Chapter-I

INTRODUCTION
In a multi level governmental system, the last layer plays an important role in the socio-economic development of the country. Traditionally, most of the federations have three layers of government, namely, the federal or central government, regional or state government and local government. The functional responsibilities and powers of each layer of government are normally specified in the written constitutions of federations. The distribution of powers among the three layers of the government, however, vary from one federation to another. The distribution also depends on the practice of federalism in each country. While all the three layers of government affect the socio-economic and political life of the people, the local government by virtue of their being closer to the people, influence the lives of the people rather closely. Moreover, since the functions performed by the local government such as provision of roads and communications, drinking water, sanitation, education and health affect the people directly. Local government, therefore, plays a crucial role in the development of a federal economy.

Local government, however, would be successful in discharging their functional responsibilities only if they are endowed with sufficient fiscal powers. Mere endowment of resource raising powers would not make the local governments effective unless the resource raising powers are effectively utilized and appropriate expenditure policies are pursued by the local government. In addition, the efficacy of local government would also depend on the composition and productivity of local government expenditures in terms of delivery of basic services. Local government does not enjoy Constitutional status in India, in the sense that local government is not recognized as a third layer of government with specific functions and powers. Local government is a function assigned to the States at the centre introduced two bills in the parliament, namely, Panchayati Raj Bill and Nagarpalika Bill, to provides Constitutional status to the local government in India. The two controversial bills which were criticized as an infringement into the constitutional role of the States were given up with the change of Government at the Centre.
Local government in India comprises municipal government for urban areas and panchayat raj for rural areas. Though rural local self-government has a long history in India, the urban municipal government has a relatively recent history. Despite the long history of rural local self-government or panchayat system in rural India, the basic objective of Panchayat system is to enable the village communities to participate effectively in decisions affecting their communities, such that the communities themselves decide the nature and quantity of civic amenities to be provided and a method of defraying the cost of these services. But actually Panchayats are providing services to the people, Depending very heavily on the state governments for resource support. They do not enjoy real autonomy to decide the level and composition of services to be provided. Periodic elections to the Panchayat raj bodies which are so vital for local self-government have not been conducted for many years in most of the States, where the Panchayat raj bodies were run by either government officers or nominated committees. The Panchayat Raj Bill that was introduced in Parliament by the previous Government sought to overcome some of the defects mentioned above. The intent of the bill was to give constitutional status to the local government with independent tax powers and to ensure periodic elections to these bodies. Strict accounting procedures proposed by the bill to control corruption and misuse of funds by local bodies and the proposal of compulsory auditing of local funds by the Comptroller and Auditor General of India were some of the important features of the Bill.

The urban local governments are no better than the Panchayat system. Periodic elections were not held to the municipal bodies for several years in almost every state. In certain states, the elected bodies are superseded and officials have been appointed in the place of elected representatives. In fiscal position, the municipalities have been experiencing a far more serious crisis than the Panchayats. While the municipalities are relatively better placed than the panchayats in terms of resource raising abilities, the expenditure responsibilities of municipalities are far greater than the Panchayats. While the municipalities can raise property tax, profession tax, taxes on trade, non-tax revenues like fees, fines, remunerative enterprises, they have far greater expenditure responsibilities.
The expenditure responsibilities of municipalities such as primary education, secondary education, health, medical facilities, roads, sanitation, drinking water, street lighting have been absorbing increasing amount of resources. Under the impact of urbanization, the demand for publicly provided services have been raising rapidly. On the other hand, non-tax revenues of the municipalities have been increasing at a meagre rate for various reasons. The rates and bases of the municipal taxes are not revised periodically to bring in more revenue. Municipal property taxation is a classic example of a potentially productive tax yielding almost insignificant amount of revenue. There is large scale undervaluation of property resulting in evasion of tax. On the expenditure side, however, there is a growing demand for various municipal services, leading to what is popularly known as 'urban fiscal distress' or 'urban fiscal crisis'. The crisis symbolizes growing expenditure responsibilities, inelastic revenues, partly caused by inadequate tax effort and increasing reliance on the State governments for grants. The fiscal crisis has also promoted a perverse expenditure structure which is predominantly non-developmental. A major portion of the municipal expenditure is being spent on wages and salaries and on other items of non-developmental expenditure. As a result, the municipalities are not in a position to supply basic civic amenities and services at a reasonable level. They are not able to undertake either qualitative or quantitative improvements to their services. In many cases, the municipalities are not able to reach substantial population. The poor quality of municipal roads, the degradation in the sanitary facilities, the undependable and altogether unsafe drinking water supply, the overcrowded municipal schools, the ill-equipped and ill-staffed municipal hospitals, the poor street lighting, the neglected municipal parks and play grounds in every municipality are a standing testimony to the fiscal distress of the municipalities.

