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RESEARCH ARTICLE

REVENUE AND EXPENDITURE PATTERN OF MUNICIPAL CORPORATIONS OF PUNJAB-A CASE
STUDY OF JALANDHAR AND AMRITSAR MUNICIPAL CORPORATION.

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Abstract

Municipal corporations in Punjab have the statutory responsibility to provide basic amenities to its citizens. But they are under fiscal stress as they are getting very less help from the state governments to meet their expenses. The present study is an attempt to study the revenue and expenditure pattern of two municipal corporations in Punjab namely jalandhar municipal Corporation an Amritsar Municipal corporations. The findings of the study reveals that as grants from the government to these local government is very less in comparison to their expenditure ,so they are compelled to meet their establishment expenditure from the general income which should otherwise be spent on providing civic amenities to the public.

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Introduction:-

The progress of an area depends to a large extent upon the availability of suitable infrastructure and services With the passage of time the responsibilities of local self government has increased , the problems of local self-government have become varied and complex. The growth rate of population in urban areas is more than three times of that of the rural growth, The urban population in Punjab has witnessed 25.9 per cent increase over the past decade with the State's population increasing from 2.45 crore in 2001 to **2.77 crore** in 2011 comprising 37.5 per cent in urban.. This has resulted in high population density in urban areas. The huge increase in population in urban areas has created deficiencies such civic services, as water supply, sewerage, solid waste management and urban infrastructure.

History of Municipal Corporations in Punjab:-

Punjab is located in northwestern India, and has an area of 50,362 km Municipal corporations are the large urban area with a population of three lakhs or more and a minimum revenue generation capacity as specified by the state government ,from time to time. The Punjab Municipal Act 1911 and Punjab Municipal Corporation Act 1976 govern the functioning of nagar panchayats, municipal councils and Municipal Corporation. Prior to 1994 elections were extremely irregular in local self institutions in Punjab. The elections to municipal corporations were first time held in 1991. The Municipal Corporation of Ludhiana is the largest corporation in Punjab and boasts of 75 wards and a budget touching almost 800 crores. The population of the city is 1,613,878 according to population census 2011. Set up in 1978 the Ludhiana Corporation is also among the oldest in Punjab. The first election to the corporation was held in 1992. Municipal Corporation Amritsar was declared city on 29th March 1977 under the Punjab Municipal Corporation Act 1976 and the municipal corporation was constituted instead of Municipal Committee. The first elections to the Municipal Corporation were held in 1991 and the city was divided into 50 wards. According to population census 2011 the population of Amritsar city is 873725 and the city is divided into 65 wards. The Municipal committee jalandhar was formed on 1867 and raised to class-1 city in 1950 under the Punjab Municipal Act, 1911. Under the Municipal corporation act 1976. It was further elevated to Municipal Corporation by Punjab government on 5th July 1977. The population of Jalandhar city is 873725 according to population census 2011. There are 60 wards in Municipal Corporation of Jalandhar. The Municipal Corporation Patiala got its present elevated status on 24 September 1997. The democratic was set up in June 2002 when elections of the corporation was

held and 50 Municipal councilors were elected. According to census 2011 the population of Patiala city is 445196 , and it is having 60 wards at present. At present there are ten municipal corporations in Panjab.

Research Design:-

Objectives of the Study:-

The major thrust of the paper is to examine the pattern of revenue and expenditure of municipal corporation in panjab.

Period of Study:- The study will be conducted for 7 years from 2008-09 to 2014-15.

Sample of the study:- The study covers two municipal corporations in Punjab i.e. Jalandhar, Amritsar.

Sources of data:- The data will be collected through secondary sources. Secondary data will be collected from various published reports of Govt. mainly budgets of municipal corporations selected.

Revenue structure of selected municipal corporations:-

The resources of Municipal Corporations of Punjab comprises of two types of resources. Internal and external resource. Internal sources includes tax and non-tax revenues and external sources includes borrowings and grants-in-aid/share in state taxes and transfers from the Central Government General .Income of municipal corporation includes share of VAT, House tax and property tax, octroi on electricity. Advertisement tax licence fee, slaughter house fee, rent from municipal property tahbazari, composition fee, sale of property, recovery of loan from employees, income from operation and maintenance cell and additional excise duty , grants from state or central government and loans.

