Chapter - I

INTRODUCTION
CHAPTER - I

INTRODUCTION:

The conception of governmental structures and organizations which have been the focus of political administrative dichotomy has been resulted from the institutional approach to the contemporary administrative system. The duties, responsibilities, activities and functions of individuals and groups are directed towards these structures and organizations and in turn public policy is the determined and implemented by these organizations. Political Science is the study of these structures and institutions and equally significant among them is the local bodies or local self-government.\(^1\) Strictly speaking, a policy does not become a public policy until and unless it is adopted, implemented and enforced by some governmental institutions. The main objectives of local self-governments make public policies with the essence of democracy with development for the promotion of the best to the people.

The local self-government institutions including the third world countries have been provided the modern administrative structure in the world with a principal objective of taking these underdeveloped and developing countries to the destination of progress and prosperity on the axle of democracy and the wheel of development. The individual National Government at the apex level is regarded as the first-tier of the structure of administrative system. Whereas the constituent units are called states or provinces are the second-tier for the local self-government. The third-tier at the bottom is the local government which is created by National and State enactments and functions within a limited jurisdiction as provided by various statutes.\(^2\) Local government is widely interpreted as local self-government in India as this term was originated when our country was under British colonial administration and did not enjoy any provision of local self-government either at the Central or State levels. But today the term self-government has obtained its significance as the country enjoys self-government both at the Central and State levels in fact, in the Indian Constitution the term used is local self-government.
LOCAL GOVERNMENT - MEANING

The term ‘local government’ means management of the local affairs by the people of the locality. It is based on the principle that the local problems and needs can be looked after by the people of the locality better than by the Centre or State Governments.³

Local government means authority to determine and execute measures within a restricted area inside and it is smaller than the whole State Government.⁴ In the world of today local government is an integral part of the fourth-tier system of government. The other tiers are super-national agency at the apex, which is purely voluntary in character and does not interfere in the internal affairs of any Nation, the National Government which functions according to the Indian Constitution of the Nation and the Provincial or State Governments which are the units of a federal state.⁵

Local inhabitants representing local body possessing autonomy within its spheres, rising relevant through local taxation and spending its income on local services constitute the local self-government.⁶

Local government is a form of government whose members are elected from among the citizens of the area over which it wields its authority and which it is meant to serve.⁷

According to J.S.Mill “it is obvious to begin. With that all business purely local, all which concerns a single locality, should develop upon the local authorities.”⁸

Prof. Robson definition on local self-government “Local government may be said to involve the conception of territorial, non-sovereign community possessing the legal right and necessary organization to regulate its own affairs. This in turn pre-supposes the existence of a local authority with power to act independently of external control as well as the participation of the local community in the administration of its own affairs. The extent to which these elements are present must in all cases be a question of degree.”⁹

The Ex-President of India, Dr. Radhakrishnan replying to a civic address of Dhulia Municipality said that, “the local bodies must have the sole objective of promoting the well-being of the people.”¹⁰
The Ex-Prime Minister of India, Pandit Jawaharlal Nehru speaking on a motion of thanks to the Presidential address, underlined the need for the local government as it could develop in the people the spirit of self-reliance and new thinking of the new ways and understanding of the world.\textsuperscript{11}

**CONCEPT OF LOCAL GOVERNMENT**

Conceptually, local government is multidimensional. It is basically an organized social entity with a feeling of oneness. In political terms, it is concerned with the governance of a specific local area constituting a political sub-division of Nation, State or other major political unit. In the performance of its functions, it acts as the agent of the state. The local government is an integrant of the political mechanism for governance in a country.

