Chapter No. 07

Conclusions and Suggestions

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7.01 Introduction:

Local Government means the management of local affairs by the representatives of the locality itself. It deals with the problems, chiefly of local concern. It plays an important role in solving the local problems of the people. It provides the foundation on which the democratic structure of a country stands. It is in and through these institutions that the citizens get training and necessary experience for running higher representative institutions such as the State Legislatures and the Union Parliament.

Responsibilities given to the local government are yet another prominent factor for determining the local finance. The government allocates resources to the local governments commensurate with their functions. Where the local government fails to carry out its responsibilities within the available resources, the government has to either provide extra revenue or withdraw such responsibilities. In India, for example primary education is a local function. But sometimes inadequate local finance does not permit most of the local authorities to perform this function inviting government intervention. Moreover, when new responsibilities are assigned to local bodies, adequate funds are made available to the local government in the form of government grants.

In India, finances are the basic problem of urban governments. Adequate finances constitute the life-blood of the whole system of local government. Without sufficient finances urban governments become mere subordinate units of state government and fail to cater to the civic needs of the community. Their income is derived from local taxation, enterprises, or the wealth of the citizens, located within the limits of municipal body. Direct taxation is common in municipal fiscal administration. In addition, they impose special levies, commonly termed as "betterment levies" charged for improvements on property made by
them. Besides, they receive assistance from state and central governments for discharging their obligatory duties. International agencies through state governments also provide financial assistance for projects of urban development, such as, water supply, housing, roads etc.

The municipal government is responsible for education, health, sanitation, safety, and maintaining roads and other public facilities. The country's municipal governments have long been troubled, in part because of their limited authority and lack of funds. The frequent intervention of state governments to suspend the activities of municipal administrations has also undermined them. For instance, state or union territory governments suspended the elected bodies of forty-four out of sixty-six municipal corporations in 1986. The Seventy-fourth Amendment was passed in December 1992 in order to revive municipal governments. Among other things, it mandates that elections for municipal bodies must be held within six months of the date of their dissolution. The amendment also provides for financial review of the municipalities in order to enable recommendations concerning the distribution of proceeds from taxes, duties, tolls, and fees.

The Municipal Corporation plays an important role in city administration. The Municipal Commissioner is the head of the Executive branch of the Municipal Corporation. The Municipal Commissioner has all the executive powers. The mayor is also an integral part of the Municipal Corporation, though he lacks any form of executive authority. There are also councilors, who work at the acute local level. The Municipal Corporation is responsible for the maintenance of roads, supply of clean and potable water to the general masses, street lighting, removal of garbage, sanitary and healthcare facilities, registration of births and deaths in the area, maintenance of bridges and heritage buildings, operating schools
on primary level, opening of dispensaries and health clinics, naming of streets and houses and many more.

7.02 Conclusions:

*The major findings of the Study are summarized as follows:*

1. The 26 percent of the India's population living in urban areas are governed by municipal corporations and municipal councils.

2. The local self-government is a symbol of democratic life and plays a vital role in the social and cultural life of a nation. It provides facilities for a decent and civilized social cultural and political life.

3. The Municipal Government's jurisdiction in the Osmanabad district in Maharashtra State is limited to a specific area and its functions relate to the provision of civic amenities to the population being within its jurisdiction.

4. There is a mismatch between functions and finances of Municipal Councils, which primarily explains the vertical imbalance.

5. Out of 18 functions to be performed by the municipal bodies in India, less than half have a corresponding financing sources.

6. Own taxes and user charges of the Municipal Council are grossly inadequate to meet the expenditure needs.

7. Elaborate State Government controls on municipal authorities to levy taxes and user charges, to set rates, to grant exemptions, to borrow funds, etc, and on the design, quantum and timing of inter-governmental transfers.
constrain the ability of the Municipal Council in mobilizing resources.

8. The Study states that the conventional method for assessing municipal finances in terms of analysis of revenue and expenditures of municipalities may not be appropriate as the Municipal Councils are required to generate a revenue surplus due to statutory requirements.

9. Overall resource gaps of Municipal Councils, as seen from municipal budgets, are not very large. However, the spending by all the MCs is lower than that required for providing a minimum level of civil amenities.

10. The backlog, current and growth needs of infrastructure in cities and towns far exceed the resources at the disposal of the Municipal Councils.

11. The municipal governments have long been troubled, in part because of their limited authority and lack of funds. The frequent intervention of state governments to suspend the activities of municipal administrations has also undermined them.

12. With the increasing dependence on the States for grants and loans, the States have gained enormous control over municipal finances.

13. 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 of many controls by the State Governments.
14. The rates and bases of various taxes are determined by the State Government.

15. In respect of non tax revenues, the municipalities do not enjoy greater freedom.

16. The municipal institutions are a part of local self-government. They have been playing a significant role in civil as well as political civilization.