Table 1.1:- Income of jalandhar Municipal Corporation in (lakhs)

incomeJalandhar MC	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General	25566.32 (94.16)	15424.23 (89.87)	16101.92 (77.36)	16147.22 (80.79)	17313.33 (72.22)	24040.49 (77.53)	22934.70 (81.79)
Water Supply	1584.14 (5.84)	1738.55 (10.13)	2001.45 (9.62)	2007.87 (10.04)	1945.05 (8.11)	1855.86 (5.52)	2043.93 (7.29)
Grants and loans	-	-	2709.40 (13.01)	1832.24 (9.16)	4711.47 (19.65)	7708.97 (22.94)	3058.95 (10.91)
total	27150.47	17162.78	20812.77	19987.33	23969.85	33605.32	28037.58

Source-Municipal budget of jalandhar Municipal corporation

Figures in parentheses indicate percentage share in the total income

The percentage share of total income from various sources reveal in Table 1.1 that major portion of income is from general income which means that corporation has to itself generate the sources to run the corporation. In 2008-09 and 2009-10 the corporation did not receive any grant from the government and from 2010-11 to 2014-15 the grant from the government or loan procured was very minor in comparison to the total income. Maximum income was generated in 2013-14 but maximum grant was also received during this period.

Table 1.2:- Income of Amritsar Municipal Corporation in (lakhs)

Income amritsar MC	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General	10678.98 (88.22)	13019.43 (89.79)	12777.16 (80.67)	15852.00 (87.81)	15674.66 (88.38)	18922.00 (90.08)	19677.44 (75.08)
Water Supply	1426.55 (11.78)	1480.59 (10.21)	1530.16 (9.66)	1700.00 (9.42)	1535.85 (8.67)	1617.92 (7.71)	1426.38 (5.45)
Grants and loans	Nil	Nil	1530.16 (9.67)	500.00 (2.77)	524.17 (2.95)	463.61 (2.21)	5102.9 (19.47)
total	12105.53	14500.02	14307.32	18052.00	17734.68	21003.53	26244.34

Source-Municipal budget of jalandhar Municipal corporation

Figures in parentheses indicate percentage share in the total income

Table 1.2 shows that revenue collected from general income is maximum in all the years which shows that revenue collected from taxes and non taxes resources is major share of income in both the municipalities.%of Grants and loan from the government is very nominal.the % share of general income in table 1.2shows that municipal corporations have to generate their own resources to met their expenses.

Table 1.3:- Growth Rate of General income in(lakhs).

years	jalandhar		Amritsar	
	value	Growth Rate %	value	Growth rate %
2008-09	25566.32		10678.98	
2009-10	15424.23	-39.66	13019.43	21.91
2010-11	16101.92	4.38	12777.16	-1.86
2011-12	16147.22	0.28	15852.00	24.06
2012-13	17313.33	7.22	15674.66	-1.12
2013-14	24040.49	38.85	18922.00	20.72
2014-15	22934.70	-4.59	19677.44	3.99
Average	19620.88	1.08	13370.77	11.28

Table shows the growth rate of general income for the period from 2008-09to 2014-15Average Percentage growth rateof general income is more in Amritsar Municipal corporation although average general income is more in jalandhar municipal corporation the growth rate varies from -39.66% to 38.85 % jalandhar Municipal corporation. growth rate in Amritsar municipal corporation was maximum in the year2011-12with 24.06%and minimum in 2010-11 which was -1.86%.

Table 1.4:- Growth Rate of income from water supply in(Lakhs)

years	jalandhar		Amritsar	
	value	Growth Rate %	value	Growth rate %
2008-09	1584.14		1426.55	
2009-10	1738.55	9.75	1480.59	3.79
2010-11	2001.87	15.12	1530.16	3.34
2011-12	2007.87	.32	1700.00	11.09
2012-13	1945.05	-3.12	1535.85	-9.66
2013-14	1855.86	-4.58	1617.92	5.34
2014-15	2043.93	10.13	1426.38	-11.83
Average	1862.40	4.60	1531.06	.345

Source:- Municipal Budget

Average and percentage growth rate Income from water supply is was more in jalandhar municipal corporation as compared to Amritsar municipal corporation.this shows that the municipal corporation Amritsar is not able to collect water supply bills from its customers efficiently.

