

A STUDY ON FINANCIAL PERFORMANCE OF MUNICIPAL CORPORATION: SPECIAL REFERENCE TO RANCHI, DHANBAD & JAMSHEDPUR DISTRICTS.

ABHISEK KUMAR* DR. NIRAJ KUMAR ** DR. AJIT KUMAR***

*Research Scholar Jharkhand Rai University, Ranchi

Abstract:

In India Municipal corporation are also known as Local self Government, Municipal Corporations are working under three tier governing system, on the top State government in the Middle State government and at the bottom Local governing bodies are performing. In this research paper the financial performance is focused because Municipal corporations are performing on numbers of services and for that purpose a sound financial system is needed, the sources of funds and its applications are analysed in this research paper with the help of trend analysis. Municipal Corporation is an important organisation which playing a significant role in the development of society, so in this study the financial management and financial performances are analysed which will be able to understand the financial administration of local governing bodies clearly.

Key words:

Local self government, Municipal Corporation, Financial management & financial performance RMC- Ranchi Municipal Corporation , DMC – Dhanbad Municipal Corporation, JMC – Jamshedpur Municipal Corporation.

Introduction:

Municipal corporations are defined under the **seventh schedule of Indian Constitution** “Local Government, that is to say, the constitution and powers of Municipal Corporation, improvement trust, district boards, mining settlement authorities and other local authorities for the purpose of local self – government and village administration.

The existence of local self government in India feel before and after the independence, the structure of local self government is changing from time to time. New policies and amendments were done in the administrative body of local self government. In general view we can explain the term local self government as local administrative body which is mainly established for the social welfare of the society. The functions of local self government are fulfilling the general requirement of the local residential like:- housing, transport structures, sanitation, water supply, electricity, street light, park, community centres and basic amenities for the facilitation of local residential. Local self government established with point of view to rule over the local area, with a decentralised work force. It helps the central and state government to implement the policy and programmes to the ground level, local self governance is facilitating every single person who required the government facilities.

The Financial system of Municipal corporations are Funded by both the central and state government, in this paper the financial statement for the period of F.Y 2014 TO F.Y 2018 is taken for analysis (financial statement include Balance sheet and Income & expenditure A/C).

Literature review:

The financial autonomy of the local self government can be understand better by understanding the sources of funds/revenue and its uses, before discussing its autonomous power regarding the finance, the sources can be identified as its income or its revenue earning sources. Local self government in urban and rural areas are working in a different format and their finance flow for the required work is utilised in their separate accounting procedures.

The sources of fund/revenue for the local self government in the urban areas (Municipal corporations) are: - local taxes, transport taxes, octroi, rent from community halls, grants, government funds etc. The amount received by the respective municipal corporations were utilised to provide local services to the residents, it depends upon the financial status of the local self government that how much of quality service is provided, as much as soundness in the financial position it will work efficient and effective manner.

The sources of fund/ revenue for the local self government in the rural areas (Gram Panchayat system) are:- funds sanction by central and state government. The funds are utilised for the development of house, sanitation facility, pcc road, education, water (handpump, wells, and ponds), health and hospitals etc. (Myneni 2016)

The existence of finance of local self government in the constitution of India is in the Article 243-Y, as finance commission. The Article 243-Y provides the finance related authority to the local self governments in the both rural and urban areas as per their geographical position. The distribution of fund and revenue with the concern state and municipal corporations were proportionally divided and the authority to charge taxes, rent, tools, duties etc as per the norms. The authority regarding finance of Union territories were stated in the Article 243-ZB of the Indian constitution. (Sachdeva 2011).

- Financial autonomy of local self government in urban areas (Municipal Corporations) under Article 243-X.

Right to collect and receive the following taxes, charges and funds

1. LOCAL TAXES:- the authority to collect the taxes and charges such as :- property tax, transport taxes, octroi, taxes on vehicles, tax on land and lease holdings, taxes on advertising hoardings, charges on water supply, profession tax, entertainment tax etc. These are the main sources of revenue for the urban local self government bodies.
2. GRANT AND AID:- the amount which is received from the treasury of the state government. These funds are allocated by the government to provide assistance to local governing bodies.
3. LONG TERM AND SHORT TERM BORROWINGS (LOANS):- the loan borrowing facility is provided by the Local Authority Loan Act- 1914. According to this act the local governing bodies can avail the facility of credit for the shortage of their financial requirement. Such facilities are given for the infrastructure development mostly.

Objective of the study:

To evaluate the financial performance of Municipal corporation of Ranchi, Dhanbad and Jamshedpur District.

Research Methodology:

This research paper is based on secondary data the financial statement (Balance sheet and Income & Expenditure A/C is studied and analysis with the help of tools mention below.

