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An analysis of funds management of Karnataka municipal corporations with special reference to Mysuru and Mangaluru city corporations

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Abstract

Urban development is a state subject and the Constitution (Seventy-fourth) Amendment Act, 1992 has delegated many functions to Urban Local Bodies. Government of India, however, plays a coordinating and monitoring role and also supports various urban housing programs, urban livelihood mission and overall urban development through Central and Centrally Sponsored Schemes. The urban population increased from 78.9 million in 1961 to 377 million in 2011, and is estimated to reach about 470 million in 2021, 577 million in 2030 and 700 million in 2041 (GOI, 2013). According to Census 2011, as many as 53 cities in India had a million plus population. More than 50% of the Country's population will be Urban by 2050 (UN report, 2007). It has been observed that Municipal areas in India produce more than 50% of the country's GDP (GOI, 2014). Despite rapid urbanization and its importance, the Municipal Corporations have been unable to cater to the demands of civic amenities in a better way. The crux of the problem is "shortage of finance". The revenues of Municipal Corporations have witnessed a slow growth rate. Excess interference of the State Government, wasteful expenditure, laxity of officials in implementing tax procedures and collection of taxes accentuates this problem. This problem has bothered all the urban local bodies and the Mysuru and Mangaluru City Corporations are no exception to this. This calls for streamlining administrative matters of finance. The Tax and non-Tax revenues of the municipal corporations have remained inelastic. The slow growth of Tax and non-Tax revenues is a matter of great concern in view of the fast-growing urban population and the consequent need for upgrading continuously of the civic amenities and services. The analysis shows that there exist wide disparities in financial position in terms of generating resources as well as resource allocation. There exists variation in receipts on revenue and capital accounts due to difference in revenue raising capacity and difference in government schemes with regard to share of revenue. Both the municipal corporations depend on internal revenue from the taxes and non-taxes than the external revenue (loan and grants) from the government. Both the municipal corporations maintained revenue surplus and it indicate that they were able to meet not only the revenue expenditure and also derived a large part of revenue surplus from revenue account to capital account for creation of capital assets. Both the corporations played an effective role in providing quality civic amenities to its citizens.

Keywords: Annual report, analysis, capital receipts, revenue receipts, municipal corporations, revenue expenditure, capital expenditure, surplus, deficit

Introduction

Urbanisation in India began to accelerate after independence, due to the country's adoption of a mixed economy, which gave rise to the development of the private sector. At present, urbanization will be the most significant issue all over the world and the largest agglomerations will be in the developing countries such as India. Several different reasons help explain this structural shift, especially since 1947 with India's independence (Byan Chand, 1947) ^[41]. The rise of a more diversified economy, combined with a growing reliance on heavy industry, is one major factor.

Similarly, important are the 1991 economic reforms, helping to spread greater market activity and investment across country. With a focus on service industries, India has also experienced a notable transition from rural and semi-urban areas to urbanized growth centres. Better infrastructure facilities and economic opportunities are constantly attracting more people into urban areas. Urbanisation is taking place at quite a rapid rate in India. Population residing in urban areas in India, according to 1901 census, was 10.84%. This count increased to 28.53% according to 2001 census, and 31.16% (377 million people) in 2011 census. In 2019, the numbers increased to 34%, according to the World Bank. The survey was conducted by UN State of the World Population report in 2007, by 2030, 40.76%

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of country's population (Approximately 600 million people) is expected to reside in urban areas. UN world population report, 2007 says that in 2008, for the first time, more than half of the world's population lived in urban areas. When it comes to the rate of urbanization, India ranks far behind other emerging economies such as China (45%), Brazil (87%), and Mexico (78%), but is comparable to Burma (34%) and Guinea (35%).

A municipal corporation is a local government in Karnataka that administers urban areas with a population of more than three lakhs (KMC Act, 1976). The Municipal Corporation consists of a corporation, a standing committee, commissioner which are statutory authorities responsible for proper functioning of the municipal corporation. The municipal Acts have been formulated in such a way that the interests of the citizens will be upheld in every situation. The growing population and urbanization in various cities of Karnataka were in need of a local governing body that can work for providing necessary community services like health care, educational institution, housing, transport etc. by collecting property tax and fixed grant from the State Government. Under sections 58 and 59 of the KMC Act, 1976, Corporations are required to perform certain obligatory and discretionary functions.

