CHAPTER I
NATURE AND SCOPE OF THE STUDY

1.1 (i) Introduction

The process of development is very complex & multifaceted in nature. Development is just not growth. It is coupled with various other parameters of enrichment activities. Modern concept of development encompasses issues like input of quality of life, provides fair & equal opportunities & development of economy.

1.1 (ii) Hence development is related with issues involving improvement of systems, enrichment of quality of life, provides equal opportunities of growth, utilization of resources & evaluation of environment favourable to all concerned Stakeholders. Therefore development of studies have a great relevance today.

1.1 (iii) The present study deals with budgeting system of Pune city. It is worth understanding however growing city plans for its development; utilizes various resources & creates environment for development. From this point of view the researcher has analysed the budgeting process of Pune Municipal Corporation.

1.2 Pune City

Pune has been known as oxford of the East & the cultural capital of India. Pune is one of the historical cities of India with a Glorious Past, an Innovative Present and a Promising future. The Pune Municipal Corporation Administers the city. Pune is among the greenest urban areas in the country. Pune Municipal Corporation is well known as Pune Mahanagar Palika serving citizens since 1950.

The Pune Municipal Corporation (PMC) was established on 15th February 1950. The PMC controles the whole administration of Pune. The executive power of the corporation is vested in the Municipal Commissioner, an IAS officer appointed by the Maharashtra State Government. The corporation consists of directly elected corporators headed by a Mayor.
1.3 About PMC

The Civic body
Name        Pune Municipal Corporation
Governing Act  The Bombay Provincial Municipal Corporation Act, 1949

Mode of Governance
General Body   : Policy Making
Standing Committee  : Financial Decisions
Municipal Commissioner : Chief Executive

1.4 Some Important Statistics

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<thead>
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<tbody>
<tr>
<td>Area of Jurisdiction</td>
<td>430 sq. km.</td>
</tr>
<tr>
<td>Population</td>
<td>4.2 million</td>
</tr>
<tr>
<td>Staff Strength</td>
<td>16,827</td>
</tr>
<tr>
<td>Annual Budget</td>
<td>Rs. 4.70 Billion</td>
</tr>
<tr>
<td>Worth of Assets</td>
<td>Rs. 1700 Billion</td>
</tr>
<tr>
<td>Parks and Gardens</td>
<td>76 + 7 Swimming Pool</td>
</tr>
<tr>
<td>Boating Clubs</td>
<td>2</td>
</tr>
<tr>
<td>Schools and Colleges</td>
<td>843 (5,00,000)</td>
</tr>
<tr>
<td>Disp. and Hospitals</td>
<td>55 (4000 patients/day)</td>
</tr>
<tr>
<td>Zoo</td>
<td>1</td>
</tr>
<tr>
<td>Aquarium</td>
<td>1</td>
</tr>
<tr>
<td>Fire Brigade Centers</td>
<td></td>
</tr>
<tr>
<td>Main Center</td>
<td>1</td>
</tr>
<tr>
<td>Sub Center</td>
<td>1</td>
</tr>
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</table>

1.1 www.punemunicipalcorporation.org
1.5 Civic Details of Infrastructure

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Supply</td>
<td>650 MW</td>
</tr>
<tr>
<td>Telecom</td>
<td>5,00,000</td>
</tr>
<tr>
<td>Water Supply Capacity</td>
<td>650 MLD</td>
</tr>
<tr>
<td>Network Length</td>
<td>2000 km.</td>
</tr>
<tr>
<td>Road Length</td>
<td>650 km.</td>
</tr>
<tr>
<td>Transportation</td>
<td>Surface, Rail and Air</td>
</tr>
<tr>
<td>No. of Slums</td>
<td>553</td>
</tr>
<tr>
<td>Declared Slums</td>
<td>347</td>
</tr>
</tbody>
</table>

1.6 Statement of the Problem

In this study the researcher has analysed the process of budgeting & its implications on development of P. M. C.

The P.M.C. is a major civic body & has a large quantum of resources. Its size is enormous & covers a vast geographical territory. In terms of Population Pune is a rapidly increasing city with influx of people from different places. It is having a long history of six decades of development.

However with increase in size, quantum & enlarged avenue of activities, the corporation is becoming a complex structure. It needs a more programatic & systematic approach of management.

From this point of view study of budgeting process becomes very important. Without having a systematic & planned approach to development the institution cannot progress. This process depends to a great extent on the process of budgeting and allocation of resources. Hence the present study has it’s own importance.
Considering this benchmark the researcher has analysed the budgeting process of P.M.C. Therefore the title of the study is “An Analytical Study of Budgetory provisions of Pune Municipal Corporation on various Projects”

1.7 Relevance of the study

PMC has celebrated its Golden Jubilee in 2000. As an effect of globalisation the development scenario of Pune city has changed. The Information Technology sector made the city a prime hub of IT in India. Now Pune is not only Education Hub, it also Auto Hub creating immense employment opportunities & higher education facilities. The GDP Growth rate for India was 8 to 8.5% but at the same time the growth rate of Pune city was 10%.