Faced with the ever rising expenditure responsibilities and inelastic revenues, the municipalities have come to rely heavily on state governments for revenues, losing in the process autonomy in expenditure determination. With the increasing dependence on the states for grants and loans, the states have enormous control over municipal finances. Most of the grants given by the states are specific in nature resulting in a certain loss of autonomy. Even in revenue raising the municipalities have been subjected to many controls by the state governments. The
rates and bases of various taxes are determined by the State government. Every municipality has to seek prior permission of the state government before bringing about changes in the tax laws. Even in respect of non-tax revenues, the municipalities do not enjoy greater freedom. Thus, the municipalities which are intended to be autonomous have virtually become state government departments looking for direction and control from the state governments in every aspect. This constitutes an erosion of the basic objective of local self-government, namely functional autonomy.7

The state of municipal finances in Andhra Pradesh presents a grave situation as in other states. The municipalities in Andhra Pradesh belonging to all categories face a serious fiscal crisis. While the own revenues of the municipalities have been growing at a relatively inelastic rate, their expenditure responsibilities have been rising at a rapid rate, resulting in a rise in their dependence on the state for grants. The inelastic own-revenues have not been exploited fully for various reasons. Large scale undervaluation of property, evasion and corruption in the tax administration have dampened the tax effort of municipalities. Similar factors have contributed to a sluggish growth in non-tax revenues. In the matter of expenditure, the municipalities are not able to control non-developmental expenditure and increase their share of developmental expenditure. Most of the non-developmental expenditure is spent on salaries, wages, dearness allowances and maintenance charges. Very little amount is spent on upgrading the quality of municipal services or increasing their quantity. Additional investment on new services is a small fraction of total expenditure. Not able to meet the rising expenditures from own revenues, the municipalities are compelled to look up to the State Government for all kinds of assistance to finance expenditure. The State Government has imposed several conditions on municipal expenditure and revenues. Thus, the municipalities in Andhra Pradesh have come to depend on the State Government for sanction of funds, direction and composition of expenditure, losing in the process their autonomy, which is very vital for a federal economy.9

1.1. Review of Literature

Comprehensive review of literature has become an essential part of any study as it not only gives an idea about the work done in the past and assists in
delineating of problem area and also provides a basis for interpretation of findings. The available relevant literature is reviewed here under.

**J.Rajchoudhary (1971)**, in his book “Municipal Accounting and Audit” focused on the ineffective audit system of our municipalities. He deplored that in most municipalities of the state accounts are neglected and not properly audited. This was mainly due to accumulation of arrears. It is most disconcerting that the municipal authorities are quick to dispose of audit queries and reports raised by the examiner of local fund accounts.

**C.P. Bhambri (1973)**, in his book “Public Administration in India”, made a detailed study of municipal finances. Since governments spend public money for public purpose the efficient management of public money is a very important task of public administration. He suggested that government, which has worked out a satisfactory system of financial management, has gone a long way towards putting the administration of its affairs upon the efficient basis. Financial administration involves the machinery and method by which funds for the support of public services are raised, spent and accounted for and it is at the very core of modern government.

**Vishnoo Bhagawan (1974)**, in his book “Municipal Government and Politics in Haryana” explained the increasing tendency of areas and faulty-management of municipal properties. It was found that there are political hurdles in the way of realization of arrears. If better managed and developed, municipal property tax can be a better source of revenue that would put a stop to colonization by wealthy people.

**Zaidi (1978)**, in his study on “Municipal Tax Administration” highlighted the importance as well as defective machinery of assessment and collection of property tax and control in urban local bodies. To mitigate these, Zaidi suggested establishment of central valuation agency for assessment of property and steps should be taken for improving the system of accounts.

**Tiwari V.K. (1980)**, observed that the finance of most of the local bodies in Uttar Pradesh were in bad shape. Most of them were not repaid the loans
received from the government and they were not able to provide civic amenities at a reasonable standard.

The National Council of Applied Economic Research (1980)\textsuperscript{16}, on the basis of an indepth analysis of resource position in 51 sample municipalities, critically reviewed the trends in municipal finances during 1970-77. The study examined the resource, gap in some municipalities and identified low own-tax effort as an important reason for it. The study advocated various steps to increase municipal revenues such as an effective property tax and octroi. The study also recommended a rational system of grants-in-aid to the municipalities.

