Chapter - VI

Conclusions and Recommendations

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In the Chapter Four and Five, a review of the financial structure of Nagpur Municipal Corporation has been undertaken. This was done with the help of figures, graphs and tables. It provided us with insight into the structure of Receipts and Expenditure of the Nagpur Municipal Corporation. The following are the conclusions of the study.

Conclusions
1. The Total Receipts of the NMC have shown an increasing trend over the period of study. The average annual increase in Total Receipts for the period under study has turned out to be 11.48 percent. The Total Receipts have recorded growth in all the years except 1999-2000 and 2003-2004. The growth in Total Receipts was in the 0-5 percent range in only one year, i.e., 1993-94. The growth in Total Receipts was between 5-15 percent range in 1992-93, 1994-95, 1996-97, 1998-99, 2001-02 and 2004-05. The growth of more than 15 percent was observed in 1995-96, 1997-98, 2000-01, 2002-03 and 2005-06. Overall, the Total Receipts have increased from Rs. 9895.97 lacs in 1991-92 to Rs. 38585.51 lacs in 2005-2006.

2. The Revenue Receipts have grown from Rs. 7328.33 lacs in 1991-92 to Rs.35272.45 lacs in 2005-2006, recording an average annual growth of 34.37 percent. The average share of Revenue Receipts in Total Receipts has been 88.02 percent. The Revenue Receipts have varied in the range between 75.88 percent to 95.94 percent during the period under study.

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3. Loans form the bulk of the Capital Receipts. Capital Receipts have contributed 3.03 percent of the Total Receipts for the period under consideration. They have declined in 1994-95, 1996-97, 2001-2002 & 2003-2004 over the respective previous years.

4. The Suspended Income mainly comprises Advances and Deposits as well as Investments. The share of Suspended Income as a percentage of Total Receipts has been 7.78 percent on the average. The average annual increase in Suspended Income was found to be 13.92 percent. It recorded a decline in 1993-94, 1994-95, 1995-96, 1997-98, 1999-2000, 2002-2003 & 2003-2004.

5. The main contributors to the Revenue Receipts of the NMC are, Octroi, Property Tax, Water Tax and Govt. Grants. In fact, Octroi revenue is the backbone of the Receipts of the NMC. The NMC relies heavily on Octroi for carrying out its developmental and civic functions.

6. Receipts from Octroi have exhibited an upward trend. Receipts from Octroi have increased from Rs. 3178.17 lacs in 1991-92 to Rs. 16894.71 lacs in 2005-2006, recording an average annual growth of 13.01 percent. The average share of Octroi in Total Receipts was found to be 45.35 percent during the period under consideration. The revenue from Octroi declined year-on-year in only one year from the period under study, i.e., 1999, when the collection from Octroi declined to Rs. 8763.56 lacs from Rs. 9231.70 lacs in 1998.

7. Property Tax has shown an upward trend for the period under consideration. The said item recorded negative growth in four years out of the period under study. The collection from Property Tax declined to Rs. 2042.72 lacs in 1996 from Rs. 2206.73 lacs in 1995. Again in 1998, the Property Tax recorded a negative growth with a figure of Rs. 3240.49 lacs over the previous year’s figure of Rs. 3339.08 lacs. The collection from the said item further declined to Rs. 3217.85 lacs over previous year’s figure. The Property Tax again declined in 2003 to a figure of

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Rs. 5521.64 lacs from the figure of Rs. 6057.97 lacs. The average annual increase for the period under study turns out to 13 percent. The average share of Property Tax in Total Receipts is found to be 16.57 percent.

8. The collections from Water Tax have shown continuous increase except for the last year in the period under study, i.e., 2005, when it declined from Rs. 5146.01 lacs to Rs. 4840.70 lacs. The average annual increase in Water Tax collections was found to be 13.80 percent. The average share of Water Tax in Total Receipts was 10.69 percent.