17. There is a constant rise and growth of urban areas in Osmanabad District.

18. The cities in Osmanabad District are continuing their growth in size and population constantly during the study period.

19. Urbanization in Osmanabad district has given rise to many complex and difficult problems of local functions and also of development, planning and modernization. Without developing a viable and strong political and administrative structure for municipal government, these urban problems will remain unsolved.

20. Municipal services like protection of health facilities, free education, public conveniences and public works are provided by all the Municipal institutions in Osmanabad district.

21. The local government fulfils all the domestic needs of civilized community. It also creates among the citizens personal interest in their common affairs and throws the field open for their constructive and creative activities through the locally collected funds.
22. The size of the municipalities in the Osmanabad district is varying from one place to another. It can be as large as a district and as small as a tehsil.

23. The municipalities shall not confine themselves to mere provision of civic amenities but also play a crucial role in the preparation of plans for local development and in the implementation of development projects and programmes including those specially designed for urban poverty alleviation.

24. The geographical area of the municipal councils in the district and population residing in the area are the two crucial points, which may primarily influence the size of municipal income to be derived from both the tax and non-tax sources.

25. The municipal bodies which are statutorily responsible for the provision and maintenance of basic infrastructure and services in cities and towns are experiencing tremendous fiscal stress even to operate and maintain the existing services at satisfactory levels.

26. The urban local bodies in the district are becoming increasingly dependent on higher levels of State and Central government for their operation and maintenance requirements.

27. Many urban local bodies in the district have accumulated huge debts and are facing serious problems in even servicing their debt.
28. Municipal Councils in the district are facing a peculiar situation where the demand for services has been rising due to urbanization and urban growth, but on the supply side, the local resource base has been constantly declining.

29. In local governance, inefficient management practices, poor planning process, lack of periodical revision of municipal tax rates/user charges, poor information system and record management are some of the basic weaknesses in the municipal administration system.

30. Municipalities in the district, particularly those belong to small and medium size cities are poorly staffed, that the staff responsibilities are unclear and often fragmented, and that their capabilities and motivation to deal with the increasing complex urban needs are extremely low.

31. The municipal bodies would require an additional investment in basic infrastructure and services if the deficiencies in the existing level of services are to be eliminated and all sections of urban population are to be provided with an access to a modicum of basic urban services.

32. The performance of any local self government whether central or Municipal largely depends upon the availability of finances.

33. The responsibilities of municipal bodies have tremendously increased as a result of the rapid increase in urbanization and adoption of welfare state as the ultimate goal.

34. Municipal authorities in the district are proverbially deficient in financial resources.
35. Local government finance has in the past, received little attention from the Central or the State governments.

36. The sources of income assigned to municipal bodies are inadequate as compared to their functions. The collection from these taxes is not sufficient for the municipal councils to perform their functions effectively.

37. The functions of municipal councils are always on the increase but the State governments have never paid any attention about their sources to make them proportionate with their functions.

38. The system for preparing municipal budget is defective. Balance is not kept between income and expenditure. Sometimes expenditure exceeds the proposed income and the municipal bodies have to face a crisis which ultimately results in breakdown of services.

39. The newly elected members, who constitute the local council, are always afraid of imposing new taxes on the people because they feel that this will result in their unpopularity and resentment among the people and they will not vote for them in the next elections.

40. The grants provided by the state government are inadequate, unmatched to their needs, irregular, unsystematic and uncertain. There are no uniform criteria to provide grants to the municipal bodies and generally, these are adhoc and discretionary depending upon the availability of funds with the state governments.
41. The main weakness of the Municipal council in Osmanabad district has been the absence of a well-organized and effective system of personnel administration.

42. The system of municipal tax administration suffers from various defects.

43. The administrative machinery for collection of taxes is inefficient and ineffective. The concerned personnel are not equipped with adequate training and requisite skills for the purpose.

44. The staff is not paid adequately for the reason that the financially, starved local bodies cannot pay their employees attractive salaries.

45. The employees in order to meet their needs and requirements indulge in corrupt practices, which results in leakage of revenues, mounting size of uncollected dues, evasion in taxes and further widening the gap between resources and expenditure.

46. The Municipal Councils in Osmanabad District had failed to provide adequate number of public urinals, latrines in proportion to the population throughout the period of our study.

47. Municipal Councils in Osmanabad District had achieved success in providing water supply within the city during the period; for the percentage of wards with water - supply arrangement had been on constant increase.
48. The overall impression of performance of the Municipal Councils in Osmanabad District in relation to Public Health as perceived in the experience survey makes it clear that Municipal Councils in Osmanabad District could not achieve notable success in providing treatment of malaria cases and preventing food adulteration.