Rama Rao and Nageswara Rao H (1983)\textsuperscript{17}, in their study on the “Economics of Urban Local Public Sector” explored the growth of urban local bodies and their resource constraints in India with particular reference to urban local bodies in Karnataka. The study examined the horizontal and vertical differentials in the output of goods and services across the urban governments and brought out the determinants of urban local public expenditure through the statistical analysis of the data. In order to provide the services efficiently in urban sector, the authors advocated that it would be desirable to overcome the financial, allocational, budgetary, managerial and technical problems.

Shyamnath and Larly Schoroeder (1984)\textsuperscript{18}, in their, study pointed out that during the Eighties, the cities of Calcutta, Madras, Bombay and Delhi relied upon property tax to meet the growing local expenditures. In order to examine the property tax system of Delhi and Madras cities, they used double log ordinary least squares regression to analyse and estimate the property tax system. Their analysis revealed that property tax revenue growth in both the cities had suffered a setback due to arrears. It also revealed that properties were undervalued in both the cities.

Shyam Nath (1984)\textsuperscript{19}, in his study on “Impact of Rent Control on property Tax Base in Indi” highlighted the impact of rent control legislation on property tax revenue of the municipalities in India. The study pointed out that rent depresses the rateable value of properties and there by decrease the revenue from properties.
Nageswara Rao M. (1985)\textsuperscript{20}, made some observations in the Report submitted by the "Municipal Taxation in Karnataka Taxation A-Review" Committee in 1983. While commenting on the financial position of local bodies, the committee observed a situation of large budget surpluses of Bangalore City Corporation. The committee's remark on the increase in establishment charges of urban local bodies was noteworthy. According to the Committee, property tax was the main source of income of urban local bodies. It arrived at an additional financial transfer from state to the local bodies to the tune of Rs.14.50 crores annually.

N.R. Rao's (1986)\textsuperscript{21}, study on "Municipal Finances in India" on the basis of an indepth analysis of municipal finances of all the States, critically reviewed the revenue and expenditure pattern of municipalities in India. The study examined tax and non-tax revenue and suggested various steps to increase revenue from property tax, profession tax, octrai and non-tax receipts like rents, fees, etc. The author was of the opinion that municipal services could be more effectively provided, if grants were given on a continuing basis rather than on an adhoc basis. Further, he suggested various measures to increase the efficiency of municipal financial administration and examined the relevance of some of the recommendations on municipal finances made by the Union and State Commissions and Committees.

Gokulananda Dash (1988)\textsuperscript{22} explained in "Municipal Finance in India (based on Orissa)" the burning and important problems of urban local bodies. It is a comprehensive study based on 31 municipalities, their revenues and expenditures. He argued that the real problem of the urban local bodies was not poor finances but weak financial administration. The study examined uncertainty of grants and loans in the urban local bodies. He advocated a significant step-up in municipal revenues through greater tax effort and rational system of grants-in-aid and loans to the municipalities.

Mathur M.P. (1989)\textsuperscript{23}, pointed out that the State should support the functions of municipal bodies by way of grants-in-aid and tax sharing of certain State levied duties. It has pointed out that adequate grants to be given to bridge the gap between the service standard among the various municipal bodies by way of two-fold funding, capital funds for carrying out such projects and recurring grants.
operational and maintenance purposes. From his analysis it is clear that grants-in-aid is a fiscal instrument, for the devolution of funds from the State to urban local bodies to perform their functions, effectively.

S.N. Singh (1990) in “Urban Financial Administration in India” dealt with Municipal Fiscal Administration with wide range of aspects like sources of revenue, pattern of expenditure, the budgetary practices, audit, accounts and state control.

Pandey K.K., (1990) in his study (1979-84) highlighted that the system of devolution of funds to the urban local bodies had been by and large ad hoc and irregular. As a result of this, its share in the municipal incomes had been declining over the years. In another article, “Urban Water Supply-A Case study for optimum Self-financing”, the same author pointed out that the receipts on account of sale of water in urban local bodies were low as compared to the expenditure on water treatment and distribution. He pointed out that on an average the per capita municipal expenditure in 1979-80 on water supply was low as Rupees 9 compared to a minimum requirement of Rs.24 (as per Zakaria Committee).

Krishna Iyer (1991), suggested that the municipalities can undertake bio-gas plants, fine arts theatres, transport, services, dairies, public rest rooms etc., to increase their finances. The state must set apart decent slices of revenue by way of grant to share in taxes to municipal bodies based on rational statutory criteria.

