A noticeable feature of local finance is the detailed care taken to control expenditure. Every local authority prepares an estimate of expenditure for the financial year starting from 1st to 31st March. The estimates of expenditure should be approved by the Board and the State Government. These estimates act as a check on expenditure. In other words whenever any expenditure is incurred it should be seen that the budget has provided for it.

Municipal expenditures have been classified into two—obligatory and optional. The Assam Municipal Act, 1956, indicated clearly obligatory expenditures. They are:

(a) payment of interest on any loan taken by the board;
(b) payment of salaries, gratuities, provident fund and pensions;
(c) liabilities and obligations arising from a trust legally imposed upon or accepted by the board; and
(d) for the payment of expenses of paupers,
lunatics and lepers who are inhabitants
of the municipality and are sent to
public asylums. All other expenditures
are optional. The optional expenditures
were the construction and development of
roads, bridges, gardens, drains, latrines and
urinals, the supply of water; lighting,
watering of roads, the establishment and
maintenance of hospitals and dispensaries
and vaccination - provision of burial and
burning grounds, payment of rewards for
the destruction of stray dogs, prevention
of the spread of dangerous diseases, and
establishment and maintenance of dairies.

Let us now take up the nature of expenditures.
The pattern and growth of expenditures of the Shillong
Municipal Board was as follows:
Table 1

Growth Of Expenditure of Shillong Municipality

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population</th>
<th>Total Expenditure</th>
<th>Per Capita Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911-12</td>
<td>11,128</td>
<td>48,765</td>
<td>4.40</td>
</tr>
<tr>
<td>1920-21</td>
<td>15,469</td>
<td>1,14,794</td>
<td>7.42</td>
</tr>
<tr>
<td>1931-32</td>
<td>21,300</td>
<td>1,75,407</td>
<td>8.23</td>
</tr>
<tr>
<td>1940-41</td>
<td>30,734</td>
<td>1,97,060</td>
<td>6.41</td>
</tr>
<tr>
<td>1950-51</td>
<td>53,756</td>
<td>3,60,448</td>
<td>6.70</td>
</tr>
<tr>
<td>1960-61</td>
<td>72,438</td>
<td>7,20,300</td>
<td>9.94</td>
</tr>
<tr>
<td>1970-71</td>
<td>87,659</td>
<td>13,87,583</td>
<td>14.60</td>
</tr>
</tbody>
</table>

From the above, it is clear that the Municipal expenditure has increased from Rs.48,766 in 1911-12 to Rs.13,87,583 in 1970-71. Shillong Municipal expenditures have registered an impressive growth of 2745.39 per cent during the period 1911-12 to 1970-71. In the per capita expenditure the growth rate is very much pronounced. Per capita Municipal expenditure was Rs.1.40

in 1911-12; it rose to Rs. 14.60 in 1970-71. This indicates a 33.2 per cent growth of per capita expenditure of the Board during the period. But the rate of growth is not uniform. While during the period from 1911-12 to 1920-21, rate of growth of expenditure was 135.39 per cent; it was 52.81 per cent during 1920-21 to 1931-32, 12.34 per cent during 1931-32 to 1940-41, 32.89 per cent during the period from 1940-41 to 1950-51, 99.83 per cent during 1950-51 to 1960-61 and 92.88 per cent during the period from 1960-61 to 1970-71. It is also noticed from the above table, that the trend of expenditure is downward during the period from 1920-21 to 1931-32 and it reached the lowest ebb of 12.34 per cent during the period from 1931-32 to 1940-41. There is thus a difference in the growth rate of expenditure of the Board during different periods.

Further, if we make a comparative study of Shillong Municipality with two neighbouring districts in the plains of Assam - one in the Brahmaputra Valley and another situated in the Barak Valley we will notice the regional variations and imbalances in the growth rate. For instance,
In the Table-II the variation in expenditure growth is visible when we make a comparative study with two neighbouring districts in the plains of Assam. In Cachar District expenditures of Municipalities have increased at a rate of 106.34 per cent; 153.22 per cent and 68.14 per cent and at the rate of 69.73 per cent; 75.00 per cent.