49. Table No. 5.01-A shows the detailed revenue receipts and expenditure of Osmanabad Municipal Council during the period of 2004-05 to 2008-09. The Table conclude that the revenue receipt of Osmanabad Municipal Council for the year 2004-05 was Rs. 9.01 crores rose up to Rs. 14.96 crores up to the year 2008-09. The increased growth record in revenue income during the year was seen by 66%, while the revenue expenditure for the period of 2004-05 was Rs. 8.63 crores increased during the five years period up to 2008-09 was Rs. 12.11 Crores. The increased growth of expenditure during the period was record by 40%. The study concludes that the income of Osmanabad Municipal Council was more than its expenditure during the five years and Municipal council having more surplus funds for the development activities.

50. Table No. 5.01-B shows the information about the percentage of revenue receipts to total revenues of Osmanabad Municipal Council during the year 2004-05 to 2008-09. During the five years the Osmanabad Municipal council has received 52.88 percent amount from Grants followed by 15.67 percent from education grants, 14.41 per cent revenue from municipal property and utilization, 14.25 per cent revenue collected from tax resources, 2.44 per cent from Misc. receipts and only 0.35 percent from recovery under special acts.
51. The Table No. 5.01-C shows the Percentage of Revenue Expenditure to Total Revenue Expenditure of Osmanabad Municipal Council during the year 2004-05-2008-09. During the five years periods; the Osmanabad Municipal Council's major head of expenditure on Health Facilities is 64.48 per cent followed by Education 17.89, General Administration and Recovery 8.14 per cent, Misc. expenditure 5.93 per cent and public safety 3.56 per cent.

52. The Table No. 5.01-A shows the detailed revenue receipts and expenditure of Paranda Municipal Council during the five years period of 2004-05 to 2008-09. The Table conclude that the revenue receipt of Paranda Municipal Council for the year 2004-05 was Rs. 1.05 crores rose up to Rs. 2.76 crores up to the year 2008-09. The increased growth record in revenue income during the year was seen by 173%, while the revenue expenditure for the year of 2004-05 was Rs. 1.02 crores increased during the five years period up to 2008-09 was Rs. 2.65 Crores. The increased growth of expenditure during the period was record by 159%. The study concludes that the revenue income of Paranda Municipal Council was more than its expenditure during the five years and the Paranda Municipal council having more surplus funds for the developmental activities.

53. Table No. 5.02-B shows the information about the percentage of revenue receipts to total revenues of Paranda Municipal Council during the year 2004-05 to 2008-09. During the five years the Paranda Municipal council has received 63.29 percent amount from Government Grants followed by 25.02m per cent from Misc. receipts, 6.07 per cent revenue collected from tax resources, 5.61 per cent revenue from municipal property and utilization.
54. The Table No. 5.02-C shows the Percentage of Revenue Expenditure to Total Revenue Expenditure of Paranda Municipal Council during the year 2004-05 to 2008-09. During the five years periods; the Paranda Municipal Council's major head of expenditure on Health Facilities is 51.28 per cent followed by Misc. expenditure 29.96 per cent, General Administration and Recovery 16.46 per cent, Education 1.54 and public safety 0.76 per cent.

55. The Table No. 5.03-A shows the detailed revenue receipts and expenditure of Omerga Municipal Council during the five years period of 2004-05 to 2008-09. The above Table conclude that the revenue receipt of Omerga Municipal Council for the year 2004-05 was Rs. 2.17 crores rose up to Rs. 3.15 crores up to the year 2008-09. The increased growth record in revenue income during the years was seen by 45 per cent, while the revenue expenditure for the year of 2004-05 was Rs. 1.94 crores increased during the five years period up to 2008-09 was Rs. 3.30 Crores. The increased growth of expenditure during the period was record by 70 per cent. On the basis of above table the study concludes that the revenue income of Omerga Municipal Council was more than its expenditure during the five years period and the Omerga Municipal council having more surplus funds for the developmental activities. But in the year 2008-09 the total revenue expenditure was more than that of revenue income of the year.

56. Table No. 5.03-B shows the information about the percentage of revenue receipts to total revenues of Omerga Municipal Council during the year 2004-05 to 2008-09. During the five years the Omerga Municipal council has received 63.40
percent amount from Government Grants followed by 23.52 per cent revenue collected from tax resources, 9.46 per cent revenue from municipal property and utilization, 3.34 per cent from Misc. receipts 0.28 percent from education grants.

57. The Table No. 5.03-C shows the Percentage of Revenue Expenditure to Total Revenue Expenditure of Omerga Municipal Council during the year 2004-05 to 2008-09. During the five years periods; the Omerga Municipal Council’s major head of expenditure on Health Facilities is 67.75 per cent followed by General Administration and Recovery 16.92 per cent, Misc. expenditure 7.88 per cent, public safety 3.39 per cent, Grant-in-aid 2.40 per cent and Education 1.66 per cent.