Satya Sundaram. I (1991), observed in his article that the local authorities in India were facing problems on the financial front. It said that the tax revenues were inelastic in nature and the local bodies were reluctant to utilize the revenue sources available to them. Moreover, local governments lacked the administrative capacity to collect revenue and prepare budgets and they were not able to get their due share in certain revenues having a local character.

Sharma S.K, (1991), reiterated the existence of huge gap between the municipal incomes and expenditure requirements. This back-log directly influenced the levels of capital (plan) expenditure which was relatively discretionary in nature. The symptoms of these inadequacies in the municipal capital expenditure were clearly visible in the low and deteriorating levels of urban infrastructure.
N.K. Pandya (1993) in his book “Municipal Finance in Rajasthan” (1993) focused on specific problems in relation to management of funds as meeting the requirements of different municipal services in Rajasthan. It relates to the organisation and functions of 20 municipalities and their level of expenditure and quality of services provided.

Pardeep Sachdeva, ed. (1995), “Revamping Urban Governments in India” noted with regret that urban local governments have miserably failed to achieve their twin objectives of acting as form of political education and providing basic services and amenities of a minimum standard to their citizens.

S.S. Dhamiwal (2000), in his book “Municipal Administration”, described in detail the duties, obligation, responsibilities of municipal administration and all hurdles in the way of fulfilling the same. The author suggested that local politicians should rise above their selfish motives and bring about cooperation and co-ordination between the municipal committees and various departments of the government.

D. Ravindra Prasad and K. Rajeswara Rao (2000), in their handbook of “Municipal Statistics” provided basic information about select aspects of municipalities in Andhra Pradesh such as demography, infrastructure and personnel. The book incorporated data relating to 109 municipalities all governed by the Andhra Pradesh Municipality Act, 1965. The book gives a comprehensive picture of urbanization as well as urban local bodies in the state.


Darshan Mahadevia (2003) in “Globalization Urban Reforms and Metropolitan Response in India” presented the mainstream reforms in two metropolitan cities Ahmedabad and Bangalore. It was observed that urban reforms are proceeding at a faster rate in metropolitan cities and the reform process is funded by multilateral and bilateral agencies.
Narayan Edadan and Atul Sarma (2003) in “Restructuring Urban Finances, Accessing Capital Market” have addressed major issues relating to tax reforms, expenditure and debt management. The study also covers institutional operational issues like budgeting and accounting systems and capacity building of urban local bodies towards assessing capital markets.

Sherri Torjman and Eric Leviten Ried (2003), in “The Social Role of Local Government”, explored the social role of local governments. It was a study based on 14 cities across Canada and offered solutions to reduce poverty.

P.K Chubey (2003), in his paper “Urban local bodies in India: Quest for making them Self-Reliant” enquired about public utilities and public works like roads, culverts, bridges, flyover and subways and other functional domain of municipalities.

U.B. Singh (2004) edited a book on “Urban Administration in India” (experiences of fifty years). It enlightens the urban administration in India by bringing and the uncontrolled, unplanned and haphazard growth of urban centers leading to great pressure on urban services mushrooming of inhabitants within human surroundings degradation in environment polluted air, water and noise. The cities are becoming inhabitable decade after decade.

P.S.N Rao and G.C.Srivastava (2005) who edited a book entitled “Municipal Finance in India Role of Twelfth Finance Commission”, have focused that in a fast urbanizing and globalizing nation like India it is possible to have well managed cities and a good quality of life when we have financially healthy municipalities. With the enactment of the 74th constitution amendment act of the year 1992, municipal bodies are vested with more powers and provision of receiving more funds by way of devolution form the centre and the state.

Abhay Pethi and Mala Lalvani (2005) in working paper “A Comparative Study of Municipal Finances in Maharashtra: Patterns, Problems and Prospects”, examined the patterns of finances in ULBs in Maharashtra and presented a comparative picture there of.
C. Nagaraja Rao and G. Sai Prasad (2007) in the book “Accountability of urban local governments in India” urged the stakeholders of urban development to understand the need to plan to revitalize ULBs to meet the new challenges imposed by the rapid urbanization and social and economic changes in urban areas. Some valuable reforms to fulfill the constitutional obligations ordained on ULBs by the constitution (74 Amendment) Act, 1992 have been suggested in the book. It also dealt with capacity building, decentralized planning, simplification of procedures, privatization of certain municipal services to improve the quality and reduce the cost of service.