2. Source: A.Rs. Municipal for the years concerned. (Figures within bracket indicate percentage growth over previous periods).
and 214.66 per cent in the case of Kamrup District Boards, and at the rate of 52.80 per cent; 73.01 per cent and 17.15 per cent in the case of former K & J Hills District Boards during the period from 1923-21 to 1931-32; 1931-32 to 1947-48 and 1947-48 to 1951-52. It may be noted here that Shillong Municipality was the only Board in the former K & J Hills District. In 1951-52 percentage of growth was lowest in case of Shillong Board where it was only 17.15, it was highest in case of Kamrup District Boards with 214.66 per cent. The reason for the record of highest growth in Kamrup District was an expenditure of more than 10 lakhs by the Gauhati Municipal Board alone. It may be assumed that Shillong Municipality had fallen from the grace of official patronage since independence and especially after the departure of 'while Masters' from this lovely hill station.

Although the expenditure of the Municipality was divided into twenty three detailed heads it may be broadly grouped under the following major heads:

(1) General Administration;
(2) Public Safety;
(3) Public Health and Convenience;
(4) Public Works;
(5) Miscellaneous; and
(6) Extraordinary.

Under General Administration the expenses on office establishment, allowances of Chairman and Vice-Chairman; office contingencies, telephone charges, collection charges and taxes, expenditure on pension and gratuities, refund, forms and stationery, and postage charges were included. Public Safety includes various expenditures made for Street Lighting; rewards for destruction of wild animals and dogs. Under Public Health and Convenience came certain expenditures of direct public utility, such as: water supply, conservancy, drainage, pay and allowances of sanitary staff, hospital and dispensaries, vaccination, market and slaughter houses, pounds, aboriculture and public gardens, registration of births and deaths. Public works include expenditure on buildings and roads both construction and maintenance. Miscellaneous includes expenditures on disposal of paper
dead bodies, interest charges on loans contracted by the board, provident fund contribution, law charges, burial and burning ground and printing charges. Extraordinary expenditures includes payment into sinking fund, repayment of loans and deposits. Another very interesting feature may be noted here that Shillong Municipality was not incurring any expenditure under Public Instruction since late 1960s. Even in the early 1950s the board's expenditure on education was negligible - it consisted of expenditure in the form of grants to certain local schools and libraries. This observation was equally applicable during the pre-independence days. The present writer thinks that the educational activities were taken up by the Missionaries at Shillong as a matter of historical accident. That was the reason why the Board was not interested in public instruction. The C.E.O., of the Municipality expressed the hope that in near future the Board will try to run some schools at its own expenses.

In Table III, the percentage of the total expenditure incurred by the Municipality under some major heads are shown:

