32 lakhs to Rs. 215.98 lakhs with a linear growth rate of 17.86 only, but it showed lesser variation with C.V. of 56.14 only. The revenue from profession tax decreased from Rs. 90.62 lakhs to
Rs.48.18 lakhs during 2005-06 to 2014-15 recording a compound growth rate of 6.3 and t-value is 0.088 which is not significant.

- But the revenue of advertisement tax increased from Rs. 1.03 lakhs to Rs. 9.51 lakhs with a linear growth rate of 13.95, which is significant at 1 percent level. It shows less variation with a C.V. of 48.61 only.

- The entertainment tax having decreased from Rs.27.95 lakhs to Rs. 12.08 lakhs, recorded a negative growth rate of -4.02 with less variation (C.V. of 46.74). The corresponding t-value is -0.763 which is not significant. It has showed fluctuations ranging between 12.08 and 67.93. The linear growth rate is 46.74 only.

- It can be observed that revenue of Duty on transfer of property has increased from Rs.73.34 lakhs in 2005-06 to 136.21 lakhs in 2014-15 though the ratio has reached its peak of Rs. 331.50 lakhs in 2003-2004 with fluctuations in a few years.

- The results obtained from the structure of the revenue show that there is no significant difference between years and also between six heads with respect to the ratios calculated on taxes of revenue. The corresponding t-values are not significant at 5 percent level.

- The tax on carriages & carts and tax on animals increased from Rs.0.011 lakhs to Rs.0.091 lakhs between 2005-06 and 2014-15 with fluctuations over the period. The linear growth rate is 12.27 and CGR is 17.9 respectively. The t-value is 3.129 which is significant at 1 percent level.

7.6 MAJOR EXPENDITURE ITEMS

7.6.1 General Administration

The percentage to average expenditure on general administration is lowest at 10.60 percent in Madhanapalli Municipality and highest at 13.70 percent in Chittoor
Municipality. The percentage to total expenditure on general administration is 13.47 percent in Srikalahasti Municipality.

7.6.2 Public Works

The percentage to average expenditure on public works is lowest at 4.18 percent in Chittoor Municipality and highest at 6.65 percent in Madhanapalli Municipality. The percentage to total expenditure on public works is 4.56 percent in Srikalahasti municipality.

7.6.3 Expenditure on Education

The percentage to average expenditure on education is lowest at 6.97 percent in Madanapalli Municipality and highest at 13.95 percent in Chittoor Municipality. The percentage to total expenditure on education is 13.24 percent in Srikalahasti municipality.

7.6.4 Water Supply and Drainage

The percentage to average expenditure on water supply and drainage is lowest at 13.82 percent in Madhanapalli Mumidpalhy and highest at 30.24 percent in Chittoor Municipality. The percentage to total expenditure on water supply and drainage is 22.16 percent in Srikalahasti municipality.

7.6.5 Town Planning

The percentage of average expenditure on town planning is lowest at 1.04 percent in Srikalahasti Municipality and highest at 3.47 percent in Madanapalli Municipality. The percentage of total expenditure incurred on town planning in Chittoor municipality is 2.70 Percent.

7.6.6 Obligatory Services

The percentage of average expenditure on obligatory services is lowest at 14.13 percent in Srikalahasti Municipality and highest at 24.27 percent in Chittoor...
Municipality. Madanapalli municipality incurred substantial expenditure on obligatory services at 16.19 percent.

7.6.7 Discretionary Services

The percentage of average expenditure on discretionary services is lowest at 0.36 percent in Chittoor Municipality and highest at 18.33 percent in Madhanapalli Municipality. Srikalahasti municipality incurred expenditure on discretionary services at 4.90 percent.

7.6.8 Loans

The percentage of average expenditure incurred on loans is lowest at 1.18 percent in Chittoor Municipality and highest at 14.25 percent in Madhanapalli Municipality. Similarly, the percentage of average expenditure on loans is lowest at 12.52 percent in Madhanapalli Municipality.

