



## REVENUE AND EXPENDITURE OF URBAN LOCAL BODIES: A STUDY OF KURNOOL MUNICIPAL CORPORATION

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### ABSTRACT

*In their working, the municipalities remained fully dependent on the provincial governments and their officers controlled the working of the committees. The problem at the municipal level is that they are dependent on outside sources for 85 per cent of their resources. We are saying that they are not using taxation to raise their own resources. But the tax rates are decided by the State Governments. No doubt, there are systemic deficiencies, rent seeking approach, assessment problems and all that. Even the rates and exemptions are decided by the State Governments.*

**KEYWORDS:** Urban Local Bodies , provincial governments , systemic deficiencies ,assessment problems.



### INTRODUCTION:

Kurnool, also known as the gateway of Rayalaseema, once the capital of erstwhile Andhra State from 1953 to 1956 is situated at a latitude of 15.48° N and longitude of 78.20° E on the banks of sacred river at an altitude of about 900 feet above sea level. It is a city of great cultural heritage with its history dating back to the 11th Century. The historical monuments of national importance that are standing even today to the post glory of the city. The city is encircled by temples, mosques, dargahs and holy shrines which present in a

miniature the cultural diversity of the Nation. The city is situated at about 215 K.M from Secunderabad on the Secunderabad - Dornachalam section of South Central Railway. It is not only the seat of administration of the District, but also of the region with several regional Government offices and other public institutions being located here. It is also an important education center having a well established Medical College as well as other educational institutions. Climate: Kurnool City has a pleasant climate throughout the year except during the month

of April and May when the temperature reaches 45°C to 46°C. The maximum and minimum mean temperatures are 45°C to 16°C respectively. The average rainfall is about 70 cm per annum. Growth of the Town

The status enjoyed by Kurnool as the Capital of Andhra State enabled the development of the town in a planned manner during 1953-56. The three Official colonies A, B, C Camps which provide residential accommodation to Government officials were constructed during the period. The town gradually extended to the left side of the old thickly populated area. A large number of Christian Missionary Institutions are located in Kurnool. The location of Special Armed Police Head Quarters and establishment of

warehousing facilities by the State Warehousing Corporation enabled the expansion of the town. Kallur Gram Panchayat which is contiguous with Kurnool city was merged in the Kurnool Municipal Corporation in 2002. Thus, the area of the city increased to 49.73 sq.km. Recently the Gram Panchayats of Munagalapadu, Mamidalapadu and Stantanpuram have been merged into the Kurnool Corporation vide G.O. as per G.O.Ms.No.56,MAUD Dt:12.02.2014. Again, the area of the city increased to 69.51 sq.km Population The first census of 1881 recorded a population of 20,329 while the last census of 2011 recorded a population of 4,60,184.

Kurnool Municipal Corporation was upgraded as Municipal Corporation on 21-08-1994 vide G.O.Ms.No.450 M.A., Dt.19-08-1994. As per 2011 census Kurnool has a population of 4,053,463 of which male and female were 2,039,227 and 2,014,236 respectively. The literacy rate is 77.37 percent. The population density of the city is 8700 per sq.km. The population growth is 14.85% as of 2011. The sex ratio of the city is 988 females for 1000 males.

### CATEGORIES OF RECEIPTS OF URBAN LOCAL BODIES

A government levies, collects and appropriates taxes, duties, tolls, fees and cesses; it gets net proceeds of certain taxes/duties collected by government of another level; it can get a share in proceeds of certain other taxes/ duties, again collected by government of another level; it usually receives general and specific grants from other governments and other bodies, besides donations/contributions by individuals; and it can receive property incomes and interest on loans made people, other governments or its own corporate enterprises. For utility services it can demand user charges. It can also raise loans. For the utility services such as water, it can demand user charges. It does receive some revenue for regulatory and administrative activities in terms of fees, fines and penalties but they are neither nor should be turned into revenue-raising propositions. The receipts in case of an urban local body may broadly be categorized as:

- a) Tax Revenue Receipts from (i) its own taxes, (it) assigned taxes and (in) shared taxes;
- b) Non-Tax Revenue Receipts: (i) property income in terms of rent, royalty, interest, and profits/dividends, (n) user charges for public utility services such as water, electricity; and (nz) fees (like license fees), fines and penalties;
- c) Grants: (i) in lieu of withdrawn taxes, (n) in aid of revenue to meet the shortfall in revenue (general grant) or in aid of certain desirable activities; and
- d) Loans for particular project or for any purpose.

### Total Receipts of Kurnool Municipal Corporation

The particulars with regard to total Receipts of Kurnool Municipal Corporation is furnished in table 1.