The economics of a local area reflects in its local authority, can give a good account of its performance without much effort; if the locality is economically well off. A barren area, with least potentiality for growth and development, makes local development a stupendous task for the people. The local authority will have the initial advantage is not only rendering local services but also in warding off government intervention.\textsuperscript{12}

The concept of local government has an economic dimension of great significance. It highlights two facts of local authorities one with a bearing on their very existence as units for local self-government and, the other on their legitimate place in national development. Cumulatively, these facts of the concept of local government can help promote the desirable object of partnership between government and local government for the ultimate fulfillment of common goal namely good life.\textsuperscript{13}

The most important dimension of the concept of local government pertains to its political character. It has a direct bearing on the nature of the local government which is very intriguing giving rise to several questions. The Constitution of India, it may be have interest to note, affords guidance that lends clarity for the political concept of local government. Moreover local government is an administrative concept not known to other levels of government with its Councilors involved in making, unmarking and remaking administrative decisions in council and its committees with a direct bearing on civic services
to the local people. The local government is a child of its environment. The local government is operationally an administrative organization with the influence of politics, administration and technology.\textsuperscript{14}

Conceptually the local government is an integrant of democracy. The government need not be democratic. But without democratic norms there are no self-governing local institutions. In fact, there cannot be a real democracy without self-governing local institutions. Municipal institutions constitute the strength of free Nations. A Nation may establish a free government but without municipal institutions, it cannot have the spirit of liberty.\textsuperscript{15}

"Local authorities have greater opportunities today than ever before. If the powers of the Central Government are increasing so are the powers of the local Councils."\textsuperscript{16}

"Legally government as creator of local authorities can destroy its creatures."\textsuperscript{17} A local authority can institute legal proceedings for the recovery of its property; it can sue for the debt, to exact penalties or to obtain damages for the breach of contract. A local authority can also act as dependent in legal proceedings; it can be sued for failure to meet its obligations as employer, land owner, debtor or purchaser.\textsuperscript{18}

DISTINCTION BETWEEN LOCAL GOVERNMENT AND LOCAL SELF-GOVERNMENT

The terms ‘local government’ and ‘local self-government’ are used interchangeably for each other without releasing the distinction between the two. For a long time before attainment of independence the institutions of local government were described as local self-government in India. This was so because the people did not enjoy any self-government at the Central or State level. Accordingly when the British decided to associate the people of India with the administration at the local levels, it came to be known as local self-government. However, this connotation has lost its relevance at present, because now the country enjoys self-government both at the Centre as well as the State level. The Constitution, therefore, chose to use the term local government instead of local self-government. This changed use of the term was also desirable because a number of local
bodies like the New Delhi Municipal Committee are not representative in character and it would be inappropriate to designate them as self-governing bodies. Prof. S.R. Maheshwari says “the term ‘self-government’ may appear embarrassing as well, for it has around itself a ring of virtue, which it is unnecessary to claim and on occasions difficult to justify. The term local government being a moral in nature is to be preferred to virtue embodying ‘local self-government.”

The chief differences between local self-government and local government are as follows:

1. The local government is merely an agency of the Provincial Government while the local self-government is a complete unit in itself.
2. The local government has no right to lay down its policy. It merely executes the policies laid down by the Provincial or Central Governments. The institutions of local self-government lay their own policy and implement that policy through its own machinery.
3. The local government is merely a part of the State Government and has no initiative or autonomy. The local self-government enjoys autonomy and possesses initiative.
4. Local government is characterized by rigidity while flexibility is the hallmark of local self-government.
5. The local government deals with problems of administration, law and order, etc., while the local self-government is concerned with civic problems, and
6. The last and the final difference between the two is that while the local government is carried on through salaried officers of the State or Central Government, the local self-government is carried out through the elected representatives of the people. In other words, local government works through bureaucracy while local self-government works through representative institutions.
FEATURES OF THE LOCAL GOVERNMENT

The local government has certain features, which are as follows:

1. The local government's jurisdiction is limited to a specific area. It has a definite territory. It is concerned with the problems and solutions relating to that specified area.

2. It consists of local bodies and institutions.

3. It has representative character in as much as there are periodical elections to the executive wings.

4. It is primarily concerned with the promotion of interests of the local bodies.

5. It provides its own finances and prepares its own budget.

6. It discharges local functions allowed by the legislation.

7. It has the power to make policies and programmes within specified jurisdictions assigned by the acts framed by the Central and State Legislatures.

