

# Income and Expenditure of Urban Local Bodies: A Study of Rohtak Municipal Corporation

Renu

Research Scholar, Department of Commerce, Baba Mastnath University, Rohtak

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## ABSTRACT

The main thrust of this paper is to examine income and expenditure of urban local bodies with special reference to Rohtak Municipal Corporation. Finance is considered as the lifeblood of commerce and industry. This applies to governments at all levels including local self-governments. Local self-governments can work smoothly only when the resources at their disposal are adequate and they have to be utilized in an effective and efficient manner. The relation between local functions and local finance is inseparably intertwined. They are concomitant to each other and, in fact, one erects for the other. Local functions can't be performed without local finance, and without functions, the need for finance does not arise.

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## INTRODUCTION

Municipal finance is directly correlated with the economic growth of a city, contributes to fulfilling the targets of urban policy and planning agendas, and is responsible for municipal service delivery. Municipal bodies being the powerhouses of growing economies, it is essential to keep their engines well-oiled. Indeed, India's long-term economic prosperity will depend largely on how its cities perform.

Municipal bodies are local self-governments where mandate includes the provision of basic services such as healthcare, water supply, educational institutions housing, transport and waste management. Historically, Indian municipalities have suffered from weak fiscal capacity, relying heavily on state contributions to finance their budgets.

## REVIEW OF LITERATURE

Wadekar and Mangala Ahar (2012) in their study made a focus on revenue expenditure pattern of two municipal corporations i.e., Nashik municipal corporation and Malegaon Municipal Corporation in Nashik district. An objective of the study was to analysis the financial position of both the corporation. At last the study said that the revenue sources of both the municipal corporations have been constrained in that case study suggests that there was a need of increasing demand of the local people.

Makandar (2013) studied, Financial performance of Selected City Municipal Corporation in Karnataka. The main focus of this study was to examine the trend in income and expenditure sources of begum city Municipal Corporation. At last the study revealed that expenditure was growing continuously the income earned was not met only by budgetary resources for this multiple sources of funding were required.

Nena (2014) studied, "An empirical study on financial performance of corporation of Gujrat state". This paper helps in analyzing the capital receipts an expenditure and revenue receipts and expenditure of the municipal corporation of Gujrat state. At last, the study said that municipal corporation of Gujrat state adopt uniform accounting practice, accrual according system, transparency in budgets, etc. to strength the local governance.

Agarwal, Chaudhary and Singh (2015) studied, "Waste Management Initiatives in India for human Well-being". The main idea behind it to examine the various initiatives regarding waste management taken by the municipalities in India for the welfare of human beings. At last, the study revealed that there was a requirement of well-organized strategic solid waste prevention fame work with the involvement of various stakeholders.

Jariwala (2016) studied, "Analysis of finances of some selected Municipal Corporation of Gujrat". The main focus of this study was to analyze the municipal finance of Ahmedabad municipal corporation, Surat Municipal Corporation, Vadodara Municipal Corporation and Rajput Municipal Corporation. At last the study said that Municipal Corporation of Gujrat was generating small surplus and high disparity has been noticed in growth rate of per capital expenditure of Gujrat Municipal Corporation.

Siddaramand Bharadi (2017) stated, "financial performance of Hubli-Dharwar Municipal Corporation in Karnataka". The author defined the financial health of Hubli-Dharwar municipal corporation in Karnataka conclude that this municipal corporation of Karnataka has been generating revenue surplus but at the same time expenditure increased an municipal service by the corporation was lower and these was a need of state government's involvement to the welfare of the citizens.

Muniswami(2018) defined the income and disbursement of Kurnool municipal corporation in this paper. An objective of the study was to analyze the financial position of examine the income and expenditure pattern of Kurnool municipal corporation. Secondary data was used for attaining the aforesaid objectives. Study concluded that the expenditure increased b Kurnool Municipal Corporation was increased more than 7 times as compared to total respected increased more than 3 times during the study periods.

Guroo (2020) in his paper made a focus on challenges and problem of urban local – government in Kashmir valley. The author has felt that the problem that came in the path of urban local self- govt. was delay in election, unsatisfactory participation of women, back of fair election. At last, the study conclude that government should rejuvenate its attitude with respect to municipal bodies and provide adequate assistance to them in order to solve the problem confronting urban local bodies in India.