Some of the obligatory functions of City Corporations are as below

- a. Lighting public streets, places and buildings
- b. public health, sanitation and solid waste management
- c. Supply of drinking water
- d. Registering births and deaths
- e. Construction and maintenance of roads, underground drainages, etc.

Some of the main discretionary functions are as below

- a. Maintenance and establishment of public parks, bus stops and public conveniences
- b. Maintenance of public library
- c. Constructing, establishing of homes for the disabled, poor and slum people etc.
- d. Fire services.
- e. Urban forestry, protection of the environment and promotion of ecological aspects.
- f. Slums improvement and upgrading.
- g. Urban poverty alleviation.
- h. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
- i. Promotion of cultural, educational and aesthetic aspects.
- j. Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
- k. Cattle pounds; prevention of cruelty to animals.
- l. Some of the above functions despite being in the exclusive domain of the City Corporation are performed by various parastatal bodies, who work under the administrative supervision of the state Government.

List of Tax and Non-Tax Revenues for Municipal Corporations

- I. Property tax is leviable under sections 108 and 108A of the KMC Act and is levied on all properties within the municipal limits based on the market value of the property.

- II. Advertisement tax is leviable under section 134 and procedure for collection is specified under Section 139 of the Act. It is collected on all external advertisement hoardings put up within the municipal limit of the city.
- III. Water charges are leviable under section 191 of the Act and water supply is a service that is provided under section 57 of the Act. In all urban areas apart from Bengaluru, establishing the infrastructure for the supply of water is carried out by the Karnataka Urban Water Supply and Drainage Board whereas the collection of water charges is the responsibility of the Corporation.
- IV. Trade license fee is chargeable under section 374 of the KMC Act and is required to be paid for undertaking any business, as listed under the Act, within the municipal area.
- V. Town planning and building fee under section 423 of the KMC Act is a charge required to be paid for the development of city master plans and inspection of buildings to ensure its compliance to building bye-law norms.
- VI. Other fees levied periodically.

Grants and Loans

- i). Tied and untied grant as per the recommendations of the State Finance Commission.
- ii). Special grants for schemes earmarked in the state budget.
- iii). Central Government grants as per the of Ministry of Urban Development.
- iv). Loans by multilateral banks and Karnataka Urban Infrastructure Development Financial Corporation.

Based on the above list of revenues for the Municipal Corporations in Karnataka, this is to undertake a systematic study to understand the legal impediments which restrict efficient collection and levy of taxes. The Municipal Corporations in the absence of efficient collection of tax and fee rely on State Government funding, resulting in limited decisional and governing autonomy. With improved self-financing options, Municipal Corporations will be accountable to the citizens it immediately serves and will efficiently deliver services without the need to rely on State /Central Governments' funding. However, the existing sources of self-generating revenues are limited and considering the rapid development of the cities in Karnataka.

The expenditure of Karnataka Municipal Corporations can be broadly summarised into the following categories

- **General Administration:** Municipal administration, finance, election, estate, etc.
- **Planning & Regulations** which includes city and town planning, building regulation, encroachment removal, trade license
- **Public Works:** Construction and maintenance of roads and pavements, bridges and fly overs, street lighting, storm water drains, traffic signals, etc.
- **Health:** Public health, epidemic / prevention control, family planning, primary health care, hospital services, burial and cremations, Ambulance / Hearse Services
- **Sanitation and Solid Waste Management:** Solid Waste Management (SWM), public convenience, slaughter houses, etc.
- **Civic Amenities:** Water supply, sewerage, fire

services, municipal markets, etc.

- **Urban Forestry:** Parks, gardens, play grounds, lakes and ponds, urban forestry, environment conservation, etc.
- **Urban Poverty Alleviation & Social Welfare:** Welfare of women, welfare of SC/ST/OBC, slum improvements, housing, urban poverty alleviation
- **Other Services:** Electricity, education, transportation, facility for pilgrims etc.