8. Local bodies are non-sovereign bodies. They derive their strength from the legislation.

9. Local bodies can sue and be sued in the court of law.

10. Local bodies owe their existence to the legislation.

11. Local bodies render their services exclusively to the people of a particular locality, and

12. The local government is subject to control of the higher level government.

REVIEW OF LITERATURE

A number of research studies on urban government were undertaken both at macro levels and micro levels. In the post independence period, problems of urban government received less attention from the state and union authorities. But from the middle of this century the problems of urban local government and administration gradually received increasing attention from scholars on urban studies. Their earnest efforts have produced a considerable literature of which a few important studies deserve to be mentioned here:

Hugh Tinker\(^{19}\) is a historical study based on several thousand letters, reports, returns and minutes of proceedings. His work focuses on an extensive review of municipal administration, ever since the foundations of modern local government in India during the period 1687 to 1880 to the emergence of national government in India in 1947. His main conclusion is that the lack of success of local authorities in India "has been due to partly
because of failure in British and Indian leadership and partly to certain other adverse factors such as poverty, political ferment, social flux and economic chaos”.

The local Finance Enquiry Committee of 1950\textsuperscript{20}, the Taxation Enquiry Committee (1954-55)\textsuperscript{21} had examined and identified certain avenues which could be exploited, property taxation, profession tax, trades and vehicles apart from toll taxes where identified by these studies as potentially productive sources of revenue. These committees had also suggested appropriate transfers to the municipalities in terms of conditional and unconditional grants and loans.

The study of Indian Institute of Public Administration,\textsuperscript{22} examined in the context of Municipal development plan, the need for integrating human material and financial resources for the balanced development of municipalities.

R.L.Khanna, Deputy Director, Local government, Punjab in his book Municipal Government and Administration in India,\textsuperscript{23} discusses the problems regarding the relationship between Union government and local bodies and also what he calls the state government patronize on financial matters.

Abhijit Datta\textsuperscript{24} in his study pointed out the existing defects in internal financial administration and in the system of state government financial assistance. Shriram Maheswari\textsuperscript{25} explained financial administration in municipalities in her study ‘Municipal Reforms in India since Independence’.

Sheo Kumar Lai\textsuperscript{26} urban elite deals with urban decision-makers of Jodhpur city. He focuses attention on the aspects of leadership, community power and local decision-making. He has discussed the role of elite in local decision-making process. The above study is extremely useful form the viewpoint of community power structure and local decision-making.

Saxena\textsuperscript{27} examined the relevance and value of planning, programming and budgeting system to municipal services. The centralization of powers in the hands of the state government and consequent decline in the powers of municipal government was foreseen by Mohit Bhattacharya\textsuperscript{28} in his study ‘urban Local Government perspectives’. In order to
promote better relations Bhattacharya suggested a new approach to state Municipal functional co-operation.

The book Municipal Finances in India\textsuperscript{29} by Abhijit Datta attempts to piece together information and studies in the broad field of Municipal Finances in India covering national perspective of municipal finance, municipal functions, municipal revenue mobilization, municipal financial management and municipal provision of public services.

The study of Ramaswamy Naidu\textsuperscript{30} entitled ‘Local Finance in Andhra Pradesh’ is an important early study on local finances in Andhra Pradesh. The revenue and expenditure, tax and non-tax receipts, loans and investments of the sample municipalities were examined for the period 1952-62. The study bought to examine the financial position as well as changes that were taking place in revenue and expenditure position of municipalities. The study covered a brief period of ten years and several developments have taken place in the Municipal Financial structure since 1962.

Bharadwaj\textsuperscript{31} presents the working of local bodies in India mainly with the purpose to impress readers on civic affairs the author emphasizes the working of civic administration and its day to day dealing with the public which requires lot of improvement.