**Table - III**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1915-16</td>
<td>14,707</td>
<td>7.14</td>
<td>10.77</td>
<td>11.89</td>
<td>4.45</td>
<td>35.40</td>
<td>4.89</td>
<td>0.23</td>
<td>20.08</td>
<td>0.68</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1935-36</td>
<td>2,03,521</td>
<td>9.66</td>
<td>14.99</td>
<td>22.83</td>
<td>2.36</td>
<td>21.97</td>
<td>1.00</td>
<td>0.11</td>
<td>14.29</td>
<td>3.95</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1945-46</td>
<td>3,03,600</td>
<td>8.94</td>
<td>16.16</td>
<td>7.84</td>
<td>2.48</td>
<td>29.82</td>
<td>2.57</td>
<td>0.25</td>
<td>13.92</td>
<td>6.02</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1946-47</td>
<td>3,75,341</td>
<td>8.96</td>
<td>7.14</td>
<td>7.68</td>
<td>4.28</td>
<td>26.32</td>
<td>2.39</td>
<td>0.42</td>
<td>25.43</td>
<td>5.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949-50</td>
<td>3,83,491</td>
<td>9.20</td>
<td>12.20</td>
<td>6.35</td>
<td>6.27</td>
<td>36.14</td>
<td>1.79</td>
<td>0.37</td>
<td>15.64</td>
<td>4.95</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**GAUHATI MUNICIPALITY**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1945-46</td>
<td>2,11,450</td>
<td>-</td>
<td>32.85</td>
<td>-</td>
<td>25.38</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11.62</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1946-47</td>
<td>2,26,474</td>
<td>6.45</td>
<td>0.90</td>
<td>28.65</td>
<td>3.71</td>
<td>30.47</td>
<td>0.31</td>
<td>0.52</td>
<td>9.40</td>
<td>11.94</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949-50</td>
<td>10,00,022</td>
<td>2.13</td>
<td>2.18</td>
<td>46.72</td>
<td>1.70</td>
<td>13.46</td>
<td>0.09</td>
<td>0.14</td>
<td>24.10</td>
<td>3.14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Annual Reports of Municipal Boards for respective years.*
It will transpire from the Table III that the Municipality was spending the highest percentage of the total expenditure on Public Health. The expenditure under public health constitutes 56.94 per cent in 1915-16, 48.27 in 1935-36, 42.96 per cent in 1945-46, 49.99 per cent in 1946-47 and 50.92 per cent in 1949-50 of the total expenditure of the respective years. Public Health comprises five items, water-supply, drainage, conservancy, medical and vaccination. On a break up, it was established that conservancy claimed the highest percentage of Shillong Municipal expenditure followed by water-supply. In spite of high expenditure on conservancy, the sanitary condition of the town was poor. It was a common sight in various parts of the town especially during dry months that night-soil and rubbish were oozing out of drains. The expenditures on purchase and maintenance of vehicles as well as purchase of other appliances are some of the factors for the high percentage of expenditure under this head. Medical service and drainage got less attention as indicated by the percentage of expenditure on these services. The second highest percentage of expenditure is under the head public works, which included construction and maintenance of roads and buildings. Public safety or street
lighting claims the third highest percentage of total expenditures spent by Shillong Municipality. It is sad to note that education remains most neglected as revealed by the trend of expenditure under this head.

Further, while making a comparison with the neighbouring Gauhati Municipality - it is seen that Gauhati is also sailing in the same boat with Shillong so far as highest percentage of expenditure under public health is concerned. In Gauhati expenditure under public health constitutes 58.23 per cent in 1945-46 whereas the figure jumped to 63.66 per cent in 1946-47 and it reached a record figure of 72.11 per cent of the total expenditure in 1949-50. On a break-up, it is seen that water-supply claims the highest percentage of expenditure followed by conservancy. The reason for high percentage of expenditure under water-supply is mainly due to increase in population and expansion of the town since independence. Although the second highest percentage of expenditure is incurred under conservancy at the cost of drainage and medical services, the sanitary condition of Gauhati town is still not at all satisfactory. The third highest percentage of expenditure is made under public works out most of the roads of the town are in a bad condition. 6

Percentage of expenditure under education in 1945-46 and 1946-47 is somehow reasonable but the expenditure dropped to a very low figure of 3.42 per cent in 1949-50. The total expenditure of the Shillong Municipality in 1949-50 is only about 4 lakhs — whereas the corresponding figure for Gauhati Municipality during the same year is more than double that of Shillong's expenditure. This writer thinks that the main reason for high expenditure by Gauhati Municipality is increase in the population, expansion and rapid industrialisation of the town since independence — and resultant increase in revenue and expenditure.

Shillong Municipality is spending a substantial amount every year e.g.; in 1971-72, the total expenditure is about twelve lakhs of rupees; figures for 1972-73 and 1973-74 is about twentyone lakhs and twenty lakhs of rupees respectively. In 1973-74, out of the total expenditure of about twenty lakhs of rupees — general administration and collection charges — in other words office establishment had eaten up more than three lakhs of rupees.

The present writer thinks that public expenditure should maximise welfare of rate-payers instead of on payment of huge amount as salary. The Audit on several occasions pointed out that the Board is over-staffed. The Municipal authorities should give serious thought to rationalise expenditure on general administration in the near future. There is also a great possibility in the curtailment of expenditure on conservancy by a progressive and gradual process of mechanisation of night-soil and rubbish removal services on modern lines. Moreover, the Board should maintain a reasonable balance between income and expenditure, deciding carefully the sums that can be spent under a particular head, making long-range studies of overall financial implication of the expenditure. Lastly, in planning expenditure the Municipality should take into consideration the social cost and taxpayers' needs into consideration. In other words, if as a result of expenditure on development of roads, water-supply, markets, the tax-paying capacity of rate payers goes up - the Board will surely be benefitted in the long run by raising the rates. Therefore, expenditure for general improvement of the town will be a wise and rewarding investment on the part of Shillong Municipal Board.
Expenditure of the Khasi Hills District Council.