Tools adopted for Financial Analysis:

Common size Balance sheet and Trend Analysis

Analysis and discussion:**COMMON BALANCE SHEET OF RANCHI MUNICIPAL CORPORATION****FROM 31 – 3 – 2014 TO 31 – 3 – 2018**

Description of item	2014 Fig. in %	2015 Fig. in %	2016 Fig. in %	2017 Fig. in %	2018 Fig. in %
LIABILITIES					
Reserve & Surplus					
Municipal (General) Fund	10.05%	17.15%	10.26%	7.87%	7.41%
Earmarked Funds	Nil	Nil	Nil	Nil	Nil
Reserves	11.66%	12.74%	9.63%	10.56%	15.56%
Total Reserve & surplus	1.60%	(4.41)%	(0.63)%	2.69%	8.14%
Grant, contributions for specific purpose	58.63%	69.2%	80.23%	80.59%	76.85%
Loans					
Secured Loans	Nil	Nil	Nil	Nil	Nil
Unsecured Loans	17.06%	13.76%	6.44%	5.68%	4.61%
Total Loans	17.06%	13.76%	6.44%	5.68%	4.61%
Current Liabilities and Provisions					
Deposits Received	1.26%				
Deposits Works	Nil	1.19%	0.78%	0.75%	0.97%
Other Liabilities (Sundry Creditors)	8.66%	Nil	Nil	Nil	Nil
Provisions	12.78%	7.87%	4.04%	3.83%	3.69%
		12.55%	6.76%	6.46%	5.71%
Total Current Liabilities and Provision	22.70%	21.61%	11.55%	11.03%	10.38%
TOTAL LIABILITIES	3,708,563,602	4,93,03,29,640	11,266,757,005	13,912,132,837	18,442,951,778
ASSETS					
Fixed assets					
Gross Block	40.35%	34.04%	19.40%	20.50%	20.75%
Less : Accumulated Depreciation	16.46%	15.52%	8.40%	8.61%	8.21%
Net block	23.88%	18.52%	11.00%	11.89%	12.53%
Capital Work in Progress	0.43%	0.94%	0.23%	0.55%	5.70%
Total Fixed Assets	24.32%	19.46%	11.24%	12.44%	18.23%
Investments					
Investments – General Fund	0.56%	0.45%	0.29%	0.57%	1.64%
Investments – Other Fund	Nil	Nil	Nil	Nil	Nil
Total Investments	0.56%	0.45%	0.29%	0.57%	1.64%
Current Assets, Loans and Advances					
Stock in Hand (Inventories)					
Sundry Debtors (Receivables)	0.0026%	Nil	0.0054%	0.021%	0.022%
Gross amount outstanding	Nil	Nil	Nil	Nil	Nil
Less : Accumulated provisions	19.50%	15.95%	5.00%	4.44%	3.59%
	12.45%	10.05%	3.64%	3.27%	2.79%
<i>Net amount outstanding</i>	7.04%	5.89%	1.36%	1.17%	0.80%
Prepaid Expenses	Nil	0.006%	0.0059%	0.017%	Nil
Cash and Bank Balances	66.11%	69.57%	74.26%	75.78%	48.35%
Loans, advances and deposits	1.96%	4.62%	12.83%	9.97%	30.93%
Less: Accumulated pro	Nil	Nil	Nil	Nil	Nil
<i>Net amount outstanding</i>	1.96%	4.62%	12.83%	9.97%	30.93%
Total Current Assets, Loans & Advances	75.11%	80.09%	88.47%	86.98%	80.12%
Other Assets	Nil	Nil	Nil	Nil	Nil
Miscellaneous Expenditure (to the extent not written off)	Nil	Nil	Nil	Nil	Nil
TOTAL ASSETS	3,708,563,602	4,93,03,29,640	11,266,757,005	13,912,132,837	18,442,951,778

*source: - Ranchi Municipal Corporation. Compile from Financial data of RMC

On the basis of the above mention balance sheet the following analysis has been presented, the above balance sheet is categorised into in to for section i.e.

1. Long term Liabilities, 2 Current Liabilities, 3. Fixed and long term Assets, 4. Current assets

1. Long term Liabilities:

With the reference of above Common Size Balance Sheet the trends regarding the movement of long term liabilities of Ranchi Municipal Corporation are: - the Municipal Fund is highest with 17.15% in 2015, then it is recorded as 10.26% in 2015, 10.05% in 2014 and the at lowest rate with 7.87%, 7.41% for the year 2017 and 2018 respectively, with above analysis of municipal fund the percentage is higher during the period of 2015 and is constant during the period of other financial year till 2018. Earmarked Funds were nil during the period of 2014 to 2015. Reserve are recorded higher during the period of 2018 with 15.56% and lowest during the period of 2016 with 9.63% during the period of 2014, 2015 & 2017 were 11.66%, 12.74% and 10.56% respectively. Total Reserve and Surplus is in good position with 8.14% during 2018 and during the period of 2014 to 2017 were the figures are not satisfactory with 1.60%, 4.41%, 0.63%, and 2.69% respectively. The position of Grants, Contributions for Specific purposes were higher during the period of 2016 and 2017 with 80.23% and 80.59% respectively and during the remaining period the value were constant. The position of secured were nil during the period and unsecured loans were higher during 2014 and 2015 during the period of 2016 to 2018 the unsecured or total loans figures were constantly decreased.