9. Market Recoveries have shown wide fluctuations right from the very beginning of the period under study. They declined to Rs. 67.77 lacs in 1992-93 from Rs. 71.56 lacs in 1991-92. Again in 1995-96, they recorded a figure of Rs. 130 lacs against Rs. 133.15 lacs in 1994-95. The very next year they further declined to Rs. 123.02 lacs in 1995-96. Further in 1999, the figure for Market Recoveries turned out to be Rs. 155.98 lacs, far less than Rs. 280.05 lacs in 1998. In 2001, also, the said item fell to Rs. 284.25 lacs from Rs. 287.28 lacs. It further recorded a fall to Rs. 229.56 lacs in 2002 from the figure of Rs. 284.25 lacs in 2001. In the year 2004, the collections from the said item further decreased to Rs. 221.89 lacs from Rs. 229.06 lacs in 2003. It has recorded an average annual increase of 15.48 percent. The average share of Market Recoveries in Total Receipts turned out to 0.83 percent.

decrease year-on-year in Six years of the period under consideration. Government Grants have grown at an average annual increase of 12.97 percent. The average share of Government Grants in Total Receipts turned out to 13.24 percent.

11. Loans have recorded a decline in 1994-95 to Rs. 325 lacs from Rs. 397.62 lacs in 1993-94. Loan Receipts did not materialise in 1996-97. Loan Receipts fell to Rs. 165 lacs in 2001-02 from Rs. 3470 lacs in 2000-01. They did not materialise in 2003-04 and 2004-05. In all, Loan Receipts registered a decline in 5 years of the period under consideration. The average share of Loan Receipts in Total Receipts was 3.49 percent.

12. Advances and Deposits, too, exhibited an increasing trend with wide fluctuations. They declined to Rs. 353.71 lacs in 1992-93 from Rs. 459.24 lacs in 1991-92. They recorded a fall to Rs. 532.45 lacs in 1994-95 from Rs. 844.28 lacs in 1993-94. They decreased to Rs. 407.21 lacs in 1995-96 from Rs. 532.45 lacs in 1994-95. Advances and Deposits diminished to Rs. 688.16 lacs in 1997-98 from Rs. 768.25 lacs in 1996-97. They shrank to Rs. 650.31 lacs in 1998 from Rs. 688.16 lacs in 1997-98. They declined to Rs. 1077.55 lacs in 2001-02 from Rs. 1127.03 lacs in 2000-01. These receipts decreased to Rs. 1218.98 lacs in 2003-04 from Rs. 1238.71 lacs in 2002-03. Advances and Deposits have shown an average annual increase of 19.06 percent. The average share of Advances and Deposits in the Total Receipts was 4.16 percent.

13. The Investments have shown a declining trend during the period under consideration. Investments declined to Rs. 609.21 lacs in 1993-94 from Rs. 1731.52 lacs in 1992-93. This figure did not materialise at all in 1994-95. These receipts decreased to Rs. 225.80 lacs in 1997-98 from Rs. 494.66 lacs in 1996-97. This figure diminished to Rs. 81.23 lacs in 1999-2000 from Rs. 378.03 lacs in 1998-99. It further shrank to Rs. 21.57 lacs in 2000-01 from Rs. 81.23 lacs in 1999-2000. It decreased to Rs. 756.14 lacs in 2002-03 from Rs. 1724.13 lacs in 2001-02. Investments did not materialise in 2003-04. The average share of Investments in

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Total Receipts during the period under consideration was 3.61 percent.
14. Other Receipts witnessed an increasing trend during the period under consideration. These receipts decreased to Rs. 375.71 lacs in 1993-94 from Rs.408.14 lacs in 1992-93. They decreased to Rs. 281.35 lacs in 1994-95 from Rs. 375.71 lacs in 1993-94. The Other Receipts diminished to Rs. 462.43 lacs in 1996-97 from Rs. 478.75 lacs in 1995-96. These receipts declined to Rs. 746.57 lacs in 1999-2000 from Rs. 788.17 lacs in 1998-99. They decreased to Rs. 118.66 lacs in 2001-02 from Rs. 1025.18 lacs in 2000-01. The Other Receipts recorded a decline year-on-year in five years of the period under consideration. The average annual growth in Other Receipts was 108.43 percent for the period under study. The average share of Other Receipts as a percentage of the Total Receipts turned out to 3.82 percent.

