



FINANCIAL MANAGEMENT SELF-GOVERNMENT IN NANDED DISTRICT

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ABSTRACT :

The term 'Local Self-Government,' generally means the 'administration of a locality - a village, a town or a city or any other area smaller than the State - by a body representing the local inhabitants, possessing a fairly large amount of autonomy, raising atleast a part of its revenue through local taxation and spending its income on services which are regarded as local and therefore, indistinct from the State and Central services. When people begin to live together in a locality, communal living requires certain civic amenities like water-supply, drainage, sanitation, roads, markets and prevention of epidemics. With the increase in population expansion follows in other field like trade and commerce, education, public health and public works. The provision of these basic amenities becomes the added responsibility of the local government.



KEYWORDS : *forward-looking; naysayers; patronise; populace;sceptics; turf; vernacular.*

INTRODUCTION :

Local Self-government has essential attributes such as statutory status, power to raise finance by taxation in the locality, participation of the local community in decision making in specified subjects , and their administration, freedom to act control and its general purpose character. The ideal of Local Self-Government is said to be :

1. Determination of local needs by the people of the locality or their representatives,
2. Supply of these needs by the local people, or
3. By an agency under their control.

If the people of a locality are free to determine the local needs of the people and are also free to supply these needs by raising the necessary funds for the purpose, then the people can be said to have had the ideal Local Self-Government.⁹ But it is common knowledge that the people nor free to supply all these.

SCOPE OF THE STUDY:

The study of the evolution of the Local Self-Governments and their contribution to public life is a subject of absorbing value and interest, which needs to be studied in depth. The civic services that the people need have to be planned, programmed and integrated. Local Bodies perform duties of great variety and magnitude and relieve the State from much of its burden, both financial and administrative. It is a well-settled instrument of political education. Decentralized areas of administration facilitate better understanding between the people and the Government. It helps in mobilizing resources for development. In a democratic and socialist set up as in India, Local Self-government trains people to

work with others and for others. A study of Local Self-government helps avoid and rectify the mistakes and pit-falls in the system by learning from experience.

The scope of the present study is limited to the District of Nanded, once described as a Ceded District, The British system of administration made great strides and gained popularity there due to the efforts of the benevolent Principal Collector, Sir Thomas Munro.

The present study is an attempt to highlight the development of the various facts and phases of Local Self-government in the Nanded District with special emphasis on the origin and growth of Local Bodies between 1990 and 2015. Even though Nanded District had a Municipality, Municipal administration is not within the purview of this study.

Only the Local Bodies that were created by the Local Boards and Unions, (Panchayats) will be dealt with. This study has become significant because works on Local Self government in the rural and semi-urban areas have not been widely undertaken. There is a feeling among some whether Local Bodies are doing any useful work with efficiency or whether they are a 'wasteful burden waiting to be abolished. Since the days of the 'Father of the Nation', 'the Gramarajya' ideal has captured the imagination of the people. The battle cry of 'Panchayatraj' is renting the air once again. Democracy cannot be realised as a human and political ideal unless there is active and willing participation by the citizens in the process of the Government. From this angle, a study of peoples' behaviour vis-a-vis the local institutions is desirable.

OBJECTIVES OF THE STUDY

1. To evaluate the earlier accounting policies and practices followed by Local Self Governments in Nanded District.
2. To analysis the financial analysis and management of Local Self Government.

RESEARCH DESIGN.

When all the Corporations and Municipalities in Nanded District are covered in full, and adequate numbers of respondents were contacted for gathering the relevant information, the respondents were selected from the selected GramaPanchayats in the District. The selection of GramaPanchayats and the respondents from the selected Panchayats was made on a simple random basis.

The information gathered from various respondents, published and unpublished documents were synthesized for data analysis and interpretation. The statistical analysis, both descriptive and inferential was used appropriately for analyzing the data and evolving the findings.

SIGNIFICANCE OF THE PAPER:

In the nation's surge for economic power, local bodies will have to play an important role in providing infrastructure facilities. The fund required for these ventures are drawn from various sources including private participation and foreign funding.

Under this situation, the government becomes more accountable for judicious spending and transparent reporting. The common citizens, elected representatives, administrators, investors, creditors, executives, legislatures, State Audit Departments, and State Urban Development and Panchayati Raj Departments want to get appropriate information, depending on their requirements, in a timely and organised manner. It thus became necessary to make radical change, in tune with the progress in the field of information technology, to the approach in accounting system and reporting pattern of LSGs. Moreover, the Committee on ASLB has recognised the need for creating awareness among various stakeholders about the benefits of the accounting reform process in local bodies. Hence, an evaluation about the implementation and functional operation of new accounting policies and procedures in LSGs in Nanded District is taken up.