K.C. Sivaramakrishnan (2007), CPR occasional Paper “Growth in Urban India, Issues of Governance” gave broad indication of the characteristics, dimensions and magnitude of urban growth and problems of urban management by municipal authorities.

The Reserve Bank of India (2008) published a study entitled “Municipal finance in India-An Assessment” using the data from 35 metropolitan municipal corporations (MCS). It attempted to analyse the performance of urban local bodies (ULBs) with respect to fiscal parameters and provision of civic amenities. It suggested that the problems of municipal finance in India need to be addressed in a holistic manner through comprehensive reforms. It suggested that the issues of lack of clarity, consistency and predictability in expenditure assignment and revenue assignment need to be addressed. In particular the system of tax, user charges, inter governmental transfers and borrowings in respect of ULBs to be reviewed for their adequacy and suitability to match the expenditure needs.

Ramakrishna Nallathiga (2008) in ICFAI Journal of Urban Policy, “Trends and Perspectives of Urban Public Finance in Select Countries and India” attempted to provide an outline of urban public finances in select countries of the west in comparison to that of India. Comparative to advanced countries Indian local government present a weak base and loose foundations.

ISA Band, (Ed.) (2009), in “New forms of Urban Governance in India” (2009) looked at the impact of decentralization on local governance arrangements
and citizen participation in urban democracy processes in India. It included case studies from major cities throughout the country.

**Chetan Vaidya (2009)**, "Urban Issues, Reforms and Way Forward in India" analysed urban trends, institutional arrangements, municipal finances and innovative financing. It also discussed the reform linked urban investment programme, JNNURM.

**Mahala, O.M. (2011)**, "Urban Governance in India: Emerging Challenges in Liberated era", narrated the challenges of local governments to govern the mega-cities of India on a rapidly changing atmosphere. It looked the impact of decentralization on local governance arrangements and citizen participation in urban development. The role of information technology in facing the challenges of urban governance is also explained in detail.

"Financing cities fiscal responsibility and urban infrastructure in Brazil, China, India, Poland and south Africa" by Gyore E.Peterson and Patrica Clarke (ed.) found that urbanization makes demands for infrastructure investment that can unbalance government budgets and stimulate growth at macro level. Different countries have approached this challenge in different ways from tight central controls on local investment to decentralized fiscal choice. The book offers a tax perspective on inter governmental policy design and the politics of policy implications.

**Need for the Study**

Urban local institutions are one of the most crucial processes for people to assert their community identity, fulfill their basic needs, prevent exploitation, redefine unequal and oppressive power relations, promote human rights and protect community assets for the welfare of the people and the goal of self-reliance and sovereignty. A number of institutions are involved for effective management and delivery of services in the urban sector which are also responsible for carrying out the implementation of various schemes, projects and drives initiated by the Government. For effective planning, implementation, management and monitoring of the projects
in the urban sector, municipalities play an important role. Expansion of economic activities and industrialization lead to evolution of cities as growth centers. These urban centers facilitate sustained economic growth in three major ways - through the real sector by raising the productivity of output and employment, through the financial sector, by mobilizing and channeling savings and allowing accumulation of wealth in the form of urban real estate, and through fiscal flows, providing major share of governments tax revenue. The development of an urban area is also closely linked with the rural economy through exchanges of goods, services, labour, capital, information technology and social transactions.

A comparison of per capita internal resource generated show a grim picture of fiscal power of municipalities. Municipalities in India are heavily dependent on State government fund transfer to fulfill their revenue requirements. There are significant fluctuations in these transfer attributed to various external factors such as recommendations of Pay Commission, State Finance Commission. The internal resources are an important factor in determining the service levels implying that devolution of fiscal powers to municipalities would enhance their resource generation capacities and result in better provision of services.

Another important criteria for judging the performance of municipalities is to analyze the discretionary (operations and maintenance) and non-discretionary (establishment and salaries) components of revenue expenditure. The fraction of revenue income left after non-discretionary expenditure is spent by the municipalities on operations and maintenance. Therefore, a lower ratio between per capita non-discretionary expenditure and per capital revenue income shows larger scope for discretionary functions of the municipalities.

Autonomy of municipalities is also reflected by ratio of establishment expenditure with own revenue receipts. The lower the ratio, higher is the scope for discretionary expenses by municipalities without being dependent on State fund transfers and Grants. Operations and Maintenance (O&M) expenditure on key services like sewerage, solid waste management, roads, water supply etc reflects the quality of services. Revenue surplus left after meeting establishment expenditures is meant to provide flexibility and discretion to municipalities in
meeting with O&M requirements. Hence, an attempt is made here to study of the financial aspects of three municipalities i.e. Chittoor, Madanapalli and Srikalahasti municipalities in Chittoor district.