**Table 1**  
**Total Receipts of Kurnool Municipal Corporation**  
**(Rs. In Lakhs)**

S. No	Year	Amount Received	Growth Rate
1	2007-08	7,405.77	-
2	2008-09	7,807.56	5.43
3	2009-10	9,018.13	15.51
4	2010-11	12,218.99	35.49
5	2011-12	10,948.36	-10.40
6	2012-13	17,338.16	58.36
7	2013-14	12,955.31	-25.28
8	2014-15	14,137.46	9.12
9	2015-16	17,496.61	23.76
10	2016-17*	28,475.45	62.75

Source: Budget and Revised Estimates of Kurnool Municipal Corporation for the Respective Financial Years

\* Budget Estimates

The data in table 1 shows that the total receipts of Kurnool Municipal Corporation is increasing year by year except in 2 financial years i.e. 2011-12 and 2013-14. Accordingly positive growth rate in total receipts of Kurnool Municipal Corporation is registered in 8 out of 10 years of study. The highest positive growth rate of 62.75 per cent is registered in 2016-17. In 2007-08 the total receipts of Kurnool Municipal Corporation stood at Rs. 7, 405.77 lakhs and they enhanced to Rs. 28, 475.45 lakhs by 2016-17. It means that during 10 years of study the total receipts increased more than 3 times.

### Revenue Receipts of Kurnool Municipal Corporation

The details with regard to total Revenue Receipts of Kurnool Municipal Corporation is presented in table 2.

**Table 2**  
**Year Wise Total Revenue Receipts of Kurnool Municipal Corporation**  
**(Rs. In Lakhs)**

S. No	Year	Amount Received	Growth Rate	Share in Total Receipts
1	2007-08	3684.25	-	49.75
2	2008-09	3971.73	7.80	50.87
3	2009-10	5084.02	28.01	56.38
4	2010-11	8096.73	59.26	66.26
5	2011-12	7,811.71	-3.52	71.35
6	2012-13	10,469.43	34.02	60.38
7	2013-14	9,421.13	-10.01	72.72
8	2014-15	10,708.57	13.67	75.75
9	2015-16	13,300.11	24.20	76.02
10	2016-17*	16,660.45	25.27	58.51

Source: Budget and Revised Estimates of Kurnool Municipal Corporation for the Respective Financial Years

\* Budget Estimates

It is evident from table 1 that the total revenue receipts of Kurnool Municipal Corporation are gradually increasing except in 2011-12 and 2013-14. The revenue receipts of the Kurnool Municipal Corporation in 2007-08 are Rs. 3684.25 lakhs in 2007-08 and they bulged to Rs. 16,660.45 lakhs by 2016-17 registering more than 4 times increase in 10 years of study. The share of revenue receipts is total receipts is also growing gradually except in 2012-13 and 2016-17. In 2007-08 the share of revenue receipts is less than half of total revenue receipts. But, by 2015-16 the share of revenue receipts increased to 76.02 per cent. Negative growth rate in total revenue receipts of Kurnool Municipal Corporation is registered in 2 out of 10 years of study.

### Capital Receipts of Kurnool Municipal Corporation

The capital Receipts received by Kurnool Municipal Corporation during 2007-08 to 2016-17 is presented in table 3.

**Table 3**  
**Year Wise Total Capital Receipts of Kurnool Municipal Corporation**  
**(Rs. In Lakhs)**

S. No	Year	Amount Received	Growth Rate	Share in Total Receipts
1	2007-08	3721.52	-	50.25
2	2008-09	3835.83	3.07	49.13
3	2009-10	3934.11	2.56	43.62
4	2010-11	4122.26	4.78	33.74
5	2011-12	3,136.65	-23.91	28.65
6	2012-13	6,868.73	118.98	39.62
7	2013-14	3,534.18	-48.55	27.28
8	2014-15	3,428.89	-2.98	24.25
9	2015-16	4,196.50	22.39	23.98
10	2016-17*	11,815.00	181.54	41.49

Source: Budget and Revised Estimates of Kurnool Municipal Corporation for the Respective Financial Years

\* Budget Estimates

According to table 3 negative growth rate in the total capital receipts received by Kurnool Municipal Corporation is registered in 3 out of 10 years of study. Highest amount of negative growth rate i.e. -48.55 per cent is registered in 2013-14. On the other hand, highest positive growth rate i.e. 118.98 per cent in the total capital receipts of Kurnool Municipal Corporation is registered in 2012-13. It is pertinent to note that the share of total capital receipts in the total receipts of Kurnool Municipal Corporation is showing downward trend. The share of capital receipts in total receipts of Kurnool Municipal Corporation in 2007-08 is 50.25 per cent. But, afterwards its share is gradually declining at an uneven phase. However, in 2016-17 its share slightly improved compared previous 8 years.

### TOTAL EXPENDITURE

The urban local bodies spends(both capital and revenue expenditure) on infrastructure and services such as water supply, sewerage system, solid waste treatment and disposal, storm water drainage, city-wide roads, and street lighting. Table 4 gives the clear picture of total expenditure incurred by Kurnool Municipal Corporation during 2007-08 to 2016-17.