### Objectives of The Study

1. To study the different sources of income and expenditure of Rohtak Municipal Corporation.
2. To analyze the growth trends of municipal revenue and expenditure of Rohtak Municipal Corporation from 2013-14 to March 2019.

### RESERCH METHODOLOGY

This is a descriptive study and tries to review the financial position of Rohtak Municipal Corporation. This study depends exclusively on secondary data. Secondary data was collected from Administrative Repots of The Rohtak Municipal Corporation, Budget Estimates, Rohtak Municipal Corporation Website, etc.

### Rohtak Municipal Corporation – Income And Expenditure

#### (A) Income of Rohtak Municipal Corporation:

For the purpose of easy understanding, the sources of revenue base of Rohtak Municipal corporation can be categorized in toomany ways:

1. Tax Revenue Receipts from: Property tax, Fire tax, Electricity tax, Show tax, etc.
2. Non-Tax Revenue Receipts from: Copying fees, Trade License fees, Rent, Development charges, etc.
3. Grants and Subsidies
4. Loan for particular Project or for any purpose.

#### (B) Expenditure of Rohtak Municipal Corporation:

The expenditure incurred by Rohtak Municipal Corporation can be categorized in to many ways:

1. Administrative & Establishment Expenses: Payment of Pensioner, Outsourcing fire staff, Pensioner arrears, payment of office staff, etc.
2. Operation & maintenance Expenses: Office Contingency Health and Sanitation, Office contingency fire branch, General branch, etc.
3. Other Expenses: Gratuity, Medical Allowance, Printing & Stationery, Telephone Bill, Building load, etc.
4. Capital Expenditure: All development work under SFC, CFC Scheme.

### Analysis Of Municipal Finance Of Rohtak Municipal Corporation

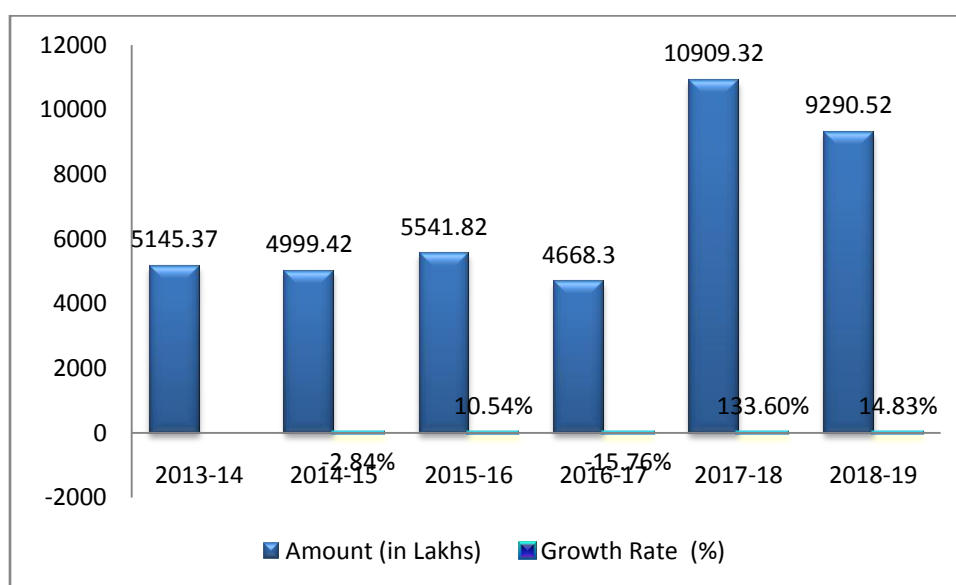
#### Trends in Revenue Pattern of Rohtak Municipal corporation

The Rohtak Municipal Corporation receives(both capital and revenue receipts) from different sources such as Tax revenue, Non-tax revenue, grants, subsidies, etc. Table 1.1 shows the picture of total revenue receipts of Rohtak Municipal Corporation during 2013-14 to March 2019

**Table 1.1 Total Revenue Receipts of Rohtak Municipal Corporation**

Year	Amount (in Lakhs)	Growth Rate (%)
2013-14	5145.37	
2014-15	4999.42	-2.84%
2015-16	5541.82	10.54%
2016-17	4668.3	-15.76%
2017-18	10909.32	133.60%
2018-19	9290.52	14.83%

Source: Income of Municipal Corporation, Rohtak for the Respective Financial Years



**Interpretation:** Table 1.1 shows that the total receipts of Rohtak Municipal Corporation is increasing year by year except in two financial years i.e., 2014-15 and 2016-17. The positive growth rate in total receipts of Rohtak Municipal Corporation is registered in 4 (2013-14, 2015-16, 2017-18 & 2018-19) out of 6 years (2013-14 to 2018-19) during the study period. The highest positive growth rate of 133.6% percent is registered in 2017-2018.