7.6.9 Deposits

The percentage of total expenditure on deposits is lowest 10.21 percent in Madanapalli municipality and highest at 11.42 percent in Chittoor municipality. The expenditure on deposits in Madhanapalle Municipality is 10.66 percent.

7.6.10 Advances

The percentage of average expenditure on advances is lowest at 0.73 percent in Chittoor Municipality and highest at 1.65 percent in Srikalasti Municipallity. The incurred expenditure on advances is more than 1.18 percent in Madhanapalli Municipality. By and large, it is concluded that all the municipalities in chittoor district are incurring at least 10 per cent of the expenditure on water supply and drainage.
7.7 TOTAL REVENUE AND EXPENDITURE OF THE THREE MUNICIPALITIES

7.7.1 Revenue

The total revenue during the period is highest at Rs. 34848.38 lakhs in Madhanapalli Municipality and the lowest at Rs. 13844.61 lakhs in Chittoor Municipality. The overall revenue of the three municipalities during the period is Rs. 63979.44 lakhs. The average revenue per year is highest at Rs. 2904.03 lakhs in Madhanapalli municipality.

7.7.2 Expenditure

The total expenditure during the period is highest at Rs. 34989.74 lakhs in Madhanapalli Municipality and the lowest at Rs. 14231.02 lakhs in Srikalasti Municipality. The overall expenditure of the three municipalities during the period is Rs. 65473.14 lakhs. The average expenditure per year is highest at Rs. 2915.81 lakhs in Madhanapalli municipality and the lowest at Rs. 1185.92 lakhs in Srikalashasti Municipality. The overall average expenditure per year is Rs. 5456.10 lakhs. The percentage of revenue per year is highest at 53.44 percent in Tirupati Municipality and the lowest at 21.74 percent in Srikalahasti Municipality.

7.8 SURPLUS/DEFICIT

It can also be observed that Chittoor municipality is having the highest deficit with Rs. -2407.77 lakhs and Madhanapalli municipality is the lowest with Rs. -141.36 lakhs whereas Madanapalli revenue division is in profit with Rs. 1055.44 lakhs.

Hypothesis 1:

There is no significant growth in the components of revenue, even though the revenue of the municipalities is significantly different between years and fluctuating during the study period. The major tax revenue is the property tax, while income from advertisement tax and animal tax from the however. Though the collection performance is za factor, the general contribution of property tax to total
revenue is around one third in municipalities. The next major tax revenue is
profession tax. Compared to tax revenue, the non-tax revenue to the extent of roughly
20-25 percent. In view of the poor supply position and restricted hours of supply, the
water charges are not increased the local bodies to the desired level. There are
problems in leasing out municipal properties including commercial complexes, shops,
stalls, etc. The rates of license fee remain the same for quite a long time in few
municipalities. The basic problem of municipal finance is reflected in large and
growing gap between municipal financial resources and expenditure. This observation
supported the hypothesis 1 that there is significant growth in the components of
revenue. The data presented in Table 5.1 to 5.10 clearly explain that there is a
significant improvement in tax revenue during the study period and this is quite
significant in the case of property tax. However the hypothesis is accepted.

Hypothesis 2:

The second hypothesis set for the present research work is there is no
significant change in the collection of non-tax revenue in the sample municipalities.
The data related the trends in non-tax revenue and its different sources as presented in
table 5.11, 5.12, 5.13 and 5.14 reveal that in all selected municipalities, the amount of
non-tax revenue increased significantly during the reference period. The statistics
presented in table 5.14 show this significant increase among the sample
municipalities. The amount of non-tax revenue in Srikalahasthi municipality has
increased significantly by 132.0 percent, followed by Chittoor 113.5 percent and
Madanapalli municipality 24.2 percent. Hence, it is clear that these is a significant
increase in selected municipalities and the hypothesis was accepted.