**Table 4**  
**Total Expenditure of Kurnool Municipal Corporation**  
**(Rs. In Lakhs)**

S. No	Year	Amount Spent	Growth Rate
1	2007-08	3965.36	-
2	2008-09	4,276.19	7.84
3	2009-10	8,195.30	91.65
4	2010-11	10,032.01	22.41
5	2011-12	9,993.76	-0.38
6	2012-13	14,476.22	44.85
7	2013-14	12,891.53	-10.95
8	2014-15	13,877.20	7.65
9	2015-16	17,052.60	22.88
10	2016-17*	28,216.00	65.46

Source: Budget and Revised Estimates of Kurnool Municipal Corporation for the Respective Financial Years.

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\* Budget Estimates.

Table 4 makes it clear that the total expenditure incurred by Kurnool Municipal Corporation is showing upward trends except 2011-12 and 2013-14. The total expenditure incurred by Kurnool Municipal Corporation in 2007-08 is Rs. 3, 965.36 lakhs and they rose to Rs. 28, 216 lakhs by 2016-17. It denotes that during 10 years of study the total expenditure of Kurnool Municipal Corporation increased more than 7 times. With regard to growth rate highest and lowest positive growth rates were registered 2008-09 and 2014-15 respectively. On the other hand negative growth rate in total expenditure is registered in 2011-12 (-0.38 per cent) and 2013-14 (-10.95 per cent).

### Revenue Expenditure

The total revenue expenditure incurred by Kurnool Municipal Corporation during 2007-08 to 2016-17 is furnished in table 5.

**Table 5**  
**Revenue Expenditure of Kurnool Municipal Corporation**  
**(Rs. In Lakhs)**

S. No	Year	Amount Spent	Growth Rate	Share in Total Expenditure
1	2007-08	2019.64	-	50.93
2	2008-09	2184.87	8.18	51.09
3	2009-10	5870.72	168.70	71.64
4	2010-11	5909.75	0.66	58.91
5	2011-12	6,857.11	16.03	68.61
6	2012-13	7,607.49	10.94	52.55
7	2013-14	9,357.35	23.00	72.59
8	2014-15	10,448.31	11.66	75.29
9	2015-16	12,856.10	23.04	75.39
10	2016-17*	16,401.00	27.57	58.13

Source: Budget and Revised Estimates of Kurnool Municipal Corporation for the Respective Financial Years

\* Budget Estimates

It can be inferred from table 5 that the share of revenue expenditure in total expenditure of Kurnool Municipal Corporation is unevenly distributed over the years. It fluctuates between 50.93 per cent (2007-08) to 75.39 per cent (2015-16). The total revenue expenditure of Kurnool Municipal Corporation increased more than 8 times during 10 years of study. The actual revenue amount spent in 2007-08 is Rs. 2019.64 lakhs and it enormously increased and stood at Rs. 16, 401 lakhs by 2016-17. Positive growth rate is registered in all 10 years of study. In 2009-10 highest growth rate of 168.70 per cent in revenue expenditure of Kurnool Municipal Corporation is registered. On the other hand lowest growth rate of 0.66 per cent is registered in 2010-11 in the total revenue expenditure of Kurnool Municipal Corporation.

### Capital Expenditure

Expenditure intended to benefit future period incurred for acquisition / construction of fixed assets. The term is intended to cover expenditure that adds fixed asset units or that has the effect of improving the capacity, efficiency, life span or economy of operations of an existing fixed asset. The total capital expenditure incurred by Kurnool Municipal Corporation during 2007-08 to 2016-17 is furnished in table 6.

**Table 6**  
**Capital Expenditure of Kurnool Municipal Corporation**  
**(Rs. In Lakhs)**

S. No	Year	Amount Spent	Growth Rate	Share in Total Expenditure
1	2007-08	1945.72	-	49.07
2	2008-09	2091.32	7.48	48.91
3	2009-10	2324.58	11.15	28.36
4	2010-11	4122.26	77.33	41.09
5	2011-12	3,136.65	-23.91	31.39
6	2012-13	6,868.73	118.98	47.45
7	2013-14	3,534.18	-48.55	27.41
8	2014-15	3,428.89	-2.98	24.71
9	2015-16	4,196.50	22.39	24.61
10	2016-17*	11,815.00	181.54	41.87

Source: Budget and Revised Estimates of Kurnool Municipal Corporation for the Respective Financial Years

\* Budget Estimates

Table 6 reveals that there are wide variations in the share of capital expenditure of Kurnool Municipal Corporation. The share of capital expenditure in the total expenditure ranges between 24.61 per cent (2015-16) to 49.07 per cent (2007-08). Consistently low levels of capital expenditure have historically been a symptom of poor performance in the municipal sector. However, the total capital expenditure of Kurnool Municipal Corporation is gradually increasing except 2011-12, 2013-14 and 2014-15. Moreover during 10 years of study the capital expenditure of Kurnool Municipal Corporation increased more than 5 times.

## CONCLUSION

Reform of urban governance and finance are critical not only to improving the quality of life of the people living in urban areas but also to ensure that cities, and especially the large metropolitan areas, become the drivers of economic growth in the country. Ensuring adequate availability of finances and improving governance is an imperative, and the rate at which urbanization is taking place makes it urgent than reform initiatives must be undertaken. If India is to expand its national rate of economic growth significantly, concerted action to reform both urban policies and urban initiatives are required soon.

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