2. Current Liabilities:

With the reference of above Common Size Balance Sheet the trend of current liabilities of Ranchi Municipal Corporation shows the following figure:- the status of Deposit received is quite lower in respect of the total liabilities, Deposit work were nil during the period of 2014 to 2018. The status of Sundry Creditors is lowest during the period of 2018 with 3.69% as per previous records the position of sundry creditors were constantly decreased from 2014 to 2018, it is a good sign that shows liquidity in the creditors payment trends. The positions of Provisions were also decreased constantly during the period of 2014 to 2018 with 12.78%, 12.55%, 6.76%, 6.46% and 5.71% respectively. The position of Total Current Liabilities and Provisions were in good position. During the period of 2014 and 2015 it is 22.70% and 21.61% respectively, the remaining financial year shows good position that the percentage of current liabilities were not exceeding 12% (approx), the percentile figure of 2016 to 2018 were 11.55%, 11.03% and 10.38% respectively.

3. Fixed and long term Assets:

With the reference of above Common Size Balance Sheet the trend of Fixed Assets of the Ranchi Municipal Corporation are as follows: - the Gross block were 40.35% is recorded as higher during the period of 2014 and the value of Gross Block were constantly decreased as 34.04%, 19.40%, during 2015 and 2016 and remains constant as 20.50%, 20.75% during 2017 to 2018 respectively. The figures of Net block after charging accumulated depreciation the value were recorded as 23.88%, 18.52%, 11.00%, 11.89% and 12.53% respectively for 2014 to 2018. Capital work in progress recorded as 0.43%, 0.94%, 0.23%, 0.55%, and 5.70% respectively for the period of 2014 to 2018. The trends of Fixed Assets is higher during the period of 2014 in comparisons to the preceding financial years the values were 24.32%, 19.46%, 11.24%, 12.44% and 18.23% respectively. The investments were made only in General funds with 0.56%, 0.45%, 0.29%, 0.57%, and 1.64% respectively for 2014 to 2018. The investments in other funds were nil during 2014 to 2018.

4. Current assets:

With the reference of the above Common Size Balance Sheet the trends of Current Assets, Loans and Advances were recorded as follows: the Inventories were quite small in figure they are not much as presented in large figure as 0.0026%, nil, 0.0054%, 0.021% and 0.022% respectively during 2014 to 2018. The value of Sundry Debtors were nil during the period of 2014 to 2018. The net amount outstanding after the deduction of accumulated provisions from gross amount outstanding were 7.04%, 5.89%, 1.36%, 1.17%, and 0.80% respectively. Prepaid expenses were nil in 2014, 0.006% during 2015, 0.0059% in 2016, 0.017% during 2017 and nil during 2018. Cash and Balances were 66.11%, 69.75%, 74.26%, 75.78%, 48.35% respectively the cash and bank balance were in satisfactory position during the period of 2014 to 2018. The

position of loans, advances and deposits were 1.96%, 4.62%, and 12.83%, 9.97% and 30.93% respectively. Total Current Assets, Loans & Advances were 75.11%, 80.09%, 88.47%, 86.98% and 80.12% respectively. Other Assets, Miscellaneous Expenditure (to the extent not written off) were nil during the financial period 2014 to 2018.

COMMON INCOME AND EXPENDITURE ACCOUNT OF RANCHI MUNICIPAL CORPORATION FROM 31 – 3 – 2014 TO 31 – 3 – 2018

Particulars / Heads of Accounts	2014 Fig. in %	2015 Fig. in %	2016 Fig. in %	2017 Fig. in %	2018 Fig. in %
INCOME					
Tax Revenue	3.13%	37.69%	19.39%	23.80%	35.85%
Assigned Revenues & Compensation	Nil	Nil	Nil	Nil	Nil
Rental Income from Municipal compensation	10.14%	8.77%	8.39%	2.92%	0.87%
Fee & User Charges					
Sale & Hire Charges	23.32%	25.58%	22.89%	32.81%	24.13%
Revenue Grants , Contributions & subsidies	0.84%	0.33%	0.27%	0.92%	1.41%
Income from Investments	15.86%	11.71%	20.12%	29.84%	33.44%
Interest Earned					
Other Income	0.44%	0.67%	0.62%	0.35%	0.31%
	17.68%	14.82%	12.66%	8.58%	2.24%
	0.30%	0.41%	15.62%	0.74%	2.65%
Total – INCOME	387,465,489	50,48,10,541	546,329,150	1,215,684,629	1,293,480,097
EXPENDITURE					
Establishment Expenses	34.60%	47.95%	35.80%	29.82%	25.72%
Administrative Expenses	18.31%	4.54%	6.68%	14.15%	12.97%
Operation & Maintenance	10.21%	15.30%	18.88%	10.65%	10.91%
Interest & Finance Expenses	10.11%	8.41%	9.78%	8.06%	8.58%
Programme Expenses	Nil	Nil	Nil	0.069%	0.024%
Revenue Grants, Contributions & Subsidies	5.32%	4.44%	8.71%	11.67%	12.60%
Provision & Write off					
Miscellaneous Expenses	3.28%	3.48%	Nil	3.76%	4.62%
Depreciation	Nil	Nil	Nil	0.326%	Nil
	18.15%	15.83%	20.12%	21.46%	24.54%
Total – EXPENDITURE	771,535,594	97,75,44,018	901,444,287	1,170,827,800	1,296,824,276
Gross surplus / (deficit) of income over expenditure before prior Period Items	(384,070,105)	(47,27,33,477)	(355,115,137)	44,856,829	(3,344,179)
Add: prior period Items (Net)	Nil	Nil	Nil	(31,285,853)	(22,206,469)
Gross surplus / (deficit) of income over expenditure after Prior Period Items	(384,070,105)	(47,27,33,477)	(355,115,137)	13,570,976	(25,550,648)
Less : Transfer to Reserve Funds	Nil	Nil	Nil	Nil	Nil
Net balance being surplus / deficit carried over to Municipal Fund	(384,070,105)	(47,27,33,477)	(355,115,137)	13,570,976	(25,550,648)