15. The Total Expenditure of the NMC has shown an increasing trend over the period of study. The average annual increase in Total Expenditure for the period under study has turned out to 11.35 percent. The Total Expenditure has recorded growth in all years except 1996-97, 1999-2000 and 2003-04. The growth in Total Expenditure was in the 0-5 percent range in only two years, i.e., 1994-95 and 2004-05 for the period under consideration. The growth in Total Expenditure was between 5 to 15 percent range in 1992-93, 1993-94, 1998-99 & 2001-02. The growth of more than 15 percent was observed in 1995-96, 1997-98, 2000-01, 2002-03 and 2005-06.

16. The Revenue Expenditure has grown from Rs. 7080.14 lacs in 1991-92 to Rs. 27827.2 lacs in 2005-06, recording an average annual growth of 9.14 percent. The average share of Revenue Expenditure in Total Expenditure has been 69.74 percent. The Revenue Expenditure has varied in the range between 72.54 percent and 64.70 percent for the period under study.

17. Capital Expenditure has contributed 25.04 percent of the Total Expenditure of the NMC for the period under study. The average annual increase in Capital Expenditure during the period under consideration has been 16.53 percent.

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Capital Expenditure declined to Rs. 3355.57 lacs in 1996-97 from Rs. 4130.44 lacs in 1995-96. It declined to Rs. 5027.34 lacs in 1999-2000, from Rs. 5991.75 lacs in 1998-99. This expenditure decreased to Rs. 4685.89 lacs in 2000-01 from Rs. 5027.34 lacs in 1999-2000. The Capital Expenditure again declined to Rs. 8031.74 lacs from Rs. 9594.762 lacs in 2002-03. The said expenditure decreased again to Rs. 7914.48 lacs in 2004-05 from Rs. 8031.74 lacs in 2003-04. It further declined to Rs. 7236.34 lacs in 2005-06 from Rs. 7914.48 lacs in 2004-05. In all, Capital Expenditure registered a decline in six years for the period under consideration.

18. The Suspended Expenditure has grown at an average annual rate of 49.16 percent. The average share of Suspended Expenditure in Total Expenditure has been 7.62 percent. The Suspended Expenditure declined to Rs. 1277.92 lacs in 1992-93 from Rs. 2450.28 lacs in 1991-92. This expenditure diminished to Rs. 1136.62 lacs in 1993-94 from Rs. 1277.92 lacs in 1992-93. It decreased to Rs. 432.47 lacs in 1994-95 from Rs. 1136.62 lacs in 1993-94. The said expenditure reduced to Rs. 689.87 lacs in 1996-97 from Rs. 1136.01 lacs in 1995-96. It decreased to Rs. 767.53 lacs in 1998-99 from Rs. 1436 lacs in 1997-98. This expenditure declined to Rs. 586.07 lacs from Rs. 767.53 lacs in 1998-99. The Suspended Expenditure decreased to Rs. 930.21 lacs from Rs. 3996.59 lacs in 2000-01. It diminished to Rs. 1362.07 lacs in 2004-05 from Rs. 1396.66 lacs in 2003-04. In all, the Suspended Expenditure recorded a decline in Eight years of the period under study.

19. The main contributors to the Revenue Expenditure of the NMC are Establishment Expenditure, Contingency Expenditure and Pension Expenditure.