Table1.5:- Growth Rate of grants from government/loans in (lakhs)

years	jalandhar		Ludhiana	
	value	Growth Rate %	value	Growth rate %
2008-09	nil		nil	
2009-10	nil		nil	
2010-11	2709.40		1530.16	
2011-12	1832.24	-32.37	500.00	-67.32
2012-13	4711.47	157.14	524.17	4.83
2013-14	7708.97	63.62	463.61	-11.55
2014-15	3058.95	-60.31	5102.90	1000.68
Average	4004.20	32.07	1624.16	185.32

Source:-Municipal Budget

According to table 1.5 both the corporations did not get any grant from the government to meet their expensesin 2008 -2009 ans 2009-10..From 2010-11 government grant was received by both the corporations. jalandhar municipal receive maximum grant in but2013-14,and 5 Amritsar MC received maximum grant/loan in 2014-15.growth rate of

receiving grants are loans was maximum in 2012-13 in Jalandhar MC which was 157.14 %, where as Amritsar MC growth rate increased from -11.55 to 1000.68 % in 2014-15.

Expenditure Pattern In Selected Municipal Corporations In Punjab:-

Expenditure of municipalities is of three types. Establishment expenditure, contingency expenditure and development expenditure. Establishment expenditure includes salary & wages, allowances, reimbursements, employee welfare, terminal benefits and other employee costs. The expenditure which directly contributes to civic amenities and social service is known as developmental expenditure, while the remaining expenditure is non-development. Expenditure on public health, sanitation, public safety, public works, convenience, etc. is included in the development expenditure. Development expenditure can be committed or non committed. Development expenditure includes development work of roads, bridges, projects streets and drains, street lights, parks development of slum colonies and other areas and municipal buildings, energy bill of streets, computerization, repayment of loans Municipal solid waste management etc.

Table 2.1:- Expenditure of Jalandhar Municipal corporation (in Lakhs)

Expenditure	2008-09	2009-10	2010-11	2011-12	2012--13	2013-14	2014-15
Establishment	5150.00 (33.79)	6099.94 (32.95)	9219.33 (42.34)	10459.55 (42.18)	11379.03 (47.32)	12736.62 (39.75)	13514.75 (49.23)
Contingency	1237.57 (8.12)	1052.79 (95.69)	1486.15 (6.83)	1218.93 (4.92)	1336.01 (5.56)	1907.89 (5.96)	1706.5 (6.22)
Development	8853.11 (58.09)	11360.65 (61.36)	11069.33 (50.84)	13117.84 (52.90)	11329.69 (47.12)	17397.69 (54.29)	12229.39 (44.55)
total	15240.68	18513.38	21774.81	24796.32	24044.20	32042.20	27450.64

Source:- Municipal Budget

Figures in parentheses indicate percentage share in the total expenditure

Table 2.2:- Expenditure of Amritsar Municipal corporation in (lakhs)

Expenditure Amritsar MC	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Establishment	7104.07 (60.51)	7860.47 (60.66)	9850.73 (62.87)	10546.12 (66.04)	13004.48 (70.98)	14398.04 (67.70)	16913.76 (65.27)
contingency	2417.44 (20.59)	2725.08 (21.03)	802.14 (5.12)	752.40 (4.72)	955.78 (5.22)	1190.54 (5.60)	1213.79 (4.68)
Development	2218.56 (18.90)	2372.77 (18.31)	5016.36 (32.01)	4669.99 (29.24)	4360.64 (23.80)	5676.72 (26.70)	7785.71 (30.05)
Total	11740.07	12958.322	15669.233	15968.511	18320.900	21265.300	25913.266

Source:- Municipal Budget

Figures in parentheses indicate percentage share in the total expenditure

An analysis of figures presented in table 2.1 and 2.2 reveals that the total expenditure of the Municipal Corporations in the state has shown an increasing trend throughout the period under study. Table 2.1 shows that more expenditure is done on development and less on establishment which shows that corporation is more concerned about urban development in the Jalandhar city, and income is enough to meet its expenses. The total expenditure shows increasing trend except in 2014-15 there was decrease in total expenditure. However % expenditure of the total expenditure is maximum on the development. The contingency expenses are minimum in all the years in comparison to other expenses which show that budgets are well planned and municipal corporation running efficiently.

Table 2.2 shows that in Amritsar MC maximum expenditure is done on establishment expenses which consist mainly of salaries of their employees. Nearly one third of the total expenditure is done on development which shows that the MC is not running efficiently however contingency expenses are satisfactory.