*Source: - Ranchi Municipal corporation, compile from financial statements of RMC.

On the basis of the above mention Income and Expenditure A/C the following analysis has been presented, the above Income & Expenditure A/C is categorised into in to two section i.e.

1. Income from various sources, 2. Expenditures.

1. Income from various sources:

With the reference of the above Income & Expenditure A/C the Trends regarding the income and from the various sources of Ranchi Municipal Corporation shows that Tax revenue is recorded lowest during the period of 2014 with 3.13%, and then it is increased up to 37.69% during 2015, 23.80% in 2017 and 35.85% in 2018. Tax revenue is one of the major sources of income and trends shows that Tax revenue contribute one fourth of total income in respect of other sources. The contribution of Assigned revenue & Compensation were nil throughout the period. The contributions of rental income were 10.14%, 8.77%, 8.39%, 2.92% and 0.87% for the period of 2014 to 2018 respectively. After Tax revenue, Fee & User Charges is the major source of income for Ranchi Municipal Corporation the overall contribution is nearly about 25% which were similar to the Tax revenue. Sales and higher charges contributions were 0.84%, 0.33%, 0.27% 0.92% and 1.41% respectively for the period of 2014 to 2018. Revenue Grant, contributions & subsidies were also one of the important sources of income for the municipal corporation the contributions were 15.86%, 11.71%, 20.12%, 29.84%, and 33.44% during the 2014 to 2018. Incomes from Investment were not much as bigger in figure the percentage were appeared with less than 1% throughout 2014 to 2018. Interest earned is also one of the important source of income were the contribution were 17.68%, 14.82%, 12.66% till 2016 , afterward the percentage were fall

to 8.58% and 2.24% for 2017 and 2018. Lastly the Income from other sources was also shows contribution of less than 1% in average throughout the years.

2. Expenditures:

With the reference of the above Income & Expenditure A/C the Expenditure Trends of Ranchi Municipal Corporation were reflects the following figure, the major expenses made by the municipal corporation is Establishment expenses, under this head more than 30% of the funds were Sanctioned for the Establishments work. During the period of 2015 Ranchi Municipal Corporation sanction 47.95% funds for the Establishments expenses. Administrative expenses were 18.31%, 4.54%, 6.68%, 14.15%, and 12.97% respectively for 2014 to 2018. An operation and maintenance expense shows average of 10 % (approx) throughout the period. Interest and Finance Expenses were 10.11%, 8.41%, 9.78%, 8.06% and 8.58%. Programme expenses were nil during 2014 to 2016 and 0.069% in 2017 and 0.024% for 2018. Revenue Grant; Contribution & Subsidies were 5.32%, 4.44%, 8.71%, 11.67% and 12.60% respectively. Provision write off were appeared with average of 2.50 % (approx). Miscellaneous expenses were nil during 2014 to 2016 and 0.326% for 2017 and nil again for 2018. Depreciation shows average of 20% (approx) for the period of 2014 to 2018. Lastly deficit was recorded for the financial year 2014, 2015, 2016 and 2018 and during the financial year 2017 only surplus is recorded.