The central finance commission to advocate measures needed to enlarge the consolidated fund of the states to enhanced the resources of city municipal corporations, based on the respective commissions. A survey conducted by The National Institute of Public Administration and Policy (2001) declare that most of the city local government are control in releasing their Statutory roles due to a limited resource. The low budget of municipal corporations do not allow them to meet the minimum standards of services. Various studies worldwide have reported that the finance of municipal corporations are in a trouble. Most of them are not able to raise adequate resources from their own sources to meet increasing expenditure on services. In addition, various control measures that need to be taken and Government should reorient it's view in regard to municipal corporations deliver constructive guidance and proper assistance to them, as an active work of city municipal corporation (Srivastava, 1976). Local, Government institutions influence the needs of the people by providing public, social, economic services and facilities in metropolitan cities. Therefore, there is a need for analysis the municipal revenue, capital revenue, expenditure and also make suitable suggestions for the enhancement of financial resources of urban, local bodies. Accordingly, an attempt has been made to study the financial performance of the Mysore and Mangalore municipal corporations based on revenue receipts, expenditure and capital expenditure accounts for 10years from 2010-11 to 2019-20.

Review of literature

Rahool Y Mane (2003) ^[1] In a Ph.D. thesis 'Municipal finances in Karnataka a case study of the Hubli Dharwad municipal corporation', found that the Municipal Corporation is confronted with severe resources crunch. The tax base is narrow and the tax collection is inelastic. The Tax Revenues would be augmented with additional tax receipts by way of substantial increase in the tax rates on property. The administration of the tax department must be streamlined to improve the tax collections of the Corporation. Non-Tax sources to be tapped further to augment the revenue resources of the Corporation to meet the expanding demand for civic amenities.

Abhay Pethe, Mala Lalvani (2006) ^[4]. The article "A Comparative Study of Municipal Finances in Maharashtra: Patterns, Problems and Prospects" aims to examine the patterns of finances in Urban Local Bodies (ULBs) in Maharashtra. They point out some problems especially related to data and suggest ways for remedying the situation. This is contextualized within the parameters set by the devolution patterns to local bodies that have been envisaged by Central and State Finance Commissions on one hand and the 74th Constitution Amendment on the other.

Sandeep Thakur (2006) ^[5] Examined the fiscal performance of the municipalities from different states and seeks

explanation for differential performance and also examined the fiscal performance of municipalities from the same state and rank of these cities on the basis of their fiscal performance. The major conclusion of this study as follows: - Municipalities cannot be compared merely on the basis of per capita incomes and expenditures. - Municipalities differ because of their Fiscal and Functional Domain. - Across States and within States bigger municipalities have larger functional domain and larger control over their tax and non-tax administration. - State Municipal Acts also differ in allotting tax powers and functions between Municipal Corporations and Municipalities.

Ramakrishna Nallathiga (2008) ^[7]. The research has been conducted on "Trends and Perspectives of Urban Public Finance in Select Countries and India", and found that tax revenue has been the stable income base of the systems and both which contribute to almost 80% of the local government revenues. Property and Water taxes are the stable tax sources. User charges in India remain a grossly under-exploited source till today, which would require reforming the local governments in making them realise the need for reforms. Reforms aiming at better recovery of costs of services provided are still looming around the municipal governments.

Yadav, Devi, *et al.* (2010) ^[10] Research has been conducted on "Evaluating financial aspects of municipal solid waste management in Mysore City, India" concluded that Mysore Municipal Corporation faces resource constraints, and is unable to bear the cost of collection, transportation and disposal of waste resulting in neglect of waste management. Besides, inappropriate design of treatment and disposal systems and poorly trained operator are other factors aggravating the problem in Mysore City.

Meera Mehta and Dinesh Mehta (2010) ^[12] The study elaborated that, the Jawaharlal Nehru National Urban Renewal Mission adopted a reform linked funding approach, the culmination of two decades of active debate and experimentation in the urban development sector. Yet, progress of both fund utilization and reforms under the programme remained tardy. As a second phase of the mission is planned, the three major themes of importance are decentralization, especially in the fiscal arena, commercial financing of infrastructure projects, and service delivery to the urban poor.