The expenditure of the District Council was divided into sixteen detailed heads, but it may be broadly grouped under the following major heads:

1. General Administration;
2. Revenue Budget And Finance Department;
3. Forest Department;
4. Administration of Justice;
5. Legislative Department;
6. Education Department; and
7. Civil Works And Development Department.

Under General Administration the expenses on pay and allowances including travelling allowances of the members of the Executive Committee, pay of officers pay of establishment and Office Contingencies; such as, telephone charges, legal expenses, maintenance of vehicles, insurance charges, expenditure on printing and stationery, and postage charges were included. Transport charges includes pay and allowances of drivers.

To a critical observer the expenditure on staff and on the political executive was excessive. The District Council

Office resembled the Secretariat of the State Government. The amount spent by the members of the Executive Committee on travelling allowance was exorbitant. The actual amount spent by the members of the Executive Committee on travelling allowance was Rs. 40,712 in 1975. In the same year the amount spent for relief work in the district was a small sum of Rs. 675.

Under Revenue Budget and Finance Department the expenses on pay and allowances of Licensing Officer and Office establishment, improvement of markets and land survey were included.

The actual amount spent for pay and allowances of finance establishment was more than Rs. 1,60,000 in 1975-76. In the same year a small amount of Rs. 35,627 was spent for improvement of markets.

So far as expenditure on Forest Administration was concerned - more than Rs. 3 lakhs have been spent on account of establishment pay and allowances in the year 1975-76; whereas no expenditure is being incurred for improvement of forest in the same year.

11. Ibid.
12. Ibid.
13. Ibid.
14. Ibid.
Expenditure on the Administration of Justice was about Rs.2 lakhs in 1975-76.15 "The Judges have no work" and the entire expenditure is an absolute waste of public money. The Duncan Committee has observed that the Judicial Department was over-staffed.16 A similar view was also expressed by the Vaghaiwalla Committee, "... more officers to do a work which can be done by fewer men..."17 Hence it appears that unnecessary expenditure under this head can be easily curtailed without upsetting the smooth administration.

As regards expenditures of Legislative Department actual expenditure of Rs.30,000, on account of travelling allowance of Chairman and Deputy Chairman in 1975-76,18 was very high.

Sixth item of expenditure was education. Expenditure on education was impressive. Actual expenditure incurred for education was Rs.37,80,453 in 1975-76.19 It was more than half of the total expenditure of the District Council. We think that high expenditure was possible due to generous government grants. Expenditure of more than Rs.1 lakh on account of pay of office establishment and contingency in 1975-76,20 was very high; whereas

17. Report, Vaghaiwalla Committee, 1959-60, P.34
20. Ibid.
no expenditure has been incurred for purchase of equipment, text books and sports and games.

Last item was civil works and development. Expenditures under civil works include expenditure on pay and allowances of officers and field staff, pay of establishment, contingencies - such as, equipments, contribution towards rent, electricity and other miscellaneous charges, construction and maintenance of office buildings, communication and development expenditure for the Five Year Plan. Actual expenditure incurred for civil works was Rs.8,56,727 in 1975-76. It was the second highest amount spent by the District Council next to education. This was possible due to liberal government grants. Expenditure on office establishment and contingencies during the same period was more than Rs.1,16,000. In other words more than one-eighth expenditure was expended on office establishment and contingencies.

It was clear from the above that a huge sum was spent by the Council every year for salary and travelling allowance bills. Therefore, the District Council should immediately adopt some drastic measures of economy for curtailment of expenditures - including a ban on any recruitment.

for next three years for office establishments. We think that the Council should also cut down the huge contingency expenses, namely; miscellaneous expenses and maintenance and repairs of vehicles. Old vehicles may be sold out as maintenance expenses was about one lakh rupees in 1975-76.22 We think that by adopting the above economic measures the District Council will be in a better financial position to expend more money for the development of the autonomous district.