The ‘Pensioners City’ brand of the city has changed to “YOUTH PUNE” as the average age of Pune citizen is 34.

The revenue collection of PMC has grown upto Rs. 2,320 CR. in 2008-09 from Rs. 361.29 CR. in year 1998-99. The population has increased from 15 lakhs in 1991 to 40 lakhs in 2008 and projected to cross 60 Lakhs in 2020. The growth of population, revenue and the rate of infrastructure development are not commensurate with each other. Therefore there are serious problems of development of city. The additional constructions of 1 crore sq.ft. every year creates much stress on roads, public transport, water supply, sewage, garbage disposal and all other infrastructural facilities. The public transport is available only for 22% which leads to increase in the numbers of private vehicles on roads making roads crowded and making pollution problem serious. High level of pollution, inadequate techniques of waste management, insufficient water supply, low capacity of drainage, lack of public health facilities etc. had made the citizens worried about the future of the city.

PMC authorities are taking serious steps to control the situation and minimize the adverse effects. The development Plans, Various consulting Institutes and NGOs are making sincere efforts to take up the challenge of future.
FITCH the financial rating organization has awarded ‘AA - (Ind)’ rating to PMC certifying positively the strong economic condition of PMC.

1.8 Objectives of Study
The study is carried out to fulfill following objectives-

1. To study the process of budget preparation and budget allocation of PMC
2. To study the criteria and bases of the budget provisions and its continuity to various project of development.
3. To critically evaluate the outcome of budget provisions on various aspects of development.
4. To study the role of citizens in effective utilization of budgetory provisions on various developed projects.
5. To evaluate the opinions of officers of PMC regarding the previous budgeting process.
6. To examine the views of Corporators towards the budgeting.
7. To analyse the opinions & views of the beneficiaries towards the projects.

1.9 Minor objectives of the study
The minor objectives of the Study are as follows.
1) To analyse the budget provisions for select projects.
2) To identify the factors responsible for success or failure of budget allocation to certain selected projects.

1.10 Rational of the Objectives
The study will be helpful to find out the facts and figures of the budgetory allocations of PMC resources. It will also be possible to know the rationale behind the budgetory provisions.

The outcome of the study will enable to suggest more effective ways of utilizing the resources of PMC. The study will also conclude as to whether the resource allocation is done with a long term objectives or a short sighted one. It will also be possible to advise what should be the priorities before the PMC and how those priorities could be met.
1.11.A  Statement of the Hypothesis

The principal premises of the study are:

A-1. The process of budgeting needs a more programatic broadbased approach.

A-2. The prevailing system of budgeting needs to be more pro-people & target oriented.

A-3. The benificiaries are not satisfied with the type of projects & schemes launched by P.M.C. due to limited knowledge & lack of focussed approach.

A-4. The budget allocation, methods of budget preparations should be more focussed and have higher involvement of different stakeholders.

1.12  Justification of Hypothesis

(i) The prevailing system of budgeting is quite old and lacks involvenent of different stakeholders.

(ii) Most of the schemes & projects do not deliver what is promised & there is great degree of disappointment amongst the beneficiaries.

(iii) New & technology driven systems can definitely help to improve the quality of budgeting.

(iv) A broadbased & pro-people target oriented budgeting system is the need of the hour.

1.13  Working Definitions of terms used

1.13.1. Budget : The word budget is described in Oxford dictionary as ‘an estimate of income and expenditure for the specific period.’ This universally accepted definitions is considered with provisions of governing act. The Bombay Provincial Municipal Corporations Act, 1949 under section 96 has specified budget as, ‘Budget presented by the Chairman of the Standing Committee & approved by general body.’

1.3www.oxforddictionary.com
1.13.2. **Budgetory Provisions**[^1]: The funds earmarked for utilizations on a particular projects.

1.13.3. **Project**: Any development activity undertaken by PMC.

1.13.4. **Adequate Provisions**: The amount of funds made available to meet the expenses of a project in one financial year.

1.13.5. **Overall Development**: It includes socio economics, infrastructural, transport and all other types of development of city.

1.14 **Research questions raised**

The researcher has made an attempt to answer the following questions through this research.

1) How the existing system of budgeting really works?
2) How the budgeting process is really implemented & what are the implications.
3) In what way the select projects & schemes are implemented & what are its implications.
4) What are the suggestions to be made for developing efficient method of budgeting?

1.15 **Research Strategy**

The approach of the researcher is to analyse, examine & explain the process of budgeting of P.M.C. It is an important aspect of the research process that it should be focussed at certain selected questions raised in the form of objectives of the study. Therefore the strategy of this research is divide in following steps.

- To define the budget process of PMC.
- To identify the salient features of PMC.
- To evaluate the phases of budgeting process.
- To identify the strengths of the prevailing budgeting system.
- To enlist the weaknesses of the prevailing budgeting system.
- To analyse the effectiveness of budgeting system.