20. Establishment Expenditure has exhibited an upward trend. The average annual increase in Establishment Expenditure was 11.09 percent during the period under study. The average share of Establishment Expenditure in Total Expenditure was 30.71 percent. The Establishment Expenditure has recorded increase in all the years of the period under consideration.

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21. The Contingency Expenditure witnessed an upward trend for the period under consideration. The average annual increase in the Contingency Expenditure of the NMC was 11.33 percent. The average share of Contingency Expenditure in Total Expenditure turns out to 18.95 percent. The Contingency Expenditure declined to Rs. 3901.78 lacs in 1999-2000 from Rs. 4612.41 lacs in 1998. This expenditure decreased to Rs. 4736.54 lacs in 2002-03 from Rs. 5167.93 lacs in 2001-02. It diminished to Rs. 6082.50 lacs in 2005-06 from Rs. 6812.90 lacs in 2004-05. In all, the Contingency Expenditure declined in three years of period under study.

22. The average annual increase in the Repairs and Maintenance Expenditure of the NMC was 14.27 percent. The average share of Repairs and Maintenance in Total Expenditure turned out to 3.52 percent. The Repairs and Maintenance Expenditure decreased to Rs. 661.78 lacs in 1993-94 from Rs. 681.44 lacs in 1992-93. It declined to Rs. 487.2 lacs in 1994-95 from Rs. 661.78 lacs in 1993-94. This expenditure diminished to Rs. 337.63 lacs in 1996-97 from Rs. 581.59 lacs in 1995. The said expenditure decreased to Rs. 688.15 lacs in 2000-2001 from Rs. 747.32 lacs in 1999-2000. It diminished to Rs. 913.62 lacs in 2004-05 from Rs. 1014.48 lacs in 2003-04. The Repairs and Maintenance Expenditure registered an year-on-year decline in Five years of the period under consideration.

23. The average annual increase in Loan Repayments turned out to 30.97 percent. The average share of Loan Repayments in Total Expenditure was 6.12 percent. Loan Repayments declined to Rs. 592.84 lacs in 1992-93 from Rs. 636.32 lacs in 1991-92. They further declined to Rs. 574.97 lacs in 1993-94 from Rs. 592.89 lacs in 1992-93. This expenditure decreased to Rs. 479.20 lacs in 1996-97 from Rs. 894.66 lacs in 1995-96. The Loan Repayments declined to Rs. 727.15 lacs in 1999-2000 from Rs. 926.44 lacs in 1998-99. It diminished to Rs. 3208.47 lacs in 2003-04 from Rs. 5142.96 lacs in 2002-03. The said expenditure reduced to Rs.2111.31 lacs in 2004-05 from Rs. 3208.47 lacs in 2003-04. The Loan Repayments declined in Six years of the period under study.

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24. The Pension Expenditure has exhibited a rising trend during the period under consideration. The average annual increase in Pension Expenditure turned out to 9.78 percent. The average share of Pension Expenditure in the Total Expenditure was 7.80 percent. The Pension expenditure decreased to Rs. 655.10 lacs in 1992-93 from Rs. 1535 lacs in 1991-92. It declined to Rs. 2484.52 lacs in 2003-04 from Rs. 2580.5 lacs in 2002-03. This expenditure diminished to Rs.2394.96 lacs in 2004-05 from Rs. 2484.52 lacs in 2003-04. The Pension Expenditure recorded a decline in Three years of the period under study.

25. Advances and Deposits have exhibited a growing trend during the period under consideration. The average share of Advances and Deposits in Total Expenditure turned out to 4.00 percent. The average annual growth in Advances and Deposits was 17.92 percent. Advances and Deposits declined to Rs. 405.08 lacs in 1992-93 from Rs. 590.34 lacs in 1991-92. They decreased to Rs. 332.31 lacs in 1994-95 from Rs. 736.62 lacs in 1993-94. They diminished to Rs. 586.07 lacs in 1999-2000 from Rs. 742.53 lacs in 1998-99. This expenditure recorded a decline in only three years of the period being studied.