1.2. Objectives of the study

The study makes an attempt to examine the financial position of the select municipalities.

The objectives of the study are;

1) To describe geographical and economic features of the selected municipalities.

2) To study the revenue and expenditure pattern of the selected municipalities during 2004-05 to 2014-2015.

3) To find out the developmental and welfare activities undertaken by the selected municipalities during the study period.

4) To estimate the financial imbalances of municipalities from 2004-05 to 2014-2015.

5) To suggest suitable measures to improve the financial soundness and performance of Chittoor, Madanapalli and Srikalahasti municipalities.

1.3. Hypotheses

1) There is no significant change in the tax revenue of selected municipalities during the study period.

2) There is no significant change in the collection of non-tax revenue in the sample municipalities.

3) There are no significant increases in the growth of expenditure of selected municipalities in the study area.

1.4. Sample Design

The selection of municipalities covered (West region (Madanapalli), Mid region (Chittoor) and East region (Srikalahasti) in Chittoor District. The thesis is
largely based on an in-depth examination of the three sample municipalities in Chittoor district belonging to three revenue divisions. One municipality was selected in each revenue division i.e., Madanpalli Municipality under Madanapalli division, Chittoor municipality (Municipality upgraded into Corporation on 07-07-2012) in Chittoor revenue division and Srikalahasthi municipality under Tirupati revenue division.

The study is confined to three selected municipalities i.e., Madanapalli, Chittoor and Srikalahasthi. The study covers the period from 2004-05 to 2014-2015. In respect of all sample municipalities, 2004-05 has been chosen as the base year of study. The year 2014-15 for which accounts were available was chosen as the terminal year of the study. Hence, the present study covers the performance of three sample municipalities during period from 2004-05 to 2014-15.

1.5. Sources of Data

The required data for the study was collected from the three sample municipalities. The researcher personally collected the data from the records of the three sample municipalities. The present study is also based on the secondary data. The secondary data was collected from the relevant publications of Governments and non-governmental organizations, Reports and publications, Andhra Pradesh Statistical Abstracts, Census Reports, State Government Budgets and Audit Reports of each municipality, the Municipal Directorate of Andhra Pradesh, Hyderabad were the useful sources of information on different aspects of municipal finances.

1.6. Tools used for Analysis

Appropriate tools have been used to classify and tabulate the collected data to bring out a systematic analysis based on the objectives of the study. The data collected has been analyzed using statistical tools such as Percentages, Growth Rates, Mean, Standard Deviation, Co-efficient of variations, Compound Growth Rate, Liner Growth Rate, Correlation, ANOVA, Chi-square test and Regression analysis.
1.7. Limitations of the Study

There are six municipalities and two municipal corporations in Chittoor District but only three municipalities were considered for the present study. The conduct of the study aims at an examination of the financial and expenditure position of the three municipalities. And concentrates on the financial position of the three municipalities during the period 2004-05 to 2014-15.

1.8. Chapter Scheme

The thesis has been organized into seven meaningful chapters. The first chapter consists of introduction to local finance and administration and financial structure of local bodies. Methodology of the study including objectives, review of literature are discussed in this chapter. The second chapter deals with a historical review of Urban Local Bodies in Andhra Pradesh. The third chapter studies the Socio-Economic Conditions of Chittoor District. The fourth chapter analyses the Municipal Finance in Andhra Pradesh. The fifth chapter provides the Analysis of Revenue of Selected Municipalities. The sixth chapter presents the analysis of expenditure of selected municipalities. The seventh chapter concludes with summary of the findings and the conclusions.
REFERENCES

1. The lok sabha gave its approval to the two Constitution Bills on August 10, 1989. The two bills sought to usher in a uniform system of local self-government throughout the country by providing for periodical elections, independent tax powers, statutory finance commission, and regular auditing of accounts by the Comptroller and Auditor, General. See for details, THE HINDU. August 11, 1989.


3. Ibid., p. 1666.


32. Ibid.


34. Darshini Mahadevia "Globalization Urban Reforms and Metropolitan response in India", Manak Publications Delhi, 2003


43. Ibid.


46. Chaitan Vaidya “Urban Issues, Reforms and Way Forward in India” working paper, No.4/2009-DEA.


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