Jyoti Patil (2012) ^[14] In a Ph.D. thesis "A Study of The Expenditure on Roads by The Pune Municipal Corporation During the Period 1985-86 To 2008-09" shown that the provision of roads is one of the important functions of an urban local government in India. The Pune Municipal Corporation spends a large proportion of its budget on roads. This expenditure has been growing throughout the period from 1985-86 to 2008-09 and the composition of this expenditure has changed over this period from being concentrated on revenue expenditure to being dominated by capital expenditure.

Ramanathan and Dasgupta (2016) ^[20] Estimates cumulative capital investment requirements for providing services at 2007 prices for the period 2006-2031 at Rs. 71,251 billion and O&M requirements at Rs. 10,031 billion. This works out to an annual average of Rs. 3,251 billion or about 25 per cent of the consolidated revenue receipts of the Centre and States.

Hundekar and Makandar (2016) ^[21] Research study has been conducted on 'evaluating the financial efficiency of selected

city municipal corporations in Karnataka' and are of the view that there is need for integration of spatial planning at all levels: National, state and cities. There is need for integrated financial planning of sustainable urban infrastructure. Urban development projects are to be changed transports which can finance restricted and public transport. Improve the urban sectors and slum areas. State and central government grants required for cities at different stages in their development.

Bhattacharyya, Anupam Dey and *et al.* (2017) [22] are of the view that the major portion of grant is usually sent at the end of the year leaving a little scope for utilisation. Therefore, there is a need to use developed e-governance process for timely remittance of grant and related information. Political intervention in decisions making process of the elected body should be avoided to restrict fund diversion and making unfruitful revenue expenditure often found in engaging casual labours or undertaking illegitimate repairing work as these minimise the available amount for infrastructure development.

Isher Judge Ahluwalia (2019) [25] Examined that the planned urbanization is crucial for the sustainability of rapid growth and for improving the quality of life of the 420 million people living in Indian cities and towns. Though investing in urban infrastructure to bridge the infrastructure investment deficit and upgrading its quality is very important, the analysis clearly suggests that institutional reforms are crucial both for reaching out to the private sector for sharing the financing burden of infrastructure and for ensuring that the expansion of infrastructure results in improved service delivery. The article argues that Indian cities are not empowered to take on the enormous challenges of delivering public services and planning and managing the process of urbanization, which is inevitably associated with rapid economic growth.

Statement of the problem

The present study focuses mainly on two Municipal Corporations, namely Mysore City Corporation and Mangaluru City Corporation. The research study has been conducted on the finances of the Municipal Corporations and revealed that there was an increase in the Municipal revenue and expenditure due to rise in urban population. Most of the studies have shown that Municipal Corporation depended more on tax revenue followed by grants and non-taxes. Studies have also shown that rising population, employment, urbanisation, development of software and IT industries have contributed Municipal Corporations to increase the revenue and expenditure. In this backdrop, an attempt has been made to fill the gap by undertaking an analysis of finance of the Mysuru and Mangaluru City Corporations in terms of receipts and components of expenditure on revenue and capital accounts for a period of ten years.

Objectives of the study

1. To analyse the financial performance of Revenue Receipts and Revenue Expenditures of the Mysuru and Mangaluru City Corporations.
2. To examine the financial performance of Capital Receipts and Capital Expenditures of the Mysuru and Mangaluru City Corporations.
3. To draw the Conclusion and suggestions for developmental reforms and provision of civic amenities to the urban people.

Hypotheses of the study

H₁: There is no significant difference between the growth rates of revenue receipts and capital receipts of the Mysuru and Mangaluru City Corporations.

H₂: There is no significant difference between the growth rates of revenue expenditures and capital expenditures of the Mysuru and Mangaluru City Corporations.

H₃: There is a direct relationship between the total expenditure (Revenue and Capital) and total receipts (revenue and capital) of the Mysuru and Mangaluru City Corporations.

Research Methodology

The study has adopted a quantitative research method. The data collected from the budget data on receipts and expenditure can be quantified as well as analysed with the help of the statistical tools, namely Simple Linear Regression Model was used to measure the growth rate of revenue receipts, capital receipts, revenue expenditure and capital expenditure. Multiple Regression analysis was used to estimate the impact of sources of revenue and capital receipts on the level of total expenditures of the Mysuru and Mangaluru City Corporations.