58. The Table No. 5.04-A shows the detailed revenue receipts and expenditure of Murum Municipal Council during the five years period of 2004-05 to 2008-09. It is concluded from the Table No. 5.08 that the revenue receipt of Murum Municipal Council for the year 2004-05 was Rs. 0.85 crores rose up to Rs. 1.98 crores up to the year 2008-09. The increased growth record in revenue income during the years was seen by 132 per cent, while the revenue expenditure for the year of 2004-05 was Rs. 0.97 crores increased during the five years period up to 2008-09 was Rs. 1.81 Crores. The increased growth of expenditure during the period was record by 86 per cent. On the basis of above table the study concludes that the revenue income of Murum Municipal Council was more than its expenditure during the five years period and the Murum Municipal council having more surplus funds for the developmental activities. But in the year 2004-05 and 2005-06 the revenue expenditure of more than that of revenue income of the year.
59. Table No. 5.04-B shows the information about the percentage of revenue receipts to total revenues of Murum Municipal Council during the year 2004-05 to 2008-09. During the five years the Murum Municipal council has received 84.53 percent amount from Government Grants followed by 5.50 per cent from Misc. receipts, 4.90 per cent revenue from municipal property and utilization, 4.66 per cent revenue collected from tax resources, 0.41 percent from recovery under special acts.

60. The Table No. 5.04-C shows the Percentage of Revenue Expenditure to Total Revenue Expenditure of Murum Municipal Council during the year 2004-05 to 2008-09. During the five years periods; the Murum Municipal Council's major head of expenditure on Health Facilities is 84.60 per cent followed by General Administration and Recovery 9.54 per cent, Misc. expenditure 5.36 per cent, public safety 0.32 per cent, and Education 0.18 per cent.

61. The Table No. 5.05-A shows the detailed revenue receipts and expenditure of Naldurg Municipal Council during the five years period of 2004-05 to 2008-09. It is concluded from the Table No. 5.10 that the revenue receipt of Naldurg Municipal Council for the year 2004-05 was Rs. 1.70 crores come down to Rs. 1.66 crores up to the year 2008-09. The downward trend records in revenue income during the years was seen by 100 per cent to 98 per cent, while the revenue expenditure for the year of 2004-05 was Rs. 0.99 crores increased during the five years period up to 2008-09 was Rs. 2.26 Crores. The increased growth of expenditure during the period was record by 127 per cent. On the basis of above table the study concludes that the revenue expenditure of Naldurg Municipal Council was more than its income during the five years
period and the Naldurg Municipal council not having sufficient funds for the developmental activities. Revenue expenditure in the year 2008-09 was also more than revenue income of that year.

62. Table No. 5.05-B shows the information about the percentage of revenue receipts to total revenues of Naldurg Municipal Council during the year 2004-05 to 2008-09. During the five years the Naldurg Municipal council has received 40.23 percent amount from Government Grants followed by 39.41 per cent revenue collected from tax resources, 12.05 per cent from Misc. receipts, 8.31 per cent revenue from municipal property and utilization.

63. The Table No. 5.05-C shows the Percentage of Revenue Expenditure to Total Revenue Expenditure of Naldurg Municipal Council during the year 2004-05 to 2008-09. During the five years periods; the Naldurg Municipal Council’s major head of expenditure on Health Facilities is 54.67 per cent followed by General Administration and Recovery 22.13 per cent, Misc. expenditure 10.00 per cent, Grants-in-aid 8.48 per cent, public safety 3.85 per cent, and Education 0.87 per cent.

64. The Table No. 5.06A shows the detailed revenue receipts and expenditure of Bhoom Municipal Council during the five years period of 2004-05 to 2008-09. It is concluded from the Table No. 5.12 that the revenue receipt of Bhoom Municipal Council for the year 2004-05 was Rs. 1.25 crores rose up to Rs. 3.50 crores up to the year 2008-09. The increased growth record in revenue income during the years was seen by 180 per cent, while the revenue expenditure for the year of 2004-
05 was Rs. 1.25 crores increased during the five years period up to 2008-09 was Rs. 3.81 Crores. The increased growth of expenditure during the period was record by 205 per cent. On the basis of above table the study concludes that the revenue expenditure of Bhoom Municipal Council in the year 2004-05, 2005-06 and 2008-09 was more than that of revenue income of the year. In the year 2006-07 and 2007-08 that the revenue income was more than its expenditure and in that year the Bhoom Municipal council having more surplus funds for the developmental activities.