[^1]: www.businessdictionary.com
1.16 Universe, Population & Sampling

- For the purpose of this study the territorial universe is Pune City.
- The Institutional universe is Pune Municipal Corporation.
- The study of projects & schemes is having ten years duration. Hence the time form of the study is 10 years from 2003-2004 to 2013-2014.
- The study involves different stakeholders. They constitute the universe of the study. The stakeholders who studied are
  (i) The beneficiaries
  (ii) The Corporators of PMC
  (iii) The officers of the PMC

1.17 Features of Sample

(i) It is a representative sample.
(ii) Selected at random from 16 different zones of P.M.C.
(iii) Represents the population of the representative population.
(iv) Justifies the purpose of the study.
(v) The sample respondents are all beneficiaries of the scheme.

1.18 Respondent Class

Beneficiaries of the Schemes

This is a very important segment of the study. This class of respondent is considered in order to know the opinions of the respondents about the utility, application & appropriateness of the schemes launched by P.M.C., Details of the respondent class are given here.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Respondent Class</th>
<th>Uni. Size</th>
<th>Population</th>
<th>Sample size</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Beneficiaries of the Scheme</td>
<td>Undefined</td>
<td>Undefined</td>
<td>360</td>
<td>convinence</td>
</tr>
</tbody>
</table>

Justification

It is undefined large size of population. Hence the method selected is convenience sampling.
1.19 Corporators of the P.M.C.
A representation of 36 corporators is made in the study. The 36 corporators who have been selected by using a simple, convenience method.

1.20 Officers of the P.M.C.
The study covers the officers of the P.M.C.
The officers are selected from the concerned sections. They are selected in a random simple method. The selection of officers is done in a stratified method.
The details of the sample are as follows.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Population</th>
<th>Sample Size</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Officers of PMC</td>
<td>---</td>
<td>60</td>
<td>Selected in stratified manner. To seek proper representation of each sections.</td>
</tr>
</tbody>
</table>

1.21 Sources of Data Collection
The Primary & Secondary data shall be collected from following sources.
A. **Primary data**: The Data collected from above respondents will be primary data. This data is useful to draw certain specific conclusions.
B. **Secondary data**: The Data & Reports published by PMC Authorities is considered as secondary data.
C. **Published Data**: A) Copies of budgets approved by general body.
   B) Annual report published by PMC
   C) Reports presented by various consulting authorities for various projects.
   D) Reports published by the Local News Papers & Journals.
1.22 Methods of Data Collection

The researcher has used a set of methods to collect data from different classes of respondents. These methods are explained here.

**Table No. 1.3 : Class of Respondents & Method of Data Collection**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Class of Respondents</th>
<th>Method of data collection</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Beneficiaries of the scheme</td>
<td>Questionaire method</td>
<td>To seek first hand information from the beneficiaries.</td>
</tr>
<tr>
<td>2</td>
<td>Corporators of PMC</td>
<td>Questionaire &amp; altitude scale</td>
<td>To know the opinions of the corporators about the schemes launched by PMC</td>
</tr>
<tr>
<td>3</td>
<td>Officers of the PMC</td>
<td>Questionaire method &amp; altitude scale</td>
<td>To know opinions of the officers regarding implementation of the scheme.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>To assess their views towards effectivity of the scheme.</td>
</tr>
</tbody>
</table>

1.23 Techniques of Analysis of Data

To make the data useful for certain results, researcher has analysed the information. The techniques like classification, tabulation, graphical presentation will be useful to arrange the data in various tables & charts, will be the process of analysis.

One way or simple, two way or crossed tabulation techniques are used. The vast data is displayed through diagrams to make the information attractive, easy & understandable. The diagrams like bar charts, circle charts, photograph & polygon are used.
1.24 Limitations of present study

Present study has the following limitations:

1. In terms of method of analysis, sample size being small; statistical analysis is not rightly done for evaluation of data.
2. Data being highly qualitative and opinion based and sample size being small, the conclusion appears more representative and cannot be generalized.
3. The study of scheme and projects is done by using pure secondary and numerical data. Other aspects such as analysis of process and qualitative aspect of the study are not taken into account, which is a major limitation of the study.

1.25 Chapter Scheme

The written report is framed in such a way that it will contain qualities of popular report as well as report for administrator. A layman interested in knowing the developments around him can understand the report whereas the technical information will be useful for administrators & decision makers.

The scheme is as follows :-

Chapter I  Nature & Scope of the Study
Chapter II  Review of Literature
Chapter III Concept & Functions of Municipal Corporation
Chapter IV  Growth of Municipal Corporation & Developmental Administration
Chapter V  Pune Municipal Corporation : A Profile
Chapter VI  A Critical Analysis of Budgeting system
Chapter VII  Data Analysis
Chapter VIII Conclusions & Suggestions
References

1. www.punemunicipalcorporation.org
2. www.punemunicipalcorporation.org
3. www.oxforddictionary.com
4. www.businessdictionary.com
5. Dr. Rao K. V. Research Methodology in Commerce & Management, Sterling Publishers