Hypothesis 3:

The third hypothesis set for the research is there are no significant increase
in the growth of expenditure of selected municipalities in the study area. The
concerned data is presented in tables 6.5 to 6.24. the data reveals that for sample
municipalities, ANOVA technique was employed to analyze the variations between
and within sample municipalities. Tables 6.6, 6.8, 6.10, 6.12, 6.14, 6.16, 6.18, 6.20,
6.22 and 6.24 explains the results of ANOVA techniques employed and the results
indicate that the expenditures an public works, obligatory services, deposits,
advances, discretionary services, loans and town planning were found significant at 1 percent level. Table 6.24 presenting the one-way ANOVA for total expenditure of the three selected municipalities. Which shows that there was no variance between municipalities and within municipalities which was significant at 1 percent level. Hence, the hypothesis set was accepted.

7.9 PROBLEMS AND ISSUES OF MUNICIPAL FINANCE

After having a detailed view of the organization and functions of municipal finance and the state control over the municipal committees, certain basic problems and issues are observed which are as follows.

- The jurisdiction of municipal bodies is limited, whereas peripheral development overspills city limits. Therefore the administration cannot really cater to the needs of development in the entire towns.

- The municipalities are financially not viable. The income and expenditure of the committees show that there are recurring fiscal imbalances in the district and the overall financial position is unsound.

- It may be not that the present structure of municipal finance was originally evolved by the Britishers which made the local bodies impoverished. After independence, the government paid little attention towards increasing the resources of local bodies. There are irregularities and loopholes in the machinery of tax-collection like pending cases of house-tax arrears. They failed to tap resources efficiently and have to depend upon the state government for grants-in-aid.

- The municipal expenditure in the district is far from below the norms suggested by zakaria committee way back in 1963. They are characterised by high level of under spending. They confront serious problems in managing their functions and duties efficiently. To reach the recommended expenditure norms, their revenue receipts should increase significantly. They need to make substantial investments in urban infrastructure in order to bridge the current gap in service delivery.
The performance of municipalities is disappointing in carrying out their obligatory functions. Piped water and sewage facilities have covered only half of population. From the study it is evident that certain services like, public health, municipal works, street lighting are tackled by the committees efficiently, whereas less attention is paid to water supply, professional education, library facilities, etc. The study highlights that the municipal services both in quality and quantity are at low ebb. Various services have not increased in proportion in the increase of the population of towns.

The municipal roads are in deplorable conditions; encroachments are galore; unsafe buildings constitute a constant threat to the lives of the inhabitants; traffic hazards are mounting; insanitation and unhygienic conditions in the form of heaps of garbage are a nuisance even in posh localities; slums have emerged in almost all municipalities.

Sewage disposal and treatment facilities have not kept pace with the growing demands of urban population. Indiscriminate disposal of industrial and municipal wastes, by dumping them in low living areas or water source has resulted in the pollution of air and water. Combination of policy decisions, legislative checks, management skills and innovations are necessary to control these problems and bring ecological balance.

The inefficiency of staff limits the ability of municipal bodies to discharge the functions mentioned in the 74th CAA (Constitutional Amendment Act). The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) has exposed the lack of capacity at the local government level to prepare and implement projects and carryout mandated reforms.

The process of decision-making in the municipality is political and therefore it is not tuned to preparing and implementing projects with a long-term perspective.
7.10. CHALLENGES OF MUNICIPAL FINANCE

7.10.1 Inadequate Laws

The existing laws are totally inadequate to enable the municipalities to discharge the new responsibilities delegated to them under the 74th CAA. Although, the state government has amended their municipal acts, it does not specifically assign functions to local bodies. This is one of the serious challenges faced by municipalities in Chittoor District. As a solution to this, a clear division of functional responsibilities and linkage between state and local levels of government is necessary to ensure upward and downward accountability and to enable the state finance commission in its devolution of funds of municipal bodies.

7.10.2 Lack of Action Plans

Another challenge faced by the municipalities in the District is the failure to initiate actions to prepare the plans within the stipulated time period. This is resulting in lack of responsibility of resource and financial management.