Data collection: In order to examine the financial performance of the Mysuru and Mangaluru City Corporations, secondary data was collected on revenue receipts, capital receipts, revenue expenditure, capital expenditure from Annual Budget documents and Annual Administrative reports of the Mysuru and Mangaluru City Corporations. Secondary data has been collected for the period of 2010-11 to 2019-20, a time period of 10years is taken for the analysis. Journal publications, papers, newspapers, reference books, websites, reports have been extensively studied to gather information for the study.

Analysis of Municipal Receipts

Total receipts may be broadly divided into two types *viz.* revenue receipts and capital receipts. Revenue receipts comprises of internal sources in terms of taxes and non-taxes. External sources are in the form of shared taxes and revenue grants from the government. Capital receipts are grants, loan, corporation fund/revenue surplus etc.

Table 1: Receipts of the Mysuru and Mangalore city corporations (Rs. In. crores)

Year	Total receipts of the Mysore			Total receipts of the Mangalore		
	Revenue Receipts	Capital Receipts	Total Receipts	Revenue Receipts	Capital Receipts	Total Receipts
2010-11	121.27 (64.1)	67.98 (35.9)	189.25 (100)	116.35 (68)	54.81 (32)	171.16 (100)
2011-12	136.56 (59)	95.77 (41)	232.33 (100)	133.65 (67)	65.72 (33)	199.37 (100)
2012-13	154.76 (57.5)	114.65 (42.5)	269.41 (100)	157.87 (69.2)	70.52 (30.8)	228.39 (100)
2013-14	166.43 (57.6)	122.56 (42.4)	288.99 (100)	170.33 (66.2)	87.33 (33.8)	257.66 (100)
2014-15	176.87 (56.2)	138.31 (43.8)	315.18 (100)	187.76 (63.3)	109.22 (36.7)	296.98 (100)
2015-16	197.45 (56.62)	151.28 (43.38)	348.73 (100)	205.44 (60)	139.14 (40)	344.58 (100)

2016-17	214.98 (52.2)	197.45 (47.8)	412.43 (100)	246.97 (47.55)	272.48 (52.45)	519.45 (100)
2017-18	231.67 (51.2)	221.35 (48.8)	453.02 (100)	310.7 (49.8)	313.26 (50.2)	623.96 (100)
2018-19	245.65 (48.8)	257.78 (51.2)	503.43 (100)	336.65 (52.78)	301.22 (47.22)	637.87 (100)
2019-20	266.23 (47.9)	289.34 (52.1)	555.57 (100)	347.16 (54)	295.73 (46)	642.9 (100)

Source: Budget documents of the Mysore and Mangalore city Corporations. Figures in bracket indicates % to total receipts.

The financial data as given in table 1 show that the revenue receipt of the Mysore City Corporation has decreased from 64.1 percent in 2010-11 to 47.9 percent in 2019-20. The capital receipt of the Mysore municipal corporation has increased from 35.9 percent in 2010-11 to 52.1 percent in 2019-20 under the study period. The total receipt has increase from Rs189.25 crores in 2010-11 to Rs555.57 crores in 2019-20. In the case of Mangalore city Corporation revenue receipt has decreased from 68 percent in 2010-11 to 54 percent in 2019-20. The capital receipt has increased from

32% in 2010-11 to 46% in 2019-20. The total receipt has increased from Rs171.16 crores in 2010-11 to 642.75 crores in 2019-20. The analysis shows that share of revenue receipts is higher than the capital receipts in both the Municipal Corporations. Capital receipt has fluctuated in both the Mysuru and Mangaluru City Corporations due to differences in availing of loan and grants (AMRUT, JNNURM, Smart city scheme) released by the respective governments and transfer of own corporation fund.