COMMON BALANCE SHEET OF DHANBAD MUNICIPAL CORPORATION FROM 31 – 3 – 2014 TO 31 – 3 – 2018

Description of item	2014 Fig. in %	2015 Fig. in %	2016 Fig. in %	2017 Fig. in %	2018 Fig. in %
LIABILITIES					
Reserve & Surplus					
Municipal (General) Fund	19.42%	12.71%	46.59%	40.32%	33.51%
Earmarked Funds	1.23%	Nil	Nil	Nil	Nil
Reserves	6.38%	16.74%	7.99%	10.90%	18.83%
Total Reserve & surplus	27.05%	29.45%	54.58%	51.22%	52.34%
Grant, contributions for specific purpose	70.06%	65.28%	43.45%	46.06%	44.39%
Loans					
Secured Loans	Nil	Nil	Nil	Nil	Nil
Unsecured Loans	Nil	Nil	0.28%	0.43%	0.66%
Total Loans	Nil	Nil	0.28%	0.43%	0.66%
Current Liabilities and Provisions					
Deposits Received	0.54%	0.27%	0.26%	0.56%	0.78%
Deposits Works	Nil	Nil	Nil	Nil	Nil
Other Liabilities (Sundry Creditors)	2.39%	4.98%	1.41%	1.68%	1.69%
Provisions	Nil	Nil	Nil	0.03%	0.10%
Total Current Liabilities and Provision	2.94%	5.25%	1.67%	2.27%	2.59%
TOTAL LIABILITIES	1,957,187,787.99	2,126,372,667.25	7,056,692,114.61	8,28,38,11,316.09	8,74,43,80,356.45
ASSETS					
Fixed assets					
Gross Block	0.59%	8.99%	5.42%	8.29%	15.95%
Less : Accumulated Depreciation	0.095%	0.85%	0.72%	1.38%	2.77%
Net block	0.50%	8.13%	4.70%	6.91%	13.17%
Capital Work in Progress	10.62%	14.18%	4.92%	6.74%	10.52%
Total Fixed Assets	11.12%	22.32%	9.62%	13.65%	22.55%
Investments					
Investments – General Fund	Nil	0.0017%	0.64%	0.02%	Nil
Investments – Other Fund	Nil	Nil	Nil	Nil	Nil
Total Investments	Nil	0.0017%	0.64%	0.02%	Nil

Current Assets, Loans and Advances					
Stock in Hand (Inventories)	Nil	Nil	Nil	Nil	0.020%
Sundry Debtors (Receivables)	Nil	Nil	Nil	Nil	Nil
Gross amount outstanding	2.89%	10.05%	42.35%	38.09%	40.91%
Less : Accumulated provisions	Nil	Nil	Nil	1.91%	(10.51)%
<i>Net amount outstanding</i>	2.89%	10.05%	42.35%	36.18%	30.39%
Prepaid Expenses	Nil	Nil	Nil	Nil	Nil
Cash and Bank Balances	85.58%	67.25%	47.25%	50.03%	46.93%
Loans, advances and deposits	0.393%	0.36%	0.11%	0.10%	0.095%
Less: Accumulated pro	Nil	Nil	Nil	Nil	Nil
Net amount outstanding	0.393%	0.36%	0.11%	Nil	Nil
Total Current Assets, Loans & Advances	88.8%	77.67%	89.72%	86.32%	99.99%
Other Assets	Nil	Nil	Nil	Nil	Nil
Miscellaneous Expenditure (to the extent not written off)	Nil	Nil	Nil	Nil	Nil
TOTAL ASSETS	1,957,187,787.99	2,126,372,667.25	7,056,692,114.61	8,28,38,11,316.09	8,74,43,80,356.45

*source: - Dhanbad Municipal Corporation. Compile from financial data of DMC.

On the basis of the above mention balance sheet the following analysis has been presented, the above balance sheet is categorised into in to for section i.e.

1. Long term Liabilities, 2 Current Liabilities, 3. Fixed and long term Assets, 4. Current assets

1. Long term Liabilities:

With the reference of the above Common Size Balance Sheet the trends of long term liabilities of Dhanbad Municipal Corporation are as follows:- under the head of Reserve and Surplus the Municipal (general) fund were 19.42% in 2014, 12.71% in 2015, afterwards the Municipal Funds were increased up to 46.59% in 2016, then slightly decreased to 40.32% in 2017 and stand with 33.51% in 2018, the analysis shows that in recent years the Municipal Funds were hold more than 30% liabilities amongst the total liability. Earmarked Funds were 1.23% appeared in 2014 and nil during the period of 2015 to 2018. Reserves were 6.38%, 16.74%, 7.99%, 10.90% and 18.83% respectively. The figures of Total Reserves & Surplus were 27.05% in 2014 and 29.45% in 2015 were satisfactory but it holds strong position during the period of 2016 to 2018 with average of 50% (approx). Grants, Contribution for specific purpose were recorded highest in 2014 with 70.06% then decreased to 65.28% in 2015, 43.45% in 2016, 46.06% in 2017 and 44.39% in 2018. Secured loans were nil and unsecured were nil for 2014 and 2015, in 2016 onwards unsecured loans were 0.28%, 0.43% and 0.66% respectively. Total loans were also at satisfactory level that represent lower burden of debt liabilities.

2 Current Liabilities:

With the reference of above Common Size Balance Sheet the trend of Current liabilities of Dhanbad Municipal Corporation shows the following figure: - Deposits received were 0.54% in 2014, 0.27% in 2015, 0.26% in 2016, 0.56% in 2017, and 0.78% in 2018. Deposits work were nil during the period of 2014 to 2018. Other liabilities (creditors) were 2.39%, 4.98%, 1.41%, 1.68% and 1.69% respectively. Provisions were nil during 2014 to 2016 and 0.03% during 2017 and 0.10% in 2018. The total current liabilities for the above mention periods were not exceeded up to 3%.