Mohit Bhattacharya\textsuperscript{32} analyses the structure of urban local governments in India and cabinet system in Municipal government, state machinery for Municipal supervision and also the problems of management and financing of water supply in the urban areas of Bihar, Madhya Pradesh and Uttar Pradesh.

Rao’s\textsuperscript{33} study brought out the changes that have taken place in revenue and expenditure structure of Municipal corporation of Bangalore. The study examined mainly on financial resources of Municipal Corporation and little importance was given to expenditure portion of Municipal Corporation.

Sachdeva\textsuperscript{34} explains the aims and principles of the local government and also emphasizes on the expansion and strengthening of rural local government and how it functions.
Municipal Government and Administration in India\(^{35}\) was originally a doctoral dissertation of OM Prie Srivastava. It is devoted to the detailed examination of the control exercised by the State Government over Municipal Institutions especially Municipal Corporation. The book in its chapters deals with the meaning and importance of local government, its development in Uttar Pradesh. As well as legislative, political, administrative and financial control exercised by the state Government over Municipal Corporations. The study further draws upon the relevant facts and information from different states of India.


The High Power Committee on Municipal Finances and Financial Administration\(^{37}\) had examined the principle sources of revenue and suggested various steps to increase revenue. The committee suggested various measures to increase efficiency of Municipal administration in Andhra Pradesh.

Ram Reddy's\(^{38}\) study on Municipal finances examined Municipal finances in the overall context of Municipal administration in Andhra Pradesh.

**OBJECTIVES OF THE STUDY**

The present study on the Revenue and Expenditure pattern of the Hindupur Municipality during 1998-99 to 2008-09 the important objectives of the study are:

1. To examine the structure and functions of urban government in India.
2. To trace the evolution and administrative structure in local government of Andhra Pradesh.
3. To analyze the Revenue pattern of Hindupur Municipality.
4. To analyze the Expenditure pattern of Hindupur Municipality.
5. To summarize the findings of the study.
METHODOLOGY

Data Base: The study is based on secondary data. The secondary data were collected from the relevant Acts, Reports and other publications of Government of India and the Government of Andhra Pradesh like Statistical Abstract of Andhra Pradesh, Budget, Annual Accounts, and Municipal Yearbooks. Further, annual reports, and official records of Hindupur Municipality were also used, personal discussions have also been held with the officials, councilors, the commissioner and the chairman of the Municipality, in addition, several books, periodicals, magazines, and newspapers.

Tools and Techniques: The data drawn from several sources have been properly tabulated, synthesized and analyzed with the help of different tools and techniques like measure of central tendency, dispersion, percentages, ratios, and co-efficient of variation. Graphs and pie-diagrams have also been drawn to highlight the facts and figures wherever they were considered necessary.

Limitations of the Study: The scope of the present study is limited to the performance of Hindupur Municipality in Andhra Pradesh. Though Hindupur Municipality was constituted in 1920, the present study concentrates on the finances of Hindupur Municipality during the period 1998-99 to 2008-09. The generalizations made are applicable to municipalities situated in backward regions like Rayalaseema Region of Andhra Pradesh.

Plan of the Study: The present study is organized into six chapters.

Chapter-I: The first chapter deals with introduction, review of literature and methodology.

Chapter-II: The second chapter traces emergence of Municipal Government in India.

Chapter-III: The third chapter traces Evolution and Administrative Structure of Municipalities in Andhra Pradesh.

Chapter-IV: The fourth chapter analyses the Income pattern of Hindupur Municipality.

Chapter-V: The fifth chapter analyses the Experience pattern of Hindupur Municipality.

Chapter-VI: The sixth chapter represents summary and conclusions.
REFERENCES

13. Ibid., p.6.
14. Muttalib, M.A., Democracy, Bureaucracy and Technology, Concept Publishing Company, New Delhi, Chapter I and II.
38. A. Avasthi (Ed), Municipal Administration in India, G.Ram Reddy, Municipal Administration in Andhra Pradesh, Lakshmi Narain Agarwal, Agra, 1972,