Table 2: Expenditure of Mysore and Mangalore City Corporations (Rs in crores)

Year	Total Expenditure of the Mysuru			Total Expenditure of the Mangaluru		
	Revenue Expenditure	Capital Expenditure	Total Expenditure	Revenue Expenditure	Capital Expenditure	Total Expenditure
2010-11	107.91 (64.1)	60.44 (35.9)	168.36 (100)	132.98 (83.32)	26.24 (16.68)	159.23 (100)
2011-12	127 (62.23)	77.43 (37.77)	205.02 (100)	147.69 (84.71)	26.67 (15.58)	174.37 (100)
2012-13	141.12 (58.16)	101.54 (41.84)	242.76 (100)	163.52 (79.24)	42.82 (20.76)	206.34 (100)
2013-14	155.30 (56.11)	121.14 (43.89)	276.78 (100)	166.65 (67.1)	82.07 (32.9)	248.72 (100)
2014-15	167.27 (54.23)	164.18 (45.87)	308.45 (100)	165.69 (59.25)	113.96 (40.75)	279.65 (100)
2015-16	202.34 (61.42)	127.11 (38.58)	329.45 (100)	182.53 (54.2)	154.25 (45.8)	336.78 (100)
2016-17	208.76 (53.85)	178.90 (46.15)	387.67 (100)	255.62 (51.9)	236.91 (48.1)	492.54 (100)
2017-18	222.70 (50.85)	215.25 (49.15)	437.96 (100)	272.24 (47.36)	302.59 (52.64)	574.84 (100)
2018-19	229.42 (46.56)	263.32 (53.44)	492.75 (100)	301.87 (52.78)	316.85 (47.21)	618.73 (100)
2019-20	269.03 (49.2)	277.78 (50.8)	546.82 (100)	346.4 (51.9)	321.04 (48.1)	667.45 (100)

Source: Budget documents of the Mysore and Mangalore city corporations. Figure in bracket indicates % to total expenditure.

The revenue expenditure of the Mysore City Corporation has gone down from 64.1% in 2010-11 to 49.2% in 2019-20 whereas the capital expenditure of the Mysore municipal corporation has increased from 35.9 percent in 2010-11 to 50.8 percent in 2019-20. In the case of Mangalore municipal corporation revenue expenditure has also gone down from 83.32 percent in 2010-11 to 51.9 percent in 2019-20 in the study period. The capital expenditure of Mangalore City Corporation has greatly increased (SMART city scheme)

from 16.68 percent in 2010-11 to 48.1 percent in 2019-20 during study period. Consequently, it is perceived from the data that revenue expenditure has inhabited a larger share in total expenditure than capital expenditure in both the municipal corporations. This was due to the increase in expenditure on establishment, Operation and Maintenance, administration, interest on loan and finance charges and office programme expenses.

Table 3: Revenue Budgetary Position of the Mysore and Mangalore City Corporations (Rs. In. Crores)

Year	Revenue Budgetary position of the Mysuru			Revenue Budgetary position of the Mangalore		
	Revenue Receipts	Revenue Expenditure	Surplus/Deficit	Revenue Receipts	Revenue Expenditure	Surplus/Deficit
2010-11	121.27	107.9	13.36	116.35	132.98	-16.63
2011-12	136.56	127	9.56	133.65	147.69	-14.04
2012-13	154.76	141.12	13.64	157.87	163.52	-5.65
2013-14	166.43	155.30	11.13	170.33	166.65	3.68
2014-15	176.87	167.27	9.6	187.76	165.69	22.07
2015-16	197.45	202.34	-4.89	205.44	182.53	22.91
2016-17	214.98	208.76	6.22	246.97	255.62	-8.65
2017-18	231.67	222.70	8.97	310.7	272.24	38.46
2018-19	245.65	229.42	16.23	336.65	301.87	34.78
2019-20	266.23	269.03	-2.8	347.16	346.4	0.76

The data as specified in the table 3 depict the revenue budgetary position of the Mysore and Mangalore City corporations, throughout the study period. There was a complete raise in amount of revenue receipt and revenue expenditure true on revenue account of the Mysore and Mangalore municipal city corporations. It is visible fact

from the table 1 that revenue receipt was beyond revenue expenditure in both the municipal city corporations over the study period. The revenue expenditure and also transfer to a great extent of the revenue remaining from the revenue account to capital account for making capital assets in the particular cities.