3. Fixed and long term Assets:

With the reference of the above Common Size Balance Sheet the trends regarding the Fixed and Long term Assets of Dhanbad Municipal Corporation are :- Gross Block were appeared highest in 2018 with 15.95%, then the figure of rest year were 0.59% in 2014, 8.99% in 2015, 5.42% in 2016 and 8.29% in 2017. Net block were appeared as 0.50%, 8.13%, 4.70%, 6.91%, 13.17% respectively for 2014 to 2018. Capital works in progress were 10.62%, 14.18%, 4.92%, 6.74% and 10.52% respectively. The total fixed assets were higher during the period of 2018 with 22.55% and 22.32% in 2015, rest of the financial year's shows average of 11%

out of their respective total Assets value. Lastly the Investment in General fund appeared with nil during 2014 and 2018, and rest of the years were 0.0017%, 0.64%, 0.02% respectively. On the other hand Investments in other fund were negative during the financial years.

4. Current assets:

With the reference of the above Common Size Balance Sheet the status of Current assets, Loans & Advances were appeared as follows: - the inventories were nil till 2017 and 0.020% in 2018. Sundry debtors were nil during the period of 2014 to 2018. Net amount outstanding after deduction of accumulated provisions were 2.89%, 10.05%, 42.35%, 36.18% and 30.39% respectively. Prepaid expenses were nil throughout the years. The position of cash and bank balances were strong during period of 2014 with 85.58%, afterwards the cash and bank balances were slightly decreased as 67.25%, 47.25%, 50.03% and 46.93% respectively, the position of loans, advances & deposits were 0.093%, 0.36%, 0.11% till 2016 and nil for 2017 and 2018. Total current assets, loans & advances shows positive trends, the position of current assets were strongly holds the average of 87% (approx) the figures were appeared as 88.8%, 77.67%, 89.72%, 86.32% and 99.99% respectively for the financial year 2014 to 2018. Lastly the other assets were recorded nil during the period of 2014 to 2018.

**COMMON INCOME AND EXPENDITURE ACCOUNT OF DHANBAD MUNICIPAL
CORPORATION FROM 31 – 3 2014 TO 31 – 3 2018**

Particulars / Heads of Accounts	2014 Fig. in %	2015 Fig. in %	2016 Fig. in %	2017 Fig. in %	2018 Fig. in %
INCOME					
Tax Revenue	34.83%	49.63%	92.71%	38.74%	51.98%
Assigned Revenues & Com.	Nil	Nil	Nil	Nil	Nil
Rental Income from Municipal compensation	73.05%	0.80%	0.43%	1.83%	0.89%
Fee & User Charges	5.33%	2.05%	1.69%	20.27%	17.35%
Sale & Hire Charges	0.65%	1.78%	0.18%	1.21%	0.40%
Revenue Grants , Contributions & subsidies	58.32%	45.66%	4.85%	37.53%	28.86%
Income from Investments	3.31%	Nil	0.04%	Nil	Nil
Interest Earned	0.10%	0.060%	0.05%	0.40%	0.47%
Other Income	0.010%	0.003%	0.0095%	Nil	0.02%
Total – INCOME	1,24,906,207.49	441,079,872.14	3,070,237,614.80	62,05,64,042.00	81,26,62,236.78
EXPENDITURE					
Establishment Expenses	30.10%	16.41%	37.04%	2.98%	13.23%
Administrative Expenses	1.80%	3.17%	4.03%	6.10%	1.01%
Operation & Maintenance	3.96%	15.89%	8.69%	8.60%	4.20%
Interest & Finance Expenses	Nil	0.0027%	0.0087%	0.42%	0.54%
Programme Expenses	Nil	0.022%	0.032%	0.14%	0.0056%
Revenue Grants, Contributions & Subsidies	63.02%	59.27%	39.43%	27.67%	8.23%
Provision & Write off	Nil	Nil	Nil	24.97%	62.28%
Miscellaneous Expenses	Nil	Nil	Nil	Nil	Nil
Depreciation	1.09%	5.21%	10.75%	10.07%	10.47%
Total – EXPENDITURE	113,611,577.50	314,837,054.75	303,613,399.66	63,39,27,054.00	1,22,26,57,456.97
Gross surplus / (deficit) of income over expenditure before prior Period Items	11,294,629.99	126,242,817.39	2,766,624,215.14	(1,33,63,012.00)	(40,99,95,220.19)
Add: prior period Items (Net)	Nil	Nil	Nil	4,65,36,290.00	(4,48,949.00)
Gross surplus / (deficit) of income over expenditure after Prior Period Items	11,294,629.99	126,242,817.39	2,766,624,215.14	3,31,73,278.00	(41,04,44,169.19)
Less : Transfer to Reserve Funds	Nil	Nil	Nil	Nil	Nil
Net balance being surplus / deficit carried over to Municipal Fund	11,294,629.99	126,242,817.39	2,766,624,215.14	3,31,73,278.00	(41,04,44,169.19)

*Source: - Dhanabd Municipal Corporation. Compile from financial data of DMC

On the basis of the above mention Income and Expenditure A/C the following analysis has been presented, the above Income & Expenditure A/C is categorised into in to two section i.e.