26. Investments have exhibited a declining trend during the period under study. The average share of Investments in Total Expenditure turned out to 3.61 percent during the study period. Investments recorded a decline to Rs. 872.84 lacs in 1992-93 from Rs. 1859.94 lacs in 1991-92. They decreased to Rs. 400 lacs in 1993-94 from Rs. 872.84 lacs in 1992-93. The said expenditure fell to Rs. 100.16 lacs in 1994-95 from Rs. 400 lacs in 1993-94. It diminished to Rs. 73.11 lacs in 1996-97 from Rs. 704.33 lacs in 1995-96. It decreased to Rs. 25 lacs in 1998-99 from Rs. 722.47 lacs in 1997-98. This expenditure did not materialise in 1999-2000 and 2001-02. Investments diminished again in 2004-05 to Rs. 108 lacs from Rs. 142.6 lacs in 2003-04. Overall Investments decreased year-on-year in 8 years of the study period.

27. The Miscellaneous Expenditure has shown a rising trend during the period under study. The average annual growth of Miscellaneous Expenditure was 32.63
percent. The Miscellaneous Expenditure was 2.6 percent of the Total Expenditure on the average. This expenditure deviated from trend in 1993-94, 1994-95, 1998-99, 2001-02, 2002-03 and 2003-04 respectively.

28. The average annual increase in the expenditure on the Integrated Slum-Area Development Programme was 37.88 percent. The average share of expenditure on this scheme as a percentage of Total Expenditure was 0.55 percent. The expenditure on this scheme declined year-on-year in 1992-93, 1994-95, 1996-97, 1999-2000, 2004-05 and 2005-06 respectively.


30. The average annual increase in Golden Jubilee Urban Small Undertakings Training Programme was 151.89 percent. The average share of expenditure on this scheme in Total Expenditure was 0.16 percent. The expenditure on this scheme declined in 1994-95, 1995-96, 1997-98, 2004-05 and 2005-06.

31. The average share of expenditure on Sulabh Shauchalaya Scheme in Total Expenditure was 0.05 percent. This expenditure recorded a decline in 1992-93, 1996-97, 1997-98, 1999-2000 and 2005-06 respectively.

32. The average share of expenditure on Development Scheme for Nagpur City was 1 percent of the Total Expenditure. This expenditure registered a decline in 1995-96, 1996-97, 2000-01 & 2002-03 respectively. The average annual increase in the expenditure on this scheme was 295.92 percent.

33. The average share of Scheme for Construction of Sewerage Drains was 0.21 percent. It registered a decline in 1996-97, 1997-98, 1999-2000, 2001-02, 2002-03 and 2005-06 respectively.

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34. The average annual increase in the expenditure on the Scheme for Underground Drainage Development was 99.05 percent. The average share of this scheme in Total Expenditure was 0.35 percent. This expenditure recorded a decline in 1993-94, 1996-97, 1998-99, 2000-01, 2001-02, 2002-03 and 2005-06 respectively.

35. The average share of Rainwater Drainage Scheme in Total Expenditure was 0.05 percent. It recorded a decline in 1994-95, 1996-97, 1998-99, 2001-02, 2002-03 & 2003-04 respectively. The annual average increase in expenditure on this scheme was 154.81 percent.

36. The average annual increase in the expenditure on Road Development Scheme was 61.93 percent. The average share of this expenditure in Total Expenditure was 4.25 percent. This expenditure recorded a decline in 1994-95, 1996-97, 1999-2000, 2002-03, 2003-04, 2004-05 and 2005-06 respectively.

37. The average annual increase in the expenditure on Improvement of Traffic System was 47.69 percent. The average expenditure on this scheme as a proportion of Total Expenditure turned out to 0.43 percent. This expenditure recorded a decline in 1993-94, 1994-95, 1995-96, 1996-97, 1998-99, 1999-2000, 2000-01, 2003-04 and 2005-06 respectively.