Table 4: Capital Budgetary position of the Mysuru and Mangaluru City Corporations (Rs. in. crores)

Year	Capital Budgetary position of the Mysuru			Capital Budgetary position of the Mangalore		
	Capital Receipts	Capital Expenditure	Surplus/Deficit	Capital Receipts	Capital Expenditure	Surplus/Deficit
2010-11	67.98	60.44	7.54	54.81	26.24	28.57
2011-12	95.77	77.43	18.34	65.72	26.67	39.05
2012-13	114.65	101.54	13.11	70.52	42.82	27.7
2013-14	122.56	121.14	1.42	87.33	82.07	5.26
2014-15	138.31	164.18	-25.87	109.22	113.96	-4.74
2015-16	151.28	127.11	24.17	139.14	154.25	-15.11
2016-17	197.45	178.90	18.55	272.48	236.91	35.57
2017-18	221.35	215.25	6.1	313.26	302.59	10.67
1018-19	257.78	263.32	-5.54	301.22	316.85	-15.63
2019-20	289.34	277.78	11.56	295.73	321.04	-25.31

The data prescribed in table4 declare the capital budgetary position of the Mysore and Mangalore city Corporations over the study period. Capital account is the account of capital receipt and capital expenditure of the corporation. Capital surplus is the excess of capital receipts over capital expenditure.

Capital deficit was persecuted during the study period in view of excess expenditure on infrastructure facilities in the municipal cities. Mysore City Corporation has display surplus budget for 8 years out of 10 years over the study period. However, Mangalore municipal corporation surplus budget 6 years namely, 2013-14, 2014-15, 2015-16, 2017-18, 2018-19 and 2019-20, out of 10 years during the study period.

Findings of the study

The analysis of the revenue receipts and capitals receipts indicate that share of revenue receipts elevated than the capital receipts in both municipal corporations. With respect to expenditure and capital accounts shows that revenue expenditure has occupied a elevated share in total expenditure has compared to the capital expenditure in both the municipal corporations. This was due to increase in expenditure on establishment operation and maintenance, administration and programme expenses. The Major portion of revenue expenditure was spent on establishment followed by expenditure on operation and maintenance in both the municipal corporations. The revenue budgetary position perceive that both the municipal corporations maintain revenue surplus budget throughout the study period. It indicates that they were able to meet not only revenue expenditure and also diverted a large part of the revenue surplus from the revenue account to capital account for creation of capital assets in the respective cities. With respect to capital budget, capital deficit was perceived due to excess spending on infrastructure facilities as compared to the capital receipt in both municipal corporations.

Hypotheses

H₁: There is no significant difference between the growth rates of revenue receipts and capital receipts of the Mysuru and Mangaluru City Corporations.

H₂: There is no significant difference between the growth rates of revenue expenditures and capital expenditures of the Mysuru and Mangaluru City Corporations.

H₃: There is a direct relationship between the total expenditure (Revenue and Capital) and total receipts (revenue and capital) of the Mysuru and Mangaluru City Corporations.

As regards to testing of hypotheses are concerned, based on statistical analysis the first and second hypotheses were

rejected and third hypotheses was accepted on some evidence. The resus indicates that revenue receipt and expenditure have gone up as compared to the capital receipt and capital expenditure in both the municipal corporations. It is significant note that non -development expenditure was high in Mysuru City Corporation and development expenditure was high in Mangaluru City Corporation. The revenue and capital receipts were influenced the total expenditure.

The per capita expenditure was high in Mangaluru City Corporation than the Mysuru City Corporation.

Suggestions

1. Several committees and commissions have been appointed from time to time by govt. to look into the finances of municipalities to suggest measures to make them financially self-dependent
2. The general revision of taxes may be conducted once in three years and state and central government. properties should be taxed on the same basis as other properties are taxed.
3. Revision of rents in municipal markets and office complexes and effective rent collection system should be implemented.
4. The state and central governments may come forward to help the municipal corporations by providing more funds as grants and development schemes to carry out the civic and developmental activities.

Conclusion

The analysis shows that there exist wide disparities in financial position in terms of generating resources as well as resource allocation. There exists variation in receipts on revenue and capital accounts due to difference in revenue raising capacity and difference in government schemes with regard to share of revenue. Both the municipal corporations depend on internal revenue from the taxes and non-taxes than the external revenue (loan and grants) from the government. Both the municipal corporations maintained revenue surplus and it indicate that they were able to meet not only the revenue expenditure and also derived a large part of revenue surplus from revenue account to capital account for creation of capital assets. Both the corporations played an effective role in providing quality civic amenities to its citizens.

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