1. Income from various sources, 2. Expenditures

1. Income from various sources:

With the reference of the above Income & Expenditure A/C representing the trends regarding the Income from various sources of Dhanbad Municipal Corporation are as follows: - Tax revenue is the main source of income for Municipal corporations, the income from tax revenue is higher during 2016 with 92.71%, rest of the financial years earned, 34.83% in 2014, 49.63% in 2015, 38.74% in 2017, and 51.98 in 2018. The overall average income from tax revenue is 52% (approx) so 50% of contribution is from tax revenue. Assigned revenue & commissions were nil during the all financial years. Rental income from municipal compensation were highest during 2014 with 73.05%, afterwards the contribution from rental income is not exceeds an average of 0.70% (approx). Fee & user charges were 5.33%, 2.05%, 1.69%, 20.27% and 17.35 respectively. During 2017 and 2018 the income were increased but rest of years the performance were not satisfactory. Sales and higher charges were 0.65%, 1.78%, 0.18%, 1.21% and 0.40% respectively. After tax revenue, Revenue grants, contributions & subsidies are the major source of income, income from these sources were 34% (approx) during the years. Incomes from investments were 3.31%, and 0.04% for 2014 and 2016 and rest of the financial year were nil. Interest earned were 0.10%, 0.06%, 0.05%, 0.40% and 0.47% respectively. Lastly the contributions of other income were 0.010%, 0.003%, 0.0095%, nil, and 0.02% respectively for the period of 2014 to 2018.

2. Expenditures:

With the reference of the above Income & Expenditure A/C the trends regarding the expenses of Dhanbad Municipal Corporation are as follows: - Dhanbad Municipal Corporation shows that one fourth of revenue were sanctioned towards Establishment expense, figure were 30.10%, 16.41%, 37.04%, 2.98% and 13.23% for the period of 2014 to 2018. Administrative expenses were 1.80%, 3.17%, 4.03%, 6.10% and 1.01% respectively for 2014 to 2018. Operation and maintenance expenses appeared with an average of 7% for 5 five years, however during the period of 2015 the expenses goes to 15.89% which is much higher in respect of rest of the financial years. Interest & Finance expenses were nil during 2014 and 0.0027%, 0.0087%, 0.42% 0.54% respectively from 2015 onwards. Programme expenses were nil during 2014, 0.022% in 2015, 0.032% in 2016, 0.14% in 2017 and 0.0056% in 2018. Revenue grant, contribution & subsidies were constantly decreasing from 2014, figures were 63.02%, 59.27%, 39.43%, 27.67% and 8.23% for 2014 to 2018 respectively. Provision write off were nil from 2014 to 2016 and 24.97% during 2017 and highest in 2018 with 62.38%. Miscellaneous expenses were nil from 2014 to 2018. Depreciation was charged as 1.09%, 5.21%, 10.75%, 10.07% and 10.47% for 2014 to 2018 respectively. Surpluses were recorded during 2014, 2015, 2016 and deficits were recorded during the financial year 2017 and 2018.

COMMON BALANCE SHEET OF JAMSHEDPUR MUNICIPAL CORPORATION
FROM 31 – 3 – 2014 TO 31 – 3 – 2018

Description of item	2014 Fig. in %	2015 Fig. in %	2016 Fig. in %	2017 Fig. in %	2018 Fig. in %
LIABILITIES					
Reserve & Surplus					
Municipal (General) Fund	30.82%	22.62%	17.59%	16.65%	8.039%
Earmarked Funds	Nil	Nil	Nil	Nil	Nil
Reserves	25.96%	18.89%	17.90%	24.40%	25.77%
Total Reserve & surplus	56.79%	41.52%	35.50%	41.05%	33.81%
Grant, contributions for specific purpose	25.45%	41.28%	50.00%	46.95%	55.60%
Loans					
Secured Loans	Nil	Nil	Nil	Nil	Nil
Unsecured Loans	Nil	Nil	Nil	Nil	Nil
Total Loans	Nil	Nil	Nil	Nil	Nil

Current Liabilities and Provisions					
Deposits Received	1.98%	2.44%	2.28%	2.55%	2.98%
Deposits Works	Nil	Nil	Nil	Nil	Nil
Other Liabilities (Sundry Creditors)	15.77%	14.74%	12.19%	9.43%	7.59%
Provisions	Nil	Nil	Nil	Nil	Nil
Total Current Liabilities and Provision	17.75%	17.19%	14.47%	11.98%	10.58%
TOTAL LIABILITIES	271,432,198.	416,658,836	65,32,19,520	82,94,04,518	94,05,40,164
ASSETS					
Fixed assets					
Gross Block	97.14%	83.46%	66.61%	67.41%	63.71%
Less : Accumulated Depreciation	54.28%	41.81%	31.77%	30.32%	31.71%
Net block	42.85%	41.65%	34.84%	37.08%	31.99%
Capital Work in Progress	Nil	0.74%	0.80%	1.12%	10.58%
Total Fixed Assets	42.85%	42.39%	35.64%	38.2%	42.81%
Investments					
Investments – General Fund	Nil	Nil	Nil	Nil	Nil
Investments – Other Fund	Nil	Nil	Nil	Nil	2.51%
Total Investments	Nil	Nil	Nil	Nil	2.51%
Current Assets, Loans and Advances					
Stock in Hand (Inventories)	Nil	Nil	Nil	Nil	Nil
Sundry Debtors (Receivables)	Nil	Nil	Nil	Nil	Nil
Gross amount outstanding	28.20%	20.25%	15.47%	11.11%	7.42%
Less : Accumulated provisions	16.74%	10.90%	6.95%	3.02%	3.99%
<i>Net amount outstanding</i>	11.46%	9.34%	8.51%	8.08%	3.43%
Prepaid Expenses	Nil	Nil	Nil	Nil	Nil
Cash and Bank Balances	45.68%	48.24%	55.78%	53.65%	51.18%
Loans, advances and deposits	Nil	0.0096%	0.048%	0.04%	0.05%
Less: Accumulated pro	Nil	Nil	Nil	Nil	Nil
Net amount outstanding	Nil	0.0096%	Nil	Nil	Nil
Total Current Assets, Loans & Advances	57.14%	57.60%	64.35%	61.78%	54.67%
Other Assets	Nil	Nil	Nil	Nil	Nil
Miscellaneous Expenditure (to the extent not written off)	Nil	Nil	Nil	Nil	Nil
TOTAL ASSETS	271,432,198.	416,658,836	65,32,19,520	82,94,04,518	94,05,40,164