65. Table No. 5.06-B shows the information about the percentage of revenue receipts to total revenues of Bhoom Municipal Council during the year 2004-05 to 2008-09. During the five years the Bhoom Municipal council has received 69.85 percent amount from Government Grants followed by 15.60 per cent revenue collected from tax resources, 8.01 per cent revenue from municipal property and utilization, 4.32 per cent from Misc. receipts, 1.23 per cent from recovery under special acts and 0.99 per cent from education grants.

66. The Table No. 5.06-C shows the Percentage of Revenue Expenditure to Total Revenue Expenditure of Bhoom Municipal Council during the year 2004-05 to 2008-09. During the five years periods; the Bhoom Municipal Council's major head of expenditure on Health Facilities is 74.68 per cent followed by General Administration and Recovery 11.62 per cent, Misc. expenditure 7.61 per cent, Public safety 3.36 per cent, and Education 2.73 per cent.

67. Table No. 5.07-A shows the detailed revenue receipts and expenditure of Tuljapur Municipal Council during the five years period of 2004-05 to 2008-09. It is concluded from the
Table No. 5.14 that the revenue receipt of Tuljapur Municipal Council for the year 2004-05 was Rs. 1 crores rose up to Rs. 4.88 crores up to the year 2008-09. The growth trends record in revenue income during the years was seen by 386.82 per cent, while the revenue expenditure for the year of 2004-05 was Rs. 2.55 crores increased during the period up to 2007-08 was Rs. 3.13 Crores and afterward it was decreased up to Rs. 2.31 crores in the year 2008-09. The increased growth trends of expenditure during the period were record by 100 per cent to 90 per cent. On the basis of above table the study concludes that the revenue income of Tuljapur Municipal Council was shows increasing trend while the expenditure was not increased during the years as compares to the income. It means the municipal council has not utilized the revenue receipts properly for the development purpose. As well as during the year of 2004-05 and 2005-06 the revenue expenditure of Tuljapur Municipal Council was more than it’s a revenue income of that year.

68. Table No. 5.07-B shows the information about the percentage of revenue receipts to total revenues of Tuljapur Municipal Council during the year 2004-05 to 2008-09. During the five years the Tuljapur Municipal council has received 44.93 percent amount from Government Grants followed by 25.13 per cent revenue collected from tax resources, 17.67 per cent revenue from municipal property and utilization, 10.92 per cent from recovery under special acts, 1.35 per cent from Misc. receipts.

69. The Table No. 5.07-C shows the Percentage of Revenue Expenditure to Total Revenue Expenditure of Tuljapur Municipal Council during the year 2004-05 to 2008-09. During the five years periods; the Tuljapur Municipal
Council’s major head of expenditure on Health Facilities is 65.92 per cent followed by Education 12.74 per cent, General Administration and Recovery 10.76 per cent, Misc. expenditure 5.86 per cent and Public safety 4.72 per cent.

70. The Table No. 5.08-A shows the detailed revenue receipts and expenditure of Kalamb Municipal Council during the five years period of 2004-05 to 2008-09. It is concluded from the Table No. 5.16 that the revenue receipt of Kalamb Municipal Council for the year 2004-05 was Rs. 2.04 crores rose up to Rs. 2.08 crores up to the year 2008-09. The increased growth record in revenue income during the years was seen by only 2 per cent, while the revenue expenditure for the year of 2004-05 was Rs. 1.82 crores increased during the five years period up to 2008-09 was Rs. 2.07 Crores. The increased growth of expenditure during the period was record by 14 per cent. On the basis of above table the study concludes that the revenue income of Kalamb Municipal Council was slightly more than its expenditure during the five years period and the Kalamb Municipal council having little surplus funds for the developmental activities.

71. Table No. 5.08-B shows the information about the percentage of revenue receipts to total revenues of Kalamb Municipal Council during the year 2004-05 to 2008-09. During the five years the Kalamb Municipal council has received 63.43 percent amount from Government Grants followed by 21.43 per cent revenue from municipal property and utilization,11.49 per cent revenue collected from tax resources, 3.51 per cent from Misc. receipts and 0.14 per cent from recovery under special acts.
72. The Table No. 5.08-C shows the Percentage of Revenue Expenditure to Total Revenue Expenditure of Kalamb Municipal Council during the year 2004-05 to 2008-09. During the five years periods; the Kalamb Municipal Council's major head of expenditure on Health Facilities is 63.43 per cent followed by Education 21.43 per cent, General Administration and Recovery 11.49 per cent, Misc. expenditure 3.51 per cent and Public safety 0.14 per cent.

73. The Table No. 5.09 shows the comparative data of receipts of all Municipal Councils in Osmanabad District. It is concluded from the table that the major part of receipts of municipal councils is Government Grants, followed by Tax revenues, Misc. receipts, Recovery under special acts and Education Grants.