38. The expenditure on Street Light Improvement showed an average annual increase of 25.92 percent. The average expenditure on this scheme as a proportion of Total Expenditure was 1.08 percent. This expenditure exhibited a decline in 1993-94, 1994-95, 2000-01, 2001-02, 2002-03, 2004-05 and 2005-06 respectively.

39. The average annual increase in the expenditure on the Development of Parks and Gardens turned out to 31.44 percent. The average contribution of this expenditure to the Total Expenditure was 0.34 percent over the period under consideration. This expenditure exhibited a decline in 1993-94-1994-95, 1997-98, 1998-99, 2001-02, 2002-03 and 2005-06.

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40. The expenditure on the Pench Water Supply Project recorded an average annual increase of 1029.61 percent. The average share of expenditure on this scheme as a percentage of Total Expenditure was 2.82 percent over the study period. This expenditure recorded a decline in 1996-97, 1997-98, 1999-2000, 2003-04 and 2004-05 respectively.

41. The average share of expenditure on the Emergency Water Supply Scheme as a proportion of Total Expenditure was 0.48 percent. It recorded a decline in 1994-95, 1995-96, 1996-97, 1999-2000, 2002-03, 2003-04 and 2005-06 respectively.

42. The average annual increase in the expenditure on Improvement in Water Distribution System worked out to 230.88 percent. The average share of this expenditure in Total Expenditure was 1.72 percent. This expenditure experienced a decline in 1995-96, 1996-97, 1997-98, 1999-2000, 2001-02, 2002-03, 2004-05 and 2005-06 respectively.

43. The average annual increase in the Municipal School Building and Renovation Scheme turned out to 112.33 percent. The average share of expenditure on this scheme as a proportion of Total Expenditure worked out to 0.41 percent. This expenditure experienced a decline in 1994-95, 1996-97, 1999-2000, 2000-01, 2002-03 and 2005-06 respectively.

44. The average annual increase in the expenditure on Wards Development Programme during the study period was 15.68 percent. The average share of expenditure on this programme as a proportion of Total Expenditure worked out to 3.87 percent. This expenditure recorded a decline in 2000-01 and 2002-03.

45. The average share of expenditure on Scheme For Building Reading Rooms in Municipal Libraries in Total Expenditure worked out to 0.04 percent. The expenditure on this Scheme declined in 1994-95, 1996-97, 1998-99, 2000-01, 2002-03 and 2004-05 respectively.

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46. The average annual increase in the expenditure on the Scheme for Distribution of Books and Renovation of Furniture was 71.30 percent. The average share of this expenditure in Total Expenditure worked out to 0.11 percent. This expenditure experienced a decline in 1992-93, 1995-96, 1996-97, 1998-99, 2000-01, 2001-02, 2002-03 and 2005-06 respectively.

47. The average annual increase in the expenditure on Octroi Check-Post Development Scheme was 184.80 percent. The average share of expenditure on this scheme in Total Expenditure turned out to 0.17 percent. The expenditure on this scheme declined in 1993-94, 1996-97, 1998-99, 2001-02, 2003-04 and 2005-06 respectively.

48. The average annual increase in the Tree Plantation Scheme was 40.42 percent. The average share of the expenditure on Tree Plantation Scheme in Total Expenditure was 0.10 percent. This expenditure recorded a decline in 1992-93, 1995-96, 1997-98, 1998-99, 1999-2000, 2000-01, 2003-04 and 2004-05 respectively.


50. The average share of Nagpur City Beautification and Cleanliness Scheme in Total Expenditure was 0.04 percent. The expenditure on this scheme declined in 1998-99, 1999-2000, 2000-01, 2004-05 and 2005-06 respectively.

51. The average share of MP Local Area Development Fund Scheme in Total Expenditure was 0.29 percent. The said expenditure registered a decline in 1998-99, 2000-01, 2002-03, 2003-04 and 2005-06 respectively.