7.10.3 Recurring Revenue Deficits

There are structural weaknesses in the finances of Municipal bodies of the district which are reflected in the continual increase in the revenue deficit, mounting increase in the size of debt, increasing burden of interest payments, inadequate returns from local undertakings and increasing contingent liabilities. Such as situation cropped up because revenue deficits have widened borrowings; interest payments and increase in revenue expenditure. Municipalities are moving towards this vicious circle. To combat this challenge state government has to introduce fiscal reforms and debt swap scheme to restructure the finances of Municipalities.

7.10.4 Severe Water Scarcity

The process of urbanization which gathered considerable momentum in Chittoor District is putting Municipal bodies under severe strain. The urban challenges include provision of infrastructure - drinking water, sanitation, sewage system, electricity and gas distribution, urban transport, primary health services and
environmental regulation, access to services by the urban poor and efficient service delivery mechanisms. Further, there is an urgent need to prevent marginalization of urban poor and provide a healthy and living environment in the urban areas.

7.10.5 General observations

The existing urban scenario in the Chittoor District reveals several disturbing facts. In terms of water supply, only 60 percent of the people has access to safe drinking water. There are several areas in the towns which have only two or four hours of water supply during the entire day. Many areas which depend on ground water sources are found to be susceptible to arsenic and other contamination. The local government in Chittoor has to focus on a priority basis on improved water system in all areas. The Municipalities are supplying water through water tankers with capacity of 5 to 10 thousand liters. Each municipality must have at least 10 water tankers pay more than 100 trips to various colonies and some merged villages and slums. In addition, private water trucks are hired by many hotels and other business organizations from the municipalities to meet their water requirements. In summer season, the water levels are low in the supply sources of reservoirs, the water will be supplied on alternative days to the domestic consumers.

7.10.6 Solid Waste Management

The daily per capita generating of municipal solid waste in District ranges from 100g in small town to 500g in large towns. The recycling content is said to be between 13 and 20 percent. The amount of solid waste is growing much faster than the population in towns.

The Municipalities in the District have up-graded their existing infrastructure in order to comply with rules the of solid waste management , but required substantial capital investment, much is very difficult to be met from internal resources. Hence additional resources have to be made available to all the local bodies to enable them to modernize solid waste management and to improve the overall sanitation and hygiene and also to reduce adverse environment impact. The towns do
not have adequate waste transportation facilities. Streets piled with garbage, choked drains and stinking canals are common features of most towns.

7.10.7 Poor Transport Infrastructure

Poor transport infrastructure is another challenge faced and criticized by Municipalities. It is found to be inadequate and is contributing to the proliferation of slums in and around cities. Further, poor quality of municipal roads, poor traffic management, unplanned growth of settlements, inadequate maintenance of municipal roads are aggravating the transport hazards in urban areas. For solving these problems, conversion of all kutcha roads into pucca roads in all urban areas is to be done. All urban road designs must include sufficiently large cemented road side ditches and properly cross drains in order to channel water away from road structure into a specially made urban road drainage system. A key consideration during the construction of urban road is placement of various public utilities business centres leading to heavy traffic problems. Some times security problems are also arising. Thus controlling of vehicular traffic is a major problem to the traffic police. The construction of flyovers at important places will ease the traffic problems. All these problems arise due to the corruption of officials.

7.10.8 Inadequate Health Facilities

The medical and health services are not sufficient to the ever growing population of the district. The meager staff, doctors, medicines, beds and other facilities make more suffering to low income and middle income group in municipal areas. There are many slums in the district and thousands of people are living in unhygienic conditions and often face ill-health. The local bodies has the responsibility to provide health services to these people. They will succeed in attracting more investments from the NRI and other industrialists and software companies.

7.10.9 Traffic Crisis

The growth of motor vehicles-two wheelers, three wheelers, four wheelers and heavy vehicles create traffic problems in Srikalahasthi, Chittoor and Madanapalle municipalities. The vertical and horizontal expansion of the cities in rising vehicle
pollution and narrow roads lead to conjunction of traffic in all junctions of the city. The narrow main roads, illegal construction of multistoried buildings without any provision for parking place, roadside petty traders, increasing floating population to the cities, dumping of construction materials are further responsible for traffic conjunction. The long waiting of the vehicles at traffic signals creates greater air pollution and frequent traffic jams, lead to wastage of fuel and delay in reaching destination. Some times road accidents also occur in various parts of the district. The arranged traffic places are not sufficient.