74. Table No. 5.10 shows the comparative data of expenditure of all Municipal Councils in Osmanabad District. It is concluded from the table that the major part of expenditure of all municipal councils is on Health Facilities, General Administration and Recovery, Public Safety, Education, Misc. expenditure and Grants-in-aid.

75. The municipal council of Osmanabad districts provided various services to the public reside in the city. These services are categorized as drinking water supply, Cleaning services, Street lights, Library, Public health and sanitation services, Slaughter houses, Public gardens, City roads, Drainages, Cemetery, etc. Out of which; services is provided by municipal council are analyzed in Table with a picture of the Performance of Municipal Councils in Osmanabad District in certain important aspects of Public Works.
76. The Developmental work and Welfare services rendered by the Municipal Councils in Osmanabad District include Shopping Centers, Roads & pools constructions, Tree plantation Dalit Vasti Sudhar, Weekly Bazar, Municipal Buildings, Health club, Cultural Hall, Meeting hall, Fire brigades, etc. provision of housing for the poor, construction of Public parks, implementation of slum clearance and improvement schemes, provision for reading rooms, libraries etc. The Table No. 5.18 reveals the significant facts, about the performance of the Municipal Councils in the Osmanabad Dist.

77. Table No. 6.01 shows the comparative figures of five years revenue receipts of all municipal council of Osmanabad districts. The table shows that highest revenue receipts of Osmanabad Municipal Councils, followed by Tuljapur, Bhoom, Omerga, Paranda, Kalamb, Murum and Naldurg Municipal council. The highest growth trend shows by Tuljapur Municipal council followed by Bhoom, Paranda, Murum, Osmanabad, Omerga, Kalamb and Naldurg Municipal Council, while lowest trend records by Naldurg Municipal council.

78. Table No. 6.02 shows the revenue expenditure of all Municipal Councils in Osmanabad Districts during the five year period i.e. 2004-05 to 2008-09. The table shows that highest expenditure incurred by Osmanabad Municipal Council followed by Bhoom, Omerga, Paranda, Tuljapur, Naldurg, Kalamb and Murum. The highest growth trend of expenditure shows by Bhoom Municipal Council, followed by Paranda, Naldurg, Murum, Omerga, Kalamb and Tuljapur Municipal Councils.
The table No. 6.05 shows the recovery percentages of tax during the study period. The question asked in this direction to the responsible officer of all municipal council through interview schedule. The response given by them are analyzed in Table No. 6.05. It is evident from the table that highest recovery record by Naldurg municipal council (82%) followed by Osmanabad and Murum (80%), Omerga (70%), Tuljapur (64%), Bhoom (60%), Paranda (54%) and Kalamb (50%). Paranda

Following the general pattern of expenditure of urban local bodies in Maharashtra, the Municipal Councils in Osmanabad District allocates its expenditure to both development and non-development heads. The development expenditure comprises items of expenditure on public health, public safety, medical, public works, public conveniences, public instructions and so forth. The non-development expenditure items include expenditure on General Administration and collection charges, repayment of loans, miscellaneous subjects, advance, deposit and law charges. The expenditure of Municipal Councils in Osmanabad District on different heads is discussed in the interview survey with the officials shown in Table No. 6.04.

The table No. 6.05 shows the recovery percentages of tax during the study period. The question asked in this direction to the responsible officer of all municipal council through interview schedule. The response given by them are analyzed in Table No. 6.05. It is evident from the table that highest recovery record by Naldurg municipal council (82%) followed by Osmanabad and Murum (80%), Omerga (70%), Tuljapur (64%), Bhoom (60%), Paranda (54%) and Kalamb (50%). Paranda
and Kalamb Municipal council records very lowest percentage of recovery of tax.

82. The table No. 6.07 that highest number of employees and workers were engaged by Osmanabad Municipal Council (376) whereas as Paranda Municipal council appointed very less number (31) of employees and workers for performed the duties.

83. Municipal authorities faced many problems for their performing day to day working. Out of these 13 problems are pointed out and analyzed in Table No. 6.08. Out of 8 municipal council 5 were told that they were facing shortage of employees and workers (ranked first), followed by problems in land acquisitions (ranked second), delayed in sanctioned of schemes from state government.

84. It is the duty of any municipal council to provide facilities and serviced to the citizens of city. The municipal council of Osmanabad district is having number properties includes shopping centers, garbage removal vehicles, schools, hospitals, toilets, fire brigade vehicles, public halls and municipal building; which is useful for the public. The data in this regards are analyzed in Table No. 6.09.

85. It is told by all municipal authorities that during the last five years the revenue expenditure increased more than 10 times without any quality additions in to the services provided. The Public Health and Public Works had claimed a major share from the municipal expenditure stream. There had been remarkable rise of expenditure also on Public Safety, Public Convenience and Public Instruction.
86. The reasons of such rapid increase in expenditure may be attributed to the accelerated pace of urbanization and the growth of urban population in.