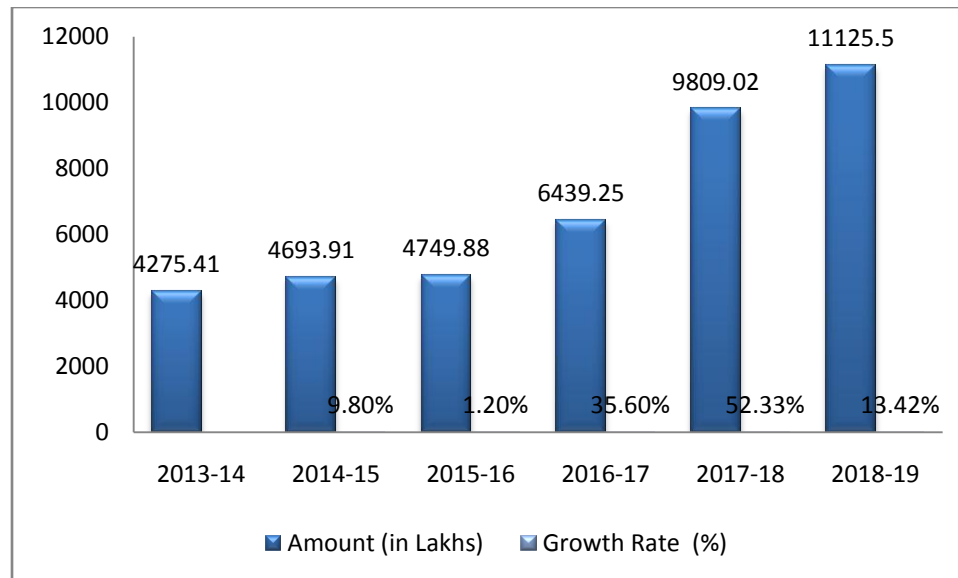
#### Trends in Expenditure Pattern of Rohtak Municipal Corporation

The Rohtak Municipal Corporation spends (both capital and revenue expenditure) on infrastructure and services such as Sewerage and Sanitation, Water Supply, Solid Waste Mgt. etc. Table 1.2 shows the picture of total expenditure incurred by Rohtak Municipal Corporation during 2013-14 to March 2019.

**Table 1.2 Total Expenditure of Rohtak Municipal Corporation**

Year	Amount (in Lakhs)	Growth Rate (%)
2013-14	4275.41	
2014-15	4693.91	9.8%
2015-16	4749.88	1.20%
2016-17	6439.25	35.6%
2017-18	9809.02	52.33%
2018-19	11125.5	13.42%

Source: Expenditure of Municipal Corporation, Rohtak for the Respective Financial Years.



**Interpretation:** Table 1.2 shows that the total expenditure incurred by Rohtak Municipal Corporation is showing upward trend during the study period. With regard to growth rate, highest growth rate in expenditure pattern was registered in 2017-18. The total expenditure incurred by Rohtak Municipal Corporation in 2013-14 is Rs. 4275.41 and they rose to Rs. 11125.5 Lakhs by 2018-19.

#### FINDINGS OF THE STUDY

1. It is clear from the study that the total revenue of Rohtak Municipal Corporation is erratically distributed over the years. Negative growth rate in revenue pattern is registered in 2 out of 6 years of study. Positive growth rate in revenue pattern is registered in 4 out of 6 years of study.
2. As per the study the total expenditure pattern of Rohtak Municipal Corporation gradually increased year by year during the study period. The highest growth rate in expenditure pattern is registered in 2017-18 during the study period.

#### CONCLUSION

The analysis of the growth trends of income and expenditure of Rohtak Municipal Corporation for the period of 6 years stated that the expenditure of MCR is continuously increasing & revenue receipts of MCR are not sufficient to meet the growing requirements of local people living in municipal limits. In this case MCR required to build their own capacities so that they can face problem arising out of insufficient funds.

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