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Recommendations

1. The Nagpur Municipal Corporation is relying heavily on Octroi and Property Tax as a source of revenue. This has made the abolition of Octroi duty very difficult until an alternative source of revenue is found. There is a scope for increase in collections from Property Tax. But due to improper implementation, the potential of revenue generation from Property Tax has remained underutilised.

2. The implementation of Schemes and projects relies on grants from government to a greater extent. There is a need for NMC to Start Schemes and Projects with revenue generating potential.

3. There is a need to increase revenue through non-tax sources by levying appropriate user charges on various services and amenities provided by the NMC.

4. The NMC has followed a policy of surplus budget to increase the funds at its disposal. This can limit the developmental role assigned to the NMC. To avoid this, the NMC needs to increase its own sources of revenue instead of relying on government grants and loans. In particular, the NMC should take such measures which will increase its ability to raise revenue through taxation.

5. In order to avoid under-realisation of revenue, the NMC should take following steps.

(i) Quick issuance of bills for various payments due to the NMC.
(ii) Tax - payers as well as staff responsible for tax collection should be subjected to incentives/ penalty scheme.

6. Construction of Public amenities should be given to the private institutions and firms in order to reduce the burden of expenditure.

7. The efficiency in the implementation of various developmental projects must be ensured. Delays and Cost over-runs should be avoided. The officials responsible for various schemes and projects should be subjected to severe punishments.

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8. Though cutting down unproductive expenses is a commendable objective, heavy expenditure is required for carrying out developmental projects and public assets. This will require augmentation of revenue sources. This is possible if the potential revenue sources are utilised productively.

9. The proportion of Establishment Expenditure to Total Expenditure needs to be brought down. A high level of ratio of Establishment Expenditure to Total Expenditure may hamper the capacity of NMC to deliver services efficiently.

10. There is a need to increase the proportion of Capital Expenditure to Total Expenditure in order to promote projects with revenue generating potential.

11. Though the NMC is generating a revenue surplus, the spending by the NMC for the provision of minimum basic level of civic services is quite low. This contradiction of good fiscal position and low level of spending is due to statutory requirements, which requires the NMC to contain its expenditure within the resources available to it. The NMC is also restrained by the regulation of the State Government regarding the level of borrowings it can resort to. There is a need for more freedom to NMC to resort to a higher level of debt.

12. There is a mismatch between the functions assigned and the financial resources of NMC. There is a need to ensure that each function assigned to NMC has a corresponding revenue source. The sources of revenue assigned to NMC should match the required expenditure.

13. There is a need for the replacement of Octroi with a buoyant tax to enhance the fiscal autonomy of NMC. The regulations and controls on the NMC with regard to the taxation powers and levy of appropriate user charges should be eased.

14. Government Grants given to the NMC by the State Government require restructuring. The present system of grants-in-aid is ad-hoc in nature with very little incentive to the NMC to improve its fiscal performance.

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15. The delegation of revenue powers of the NMC needs to be improved and the dependency on higher level of government should be reduced to increase the provision of core services. Thus, a restructuring of revenue powers is required to be undertaken by the State Government.

16. The revenue from the Property Tax should be maximised by following the capital value taxation. A trained cadre of assessors of property values should be created. A reform in the administration of Property Tax is required in order to improve valuation and assessment.

17. The NMC can follow the principle of Benefit Tax where user charges cannot be levied.

18. There is a need to revise and rationalise expenditure norms to bring expenditure to realistic levels. This can be achieved through adoption of good governance and management practices, performance appraisals, improvement of transparency and accountability etc. The accounts of the NMC should be disclosed to the public to encourage public debate and strict adherence to norms.

19. The management of the NMC should be professionalised in order to improve the efficiency and service delivery. Assurance of promotions and incentive systems should be designed for this purpose. Training programmes should be organised for municipal personnel at regular intervals.

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