87. It is further found that whereas the total magnitude of expenditure had increased by 10 times, the expenditure on general administration and collection had gone up more than 25 times during this period.

88. Expenditure on public works had increased by five times in all the municipal councils. This was because, these Municipal Councils neglected the road construction and repairs work during this period.

89. It is observed that the Municipal Councils in Osmanabad District had given sufficient importance on public convenience as the expenditure on it had gone up. In addition, expenditure on public instruction had increased during this period. It was chiefly because of opening of new primary schools under the general drive to spread free universal education and providing of necessary facilities to the school going children.

7.03: Testing of Hypotheses:

The following hypotheses were formulated for the present study.

Hypothesis 01:

The hypothesis formulated by researcher was the maximum ‘C’ grade Municipal Councils are suffering from inadequate finance is true and accepted.
Hypothesis 02:

The second hypothesis formulate by researcher was Municipal Councils are facing the problems of efficiency, accountability and lack of effective financial control is accepted.

Hypothesis 03:

The third hypothesis formulate by researcher was expenditure of Municipal Council are excess over the income. It is concluded from the Table No. 6.10 and 6.11 that the municipal councils income during the study period was excess hence the third hypothesis formulated for the study is rejected.

7.04 Suggestions:

On the basis of present study and conclusions draws from the study the following suggestions are offered:

1. A suitable structure and organization of a municipal institution can effetely solve urban problems.

2. The Municipal councils from the Osmanabad district are having comfortable industrial and agro based economic surroundings instantaneous to growth and the development, there has been lack of the proper imbued leadership cult amongst the municipal councilors for eking the benefits of these favourable economic and industrial surroundings necessarily created by the Government under special development plans.

3. Municipal bodies in order to be able to discharge their obligations in respect of development and improvement of their respective areas, provision of civic amenities and welfare services require adequate financial resources commensurate with the tasks assigned to them.
4. To help education, solid waste management, water and sanitation, and other economic development projects, municipalities have turned to innovative financing mechanisms to meet local demand.

5. With more developed capital markets, municipalities are able to rely more on new paradigm approaches — raising funds directly from market-based sources such as banks and investors.

6. Municipal accounting reforms are also not pursued adequate by such State Governments. If it is necessary then GOI should delink Municipal Accounting Reforms from the URIF and should provide separate incentive grant to States to undertake municipal accounting reforms.

7. For sustainability and up-dation of uniform municipal accounting system GOI should consider setting up of a Municipal Accounting Standard Board as a part of the Government Accounting Standard Board or a separate board under aegis of C&AG.

8. This board should look after the development, standardization and regulation of municipal accounting system. It should also work for promotion of professionalism in municipal bodies.

9. State Municipal Accounts codes should develop Budget and Account Codes up to third level, that is, group account code or sub-budget heads.

10. It must be noted that the state governments should place modified accrual based double entry account code in place
because it only can provide legal mandate and compulsion to municipal bodies to implement improved accounting system.

11. The State governments will have to undertake a massive programme of up-grading accounting systems of municipal bodies. It will have to take initiative to provide adequate institution strengthening (capacity building) services to municipal bodies.

12. Most of municipal council in district will require financial support and State governments will have to come forward with adequate financial assistance.

13. Appropriate training programme and capacity support to regulators will also be developed in partnership with the private sector and urban research institutions.

14. Central Government is also encouraging citywide reforms and restructuring so as to ensure that cities are managed efficiently and become creditworthy (to attract private finance) which will enable them to prepare long term plans for infrastructure investments and implement poverty alleviation programs.

15. The councilors and the incumbent of the municipal councils should sufficiently be aware for the purpose of welfare of the citizens.

16. The Study suggests that the problems of municipal finance need to be addressed in a holistic manner through comprehensive reforms.
17. It suggests 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 taxes, user charges, inter-governmental transfers and borrowings in respect of ULBs need to be reviewed for their adequacy and suitability to match the expenditure needs.

18. The Study highlights that a national consensus needs to evolve on a 'municipal finance schedule' for assignment to the ULBs to match the list of functions included in the 12th Schedule of the Constitution.

19. The Study also emphasizes the function-finance mapping to ensure that each function to be performed by the ULBs is backed by a corresponding financing source.

20. According to the Study, revenues and expenditure have to be carefully matched by reforming property tax, using land by adopting 'user pay', 'beneficiaries pay' and 'polluters pay' principles, linking individual services with user charges and collective services with benefit taxes.

21. The Study further suggests for restructuring inter-governmental transfers with a simple distributive formula that gives due weights to needs, rights to minimum basic services, incentives to performance and inter-jurisdictional equity.