The expenditure of the District Council for consecutive three years excluding that from grants-in-aid are given below in round figures:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. General Administration</td>
<td>7,80,670</td>
<td>7,04,451</td>
<td>6,60,442</td>
</tr>
<tr>
<td>2. Revenue Budget and Finance Department</td>
<td>2,85,269</td>
<td>2,27,972</td>
<td>1,37,061</td>
</tr>
<tr>
<td>3. Forest Department</td>
<td>6,54,812</td>
<td>4,22,918</td>
<td>5,34,731</td>
</tr>
<tr>
<td>4. Administration of Justice</td>
<td>2,19,188</td>
<td>1,66,960</td>
<td>1,68,756</td>
</tr>
<tr>
<td>5. Legislative Department</td>
<td>2,45,378</td>
<td>2,46,592</td>
<td>1,65,931</td>
</tr>
<tr>
<td>6. Contribution towards Pension etc.</td>
<td>17,440</td>
<td>5,110</td>
<td>13,530</td>
</tr>
<tr>
<td>7. Cost of Collection</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8. Miscellaneous Expenditure</td>
<td>17,513</td>
<td>11,465</td>
<td>1,628</td>
</tr>
<tr>
<td>9. Refund and Permission of Revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10. Repayment of Loan</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11. Gratuitous Relief</td>
<td>675</td>
<td>800</td>
<td>1,400</td>
</tr>
<tr>
<td>12. Arrear Deputation Allowance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>13. Refund of Advances</td>
<td>3,50,000</td>
<td>5,00,000</td>
<td>-</td>
</tr>
<tr>
<td>14. Grant to Town Committees</td>
<td>10,000</td>
<td>10,000</td>
<td>-</td>
</tr>
</tbody>
</table>

TOTAL: 25,80,945 22,96,268 17,33,479

*Figures collected from the Statement of Expenditure for the years concerned.
It is evident from the Table IV that the annual growth rate of expenditure is 32.47 per cent in 1974-75. Whereas in the next year there is a sharp fall in the growth of expenditure, it is only 12.40 per cent. Hence the annual growth rate of expenditure of the Council in 1975-76 is less than half in comparison with 1974-75.

Let us now take up the annual growth rate of expenditure of the Council in the maiden years. In 1953-54, the Council incurred an expenditure of Rs.1,50,000 - the figure for 1954-55 was Rs.2,20,000 whereas it was Rs.2,80,000 in 1955-56. So, the annual growth rate was 46.67 per cent in 1954-55, but it was only 27.27 per cent in 1955-56. Therefore, the annual growth rate of expenditures in early 1950s were higher than the annual growth rate of early 1970s.

The expenditure of the District Council excluding expenditure from government grants was Rs.1,50,000 in 1953-54, the figure for 1963-64 was Rs.10,50,347 and the expenditure for 1973-74 was Rs.17,33,479. So, the decennial growth rate of expenditure was 600.23 in 1963-64 -

24. Ibid.
whereas it was 65.01 in 1973-71. Therefore, the deca-
nnnial growth rate of expenditure was very high during 
the first decade. But the growth rate of expenditure 
was very low in 1973-74 in comparison with 1963-64.

Although there was an apparent growth in the expen-
diture, the real growth was not impressive in compar-
ison with early 1950s. So, the Khasi Hills District 
Council should incur more expenditure for the all round development of the district.

Finally, in spite of the increase of expenditures 
of the District Council, the services provided by the 
Council do not register any improvement in quality or in quantity. Two-thirds of the rural areas of Khasi Hills are still without any protected water supply or good roads. 27 There were many school-less villages. But the expenditure of any local body in general and the District Council in particular depends on the revenue supporting the spending and the willingness on the part of a popula-
tion to be taxed. In other words, the people must pay for the services provided by the District Council, only then will the Council be in a position to incur higher expenditure for the real benefit of the people.

27. Deputy Secretary (Law), District Council, interviewed on 15.7.1977.