REVIEW OF LITERATURE:-

R.K. Khurana, GSN Murthy (2010) in their article has narrated the changes in local body estimates based on sample data from the rural local bodies. It also includes the issues relating to the availability of data and current status of local body accounts, bottlenecks, present methodology of compiling estimates of local bodies, initiatives taken in this regard and concludes with analysis of results and references. Lack of expertise and other infrastructural support, Inconsistencies in preparing, and lack of manpower in preparing and finalising the annual reports of rural local bodies were identified as major bottlenecks.

Report of the Comptroller and Audit General of India indicates serious lapses in the preparation of accounts in local bodies of Kerala are reported by Comptroller and audit General of India. The Annual Financial Statements of 23 LSGIs did not contain transactions relating to Category A and B Funds. Non-incorporation of the transactions relating to the above funds resulted in understatement of receipts and expenditure of the LSGIs. In view of occurrence of such errors, the AFS cannot be considered as an accurate and reliable record of transactions of the LSGIs.

Ravikant Joshi (2002) narrated the importance of Municipal accounting on the development of a country. He concludes that some transitions have worked while some didn't achieve the desired results or stranded half-way through. Municipal bodies in India today are facing an unprecedented growth in the demand for urban infrastructure and civic services. Constraints on the availability of financial resources to augment the level of urban infrastructure and services, has become a compelling reason to generate funds by enhancing its own revenue sources. However this calls for robust fiscal health on part of the municipal governments. He urged the need for an appropriate and scientific accounting and auditing system which is transparent, comparable, accessible user-friendly and capable enough to win the confidence of people and markets.

TOOLS OF DATA COLLECTION.

The primary data was collected through interview method using schedules from various respondents like ULB employees, officials and accrual accounting implementation team members consisting of Chartered Accountants and other accounts personnel. Other basic information was collected by attending the training programs and seminars for ULB employees and elected local body members. The secondary data was collected from training manuals and handbooks provided by various officers, CAG reports and website matters.

SOURCES OF DATA:

The study is based on primary and secondary data and is both descriptive and analytical in nature. Primary data is collected from direct interview of Local Self Government accounts personnel and Accounts Officers of Nanded District Institute of Local Administration.

As a preliminary step, the investigator has attended a course in accounting and budgeting for local self government accounts officers and elected representatives, conducted by KILA. This helped a lot in making a solid foundation about the basic structure and format of accounting records and procedures to be followed in LSGs in Nanded District. The personal interview with the leaders of accrual accounting implementation team and the discussions and interviews with a number of practicing Chartered Accountants gave a lot of insight into the functional problems while activating the accrual accounting pattern in LSGs in Nanded District. Case study analysis of local bodies of Gujarat, Tamil Nadu and Telangana is also discussed as they are being recommended by National Institute of Urban affairs to be replicated by other Municipal Corporations of the Country. The reason for their success is described in detail.

ASPECTS OF THE FINANCIAL MANAGEMENT OF LOCAL BOARDS:

No organization can hope to fulfill the objectives it has set before it without finances. The responsibilities which a local authority assumes and the measure of success it achieves in discharging them are governed by the funds it commands. The most difficult problem that Local Bodies have to face

is finance. The inter-relations between the finance and performance has a bearing on any study of Local Self- Government, particularly the Local Boards. 'The Local Government being a Government must have authority to levy and collect taxes just like any other Government does. But there is a fundamental difference between the Local Government and the State or Central Governments. It has been empowered to collect only such taxes and levies that have been approved by the State Government'.

The revenues of Local Boards are derived, in the main, from taxation, Government grants, loans, remunerative enterprises and a few miscellaneous items like licence fees. The money collected in the form of taxes and fees by the Local Government is supplemented by Grants-in-aid from the State Government as well as by loans it may get from the State or some other source. Thus a local authority derives its income from two main sources, namely, taxes and fees.

THE CLAUSES OF REVENUE PERTAINING TO THE DISTRICT FUNDS WERE AS FOLLOWS :

1. Portion of the cess on land (not being more than half).
2. Whole of the Railway cess on land.
3. Tolls inclusive of District Board's share of collections, Municipal toll-gates and of compounding fees.
4. Receipts from Schools maintained by district funds inclusive of Grants-in-aid.
5. Receipts of hospitals maintained from district funds.
6. Income from endowments under the management of District Board, such as rents, produce of land, interest on securities.
7. Contributions from Government approximately equal to 1/4 of the amount realised from the local-cess on land in the district.
8. Other contributions from Government, Municipalities and private persons in aid of institutions from Taluk and other Local funds.
9. Contributions from Taluk and other local funds.
10. Miscellaneous receipts like (i) fines and penalties, (ii) Sale proceeds of sweepings, old stores, materials and avenue clippings, (iii) Rent and sale of buildings, land and other property, (iv) Sales of tools and plant, (v) Interest on loans and securities, (vi) Interest on arrears of revenue, (vii) contributions towards Local Fund pensions, (viii) Unclaimed deposits and other forfeitures, (ix) vaccination fees, (x) Receipts from ferries under District Boards, (xi) Income from Railways and Tramways.