22. Furthermore, it suggests easing of borrowing restrictions on ULBs and for financing urban infrastructure through exploring the options of municipal bond markets, specialized municipal funds and public-private partnerships.
23. The Study suggests improvement in expenditure management, professionalization of staff and efficiency in service delivery of the Municipal Councils.

24. The Study also suggests for improvement in the budgeting and accounting systems of Municipal Councils and disclosure of adequate information the public at regular intervals.

25. The Study emphasizes the need for developing new benchmarks for estimating the costs of municipal services by constituting new groups and by undertaking primary studies.

26. The Study suggests that Municipal Councils have considerable scope for debt financing as they have low debt and interest coverage ratios.

27. The Study also emphasizes the function-finance mapping to ensure that each function to be performed by the ULBs is backed by a corresponding financing source.

28. Municipal bodies should take up remunerative enterprises, which would create permanent assets, yielding perennial non-tax revenue. For this purpose, they should be given liberal loan assistance on low interest rates and rendered necessary technical assistance free of cost. The debt of remunerative enterprises should be a charge on the revenue derived from them. There should be staggering of dates for payment of installments for the repayment of loans at least for such period till the enterprise really becomes remunerative subject to a maximum of five years.

29. Municipal fees should be made an effective instrument of municipal finance and their rates should be adequately increased on uniformity patterns. License fees in particular
for offensive and dangerous trades should be levied on a sliding scale. Steps should also be taken for effective assessment and collection of fees and to plug leakage of revenue. Similarly in order to utilize the resource potential from municipal properties to the maximum, municipal bodies should raise the rents on municipal properties particularly, in view of rise in the level of prices, collect them on the basis of prescribed rates, avoid unreasonable remissions, and take all coercive measures for their realization.

30. There is a need of installation of strong computerized Management Information System in the municipal councils so as to watch, coordinate and control the process of the tax recovery.

31. Sufficient incentives may be given to employees in recovering the overdue taxes from the defaulters.

32. The work of the recovery of some taxes may be given outside agencies on contract.

33. The names and address of the defaulters for taxes shall be published quarterly in any Local newspaper.

34. The Study suggests improvement in expenditure management, professionalization of staff and efficiency in service delivery of the Municipal Councils.

35. It has been rightly observed that devolution of powers and functions necessarily involves devolution of finances also. The State Governments, therefore, should observe this principle if they want the urban bodies of the Osmanabad district to discharge their functions effectively. All municipal
programmes can be translated into action only through well-recruited and trained personnel at the disposal of urban local authorities.

36. The policies, methods and procedures adopted by an organization to build up its personnel are of vital significance. However, municipal institutions from their inception seem to have overlooked this important aspect of personnel administration.

37. **Establishment of an Urban Academy**: The proposed Urban Academy is visualized as a centre of excellence in Urban Matters such as urban water supply, sanitation, urban transport, urban governance, municipal finance, etc. It will be an ideal town-planning habitat, wherein experts from India and abroad can experiment with new layouts, building materials, landscaping, heritage preservation etc., and it will have Synergic links with all other institutions specializing in urban matters. This will coordinate all Training and Capacity Building Initiatives and efforts of Change Management Forums.

38. PPP is also to be encouraged in setting up of solid waste treatment plants and sanitary landfills sites at city as well regional levels. Regional solid waste facilities could cover nearby urban areas and can be operationally more viable. Moreover, State Governments should help ULBs to obtain lands for disposal sites.

39. Management of water supply and sewerage system should be the primary function of ULBs. They should be given responsibility for water supply and distribution in their territorial jurisdictions whether based on their own source or
on collaborative arrangements with parastatal and other service providers. Municipal councils may be given responsibility for the entire water supply programme from development to distribution. For smaller and medium sized ULBs, a phased transfer of responsibilities for management of the distribution networks should be developed. Parastatal agencies should be accountable to ULBs.

7.05 Areas for future Research Studies:

In the next few years there is going to be a paradigm shift in municipal governance with the introduction of accrual based accounting involving issues like assets valuation and accounting, cost of services, life of assets, etc. The corresponding building of capacity in audit is bound to pose significant challenges. The urban reforms agenda with its ingredients of 'Public Private Partnerships', issue of Municipal Bonds, rationalization of property tax, increasing levy of user charges and e-governance calls for a renewed attempt at understanding these issues and the significant audit concerns emerging there from. Of course, audit of local bodies in the urban sector would continue to address issues of urban poverty, unemployment, public health, slum development, sanitation and primary education. Audit of various sources of revenue, including property tax, which is the most important and perhaps a sustainable and equitable revenue source, would also continue to receive enhanced attention. The following areas will be remains for future research studies in Osmanabad district.

1. Possibilities for Public Private Partnership.
3. Comparative study of municipal councils in Osmanabad district.
4. Performance of municipal councils in functioning.