Table 2.3:- Growth Rate of establishment expenditure in(lakhs)

years	Jalandhar		Amritsar	
	value	Growth rate %	value	Growth Rate %
2008-09	5150.00		7104.07	
2009-10	6099.94	18.44	7860.47	10.65
2010-11	9219.33	51.33	9850.73	25.32
2011-12	10459.55	13.45	10546.12	7.06
2012-13	11379.03	8.79	13004.48	25.31
2013-14	12736.62	11.93	14398.04	10.78
2014-15	13514.75	6.10	16913.00	17.47
Average	9794.17	18.34	11382.41	16.09

Source_ Municipal Budget

Table 2.4:- Growth Rate of contingency expenditure in(lakhs)

years	jalandhar		Amritsar	
	value	Growth Rate %	value	Growth rate %
2008-09	1237.57		2417.44	
2009-10	1052.79	-14.93	2725.08	12.72
2010-11	1486.15	41.16	802.14	-70.56
2011-12	1218.93	-17.9	752.40	-6.20
2012-13	1336.01	9.60	955.78	27.03
2013-14	1907.89	42.8	1190.54	24.56
2014-15	1706.50	-10.5	1213.79	1.95
Average	1420.83	8.5	1436.73	-1.75

Source_ Municipal Budget

Table 2.5:- Growth Rate of Development expenditure in(lakhs)

years	Jalandhar		Amritsar	
	value	Growth rate %	value	Growth Rate %
2008-09	8853.11		2218.56	
2009-10	11360.65	28.32	2372.77	6.95
2010-11	11069.33	-2.56	5016.36	111.4
2011-12	13117.84	18.50	4669.99	-6.90
2012-13	11329.69	-13.63	4360.64	-6.62
2013-14	17397.69	53.55	5671.72	30.18
2014-15	12229.39	-29.70	7785.71	37.15
Average	12193.95	9.08	4585.82	28.69

Source:-Municipal Budget

Table 2.3 that establishment expenditure showed increasing trend in Jalandhar municipal corporation and Amritsar MC. In Jalandhar MC growth rate was maximum in 2010-11 which was 51.33% and minimum in 2014-15 which was 6.10%. Increase in establishment expenditure reveals that more money is spent on salaries of the staff. However average growth rate was more in Jalandhar MC. Table 2.4 shows that contingency expenditure shows fluctuation in both the MC's. In some years it is positive and some years negative growth rate. Table 2.5 reveals that growth rate of development average expenditure is very low in Jalandhar MC which is only 9.08% where as average growth rate of establishment is double of this which is 18.34%. However Amritsar MC shows better trend as average growth rate on development expenditure is more than establishment expenditure.

3.1:- Financial position of Amritsar in (Lakhs)

year	income	Expenditure	Surplus/Deficit
2008-09	12105.53	11740.07	365.46
2009-10	14500.02	12958.322	154.17
2010-11	14307.32	15669.233	-1361.91
2011-12	18052.00	15968.511	2083.46
2012-13	17734.68	18320.900	-586.22
2013-14	21003.53	21265.300	-261.77
2014-15	26244.34	25913.26	331.08

Source:- Statistical Abstract of Punjab

Table 3.2:- Financial position of Jalandhar Municipal corporation in (Lakhs)

year	Income	Expeniture	Surplus/deficit
2008-09	27150.47	15240.68	11909.79
2009-10	17162.78	18513.38	-1350.60
2010-11	20812.77	21774.81	-962.04
2011-12	19987.33	24796.32	-4808.99
2012-13	23969.85	24044.20	-74.35
2013-14	33605.32	32042.20	1562.80
2014-15	28037.58	27450.64	586.94

Source:- Statistical Abstract of Punjab

TABLE 3.1 reveals that the financial position of Amritsar MC is not so good as as either it is deficit or very less surplus left after meeting the expenditure. Table 3.2 shows that from 2009-10 to 2012-13 there was dficit balance which means MC was running in loss. however in 2013-14 it has shown surplus balance.

Findings and suggestions:-

The findings of th study reveals that both the municipal corporations are earning morefrom general income which means they are generating their own sources from taxes and non taxes income .In both the MC's contribution from the grants from government is very less in comparison to total income. Regarding the expenditure the Jalandhar MC's is spening more on development but Amritsar Mc is spending more on establishment expenditure which shows that there is less progress in Amritsar than jalandhar municipal corporation.I suggest that corporations should be given more grants by the state an central government so they can meet their establishment expenditure an concentrate on development works for providing civic amenities to the public.

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