CONCLUSION:

Local Self-Government has occupied the bottom-rung of the ladder of modern democratic Government structure. It is an integral part of the Government, through which the general people can have an opportunity to involve themselves through participation in the art of administration. This is the most essential administrative mechanism for the transformation of Traditional Village Administration in Nanded District.

Urban Administrative system in India emphasizes Plan-Based Development and distribution of decision-making process to different individuals, while decentralisation of powers is its essence. Modern Government is systematically distributed into three; the Central Government at the top, the State Government at the intermediate and the Local Self-Government at the bottom of the Structure. All the 3(three) types exhibit different functions under the roof of a Sovereign State.

Despite many of the Urban Local Self-Governments of the Pre-Independence period being continued in Post-Independence India, urgent effort was not given for the speedy institutionalisation of Urban Local Self-Government after Independence. Though the Directive Principle of the State Policy incorporated the Provision for Local Governance, it is, of course, not for the Urban Local Bodies but for Rural Local Governance. The First and the Second Five Year Plans were silent on Urban Local Self Government; however, it was the Third Five Year Plan which paved the way for Plan-Based Development for Urban Administration to be introduced. Rapid population swell unavoidably added more uncontrolled Urban Centres in the Country causing a lot of Civic Problems in Cities and Towns.

The Government and the Administrative Bureaucrats were finally compelled by necessity to make proper arrangements for Civic Administration.

The first initiative towards legalising Urban Local Bodies, however, was taken by the Parliament only in 1992 through the Legislation of the 74th Constitutional Amendment Act (CAA). The Amendment Legislated a Provision for the Urban Local Self-Government for the Urban Centre and added a new part, 'Part-IX-A', to the Constitution of India. This Provision enshrined different systems of Urban Local Self-Government in different Urban Centres. They are called Nagar Panchayat for Transitional Areas from Rural to Urban Centre, Municipal Council for small Urban Areas and Municipal Corporation for larger Urban Areas. Specifically, this new Amendment granted Legal entity to Urban Local Self-Governments and the system was made Mandatory to all the Provincial (State) Governments except for few Areas Notified under Article 244 (i) & (ii). Thus, the State Government was compelled by Law to constitute Urban Local Self Governments for the Urban Areas of their respective States.

SUGGESTIONS

By assessing all the problems and findings, the following points may be suggested for establishing Urban Administration in Nanded District in particular.

(1) Sensitisation of Development Administration, like Urban Local Self Government, needs to be launched by the State Governments as most people are quite ignorant of it. This is especially very important for a remote State like Maharashtra. If Urban Local Self-Governments are not put in place, the Region might not have Socio-economic development proportionate to the National mainstream. A team of Experts, Professional organisations or Consultancy Firms are immensely required for this task. The Government should also employ experienced personnel for the success of Moral Transformation from Non-Development Classical Administration to Contemporary Development Administration.

(3) In Nanded District, reliable Data relating to Socio-economic development of the Urban Area needs to be prepared. Neither the number of Urban Infrastructure nor beneficiaries affected by them has been prepared so far. There is also no separate Data of the Urban Poor in Nanded District. As a result of this, it has become a problematic task for the Administration to provide Development Projects for the Downtrodden and Economically Weaker Section of the Society.

(4) Well marked Data, which shall be adopted for all the Programmes of both Central and State Government sponsored Projects, should be prepared. And the classification of both the Central Government and the State Government should be in conformity. For example, Lawngtlai, the District Capital of the same name which is also the Capital of Lai Autonomous District Council, has not been recognised as an Urban Town by the Central Government till date while the State Government has declared this Town as a purely Urban Town as far back as 1999. Therefore, the Department of Urban Development and Poverty Alleviation (UD & PA) might not be able to implement such Urban Development Schemes as SJSRY, Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and Integrated Housing and Slum Development Programme (IHSDP).

(5) A clear specification of Urban and Non-Urban Areas needs to be made in Nanded District. As for the first initiative, tentative Areas are required to be prepared at least for Urban Outgrowth (UO). As most Development Schemes are prepared based on Urban and Non-Urban Classification, Geographical distribution should also be prepared.

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