7.10.10 Slum Improvement

Urban slums are characterized by high density of population, lack of protected water supply, lack of drainage and sanitation, low incomes, low levels of literacy, malnutrition, high incidence of respiratory and gastro enteric diseases. Due to the economic, social and psychological stresses in slum life, values of life are degraded, creating law and order problems, as well as political unrest. Therefore, the slums should be eradicated, by providing better housing facilities, credit and marketing facilities to urban SHGs, community based health care services-vocational training, specific incentives to poor household to increase the enrolment of children in schools and various social security measures.

7.11 SUGGESTIONS

After intensive observation of results and discussion, the following major suggestions can be made for the smooth and efficient functioning of municipal bodies. Active cooperation of citizens should be elicited in municipal services such as water supply, sanitation education and health facilities. Further, there should be code of ethics for officials and non-officials of ULBs. The voluntary organizations can also be made aware of putting biological degradable wastes in different bags and dispose it off accordingly. Innovative strategies are required to be developed by the Municipal Bodies to infrastructure and services. The existing funds available from flam allocation could be supplemented by accessing the capital market. This in Mn will call to improve the record management and accounting system heads good governance and urban management system.
The spirit of the 74th CAA was to empower municipalities in such a way that they can function smoothly, efficiently and effectively as autonomous, self-sustained urban governments. To achieve this, there is a need to have uniformity in state legislations with respect to tenure and powers of chairman. They should have powers of administration, supervision and control over all the employees of municipalities. Further, the functions of urban local bodies should be specified clearly. All the subjects mentioned in the Twelfth Schedule be transferred to municipal bodies along with transfer of funds and functionaries.

- Property tax is one of the main sources of income for municipalities. This should be simplified and rationalized. Exemptions from property tax should be minimized and central government properties should also pay service charges. Innovations in property tax could help municipal governments to access the capital markets by improving recovery through their own resources and credit worthiness.

- Liberal and timely grants by the state governments would go a long way to ease the financial crisis of municipal committees. Unless liberal grants are given, it is very difficult for these bodies to maintain their present level of civic services or of upgrading them.

- The control over the municipal bodies needs to be relaxed. The state government should restrict itself to the giving directions and supervising the functions of municipalities.

- The district administration being better informed and experienced should act as assisting the local administration as a friend, philosopher and guide of a municipal committees in the district.

- The political intervention in the municipal affairs is directly or indirectly responsible for its downgraded financial position i.e. the assistance extended by the political leaders to the tax defaulters. Efforts should be made to minimize these intervision.
educative value of the public to ensure speedy and effective discharge of services.

- A National Urban infrastructure Development Fund is to be established to extend loans and financial aid to the local bodies for infrastructure development.

- Municipalities should be given autonomy to fix tax rates and user charges. User charges must be collected properly. Municipal services should be privatized wherever it brings efficiency. The state government should prepare necessary guidelines and legislation in this regard.

- Taxes which are local in nature such as entertainment tax, motor vehicle tax, stamp duty, etc. should either be transferred to local bodies or a reasonable share of it is to be given to local bodies. In order to collect the huge arrears and dues, municipalities should be armed with sufficient powers. Some incentives might be given to those depositing their taxes well-in-time.

- Another way to improve the financial lot of the municipal bodies is that these bodies should be given a small share in the excise duties, sales tax as well as in market fees.

- Wherever possible separate water connections should be given for the purpose of gardening, etc. at lesser rates. This results into raise the income of the municipality but also saves a precious commodity like drinking water.

- The consciousness of the people has to be awakened by encouraging the involvement of local organizations like lions club, rotary clubs and NSS volunteers etc.