*source: - Jamshedpur Municipal Corporation. Compile from financial data of JMC

On the basis of the above mention balance sheet the following analysis has been presented, the above balance sheet is categorised into in to for section i.e.

1. Long term Liabilities, 2 Current Liabilities, 3. Fixed and long term Assets, 4. Current assets

1. Long term Liabilities:

With the reference of the Common Size Balance Sheet showing the trends regarding the long term liabilities of the Jamshedpur Municipal Corporation are as follows: - Municipal fund were constantly decreasing during the period of 2014 to 2018 as 30.82%, 22.62%, 17.59%, 16.65% and 8.03% respectively. Earmarked funds were nil during the period of 2014 to 2018. Reserve were appeared as 25.96%, 18.89%, 17.90%, 24.40% and 25.77% respectively, the average calculations of reserves were 21% (approx), overall reserves were hold one fourth part of the whole liabilities. Total reserves and surplus were 56.79%, 41.52%, 35.50%, 41.05% and 33.81% respectively for 2014 to 2018. Total reserves and surplus were also constantly decreasing throughout the period. Grant, Contributions for specific purpose were 25.45%, 41.28%, 50.00%, 46.95% and 55.60% respectively. Lastly the secured and unsecured loans were appeared nil, total loans were nil, hence the loans liability were nil throughout the years.

2 Current Liabilities:

With the reference of the above Common Size Balance Sheet the trends regarding current liabilities of Jamshedpur Municipal Corporation are as discuss as follows: - Deposits received were appeared as 1.98%, 2.44%, 2.28%, 2.55% and 2.98% respectively during the financial year 2014 to 2018. Deposits work were appeared nil during the 2014 to 2018. The Status of sundry creditors were constantly decreasing, the figures were 15.77%, 14.74%, 12.19% , 9.43% and 7.59% respectively during 2014 to 2018, the figure proves the efficiency and liquidity in the creditors payout ratio. Lastly the Provisions were nil during 2014 to 2018. Total current liabilities and provision were average of 13% (approx).

3. Fixed and long term Assets:

With the reference of the above Common Size Balance Sheet the trends showing pattern of fixed and long term assets of Jamshedpur Municipal Corporation for the period of financial year 2014 to 2018 are as follows: - Gross block were 97.14%, 83.46%, 66.61%, 67.41% and 63.71% respectively, during 2014 and 2015 position of gross block appeared above 80% but 2016 onwards gross block trending up to 65%(approx). Net block were 42.85%, 42.39%, 35.64%, 38.2% and 42.81% respectively. Capital works in progress were nil, 0.74%, 0.80%, 1.12% and 10.58% respectively. Total fixed assets were 42.85%, 42.39%, 35.64%, 38.2% and 42.81% respectively, the average of total fixed assets in respect of total assets were 39% (approx), the calculation shows that fixed assets hold more than one fourth of the value of total assets. Investments were negative during the period of 2014 to 2018, investment in both general fund and other funds appeared nil throughout the years. Other investments were appeared with 2.51% in 2018.

4. Current assets:

With the reference of the above Common size Balance Sheet of the Jamshedpur Municipal Corporation the trends of current assets, loans and advances were discuss as flows:- Inventories were appeared nil during the period of 2014 to 2018. Sundry debtors (receivables) were also nil throughout the financial years. Gross amount outstanding were appeared as 28.20%, 20.25%, 15.47%, 11.11% and 7.42% respectively. Net amount outstanding after deduction of accumulated provisions were appeared as 11.46%, 9.34%, 8.51%, 8.08% and 3.43% respectively for 2014 to 2018. Prepaid expenses were nil during the financial years. Cash and bank balances were appeared as 45.68% in 2014, 48.24% in 2015, 55.78% in 2016, 53.65% in 2017 and 51.18% in 2018. Loans advances and deposits were nil, 0.0096%, 0.048%, 0.04% and 0.05% respectively during 2014 to 2018. Total current assets, loans and advances were 57.14% in 2014, 57.60% in 2015, 64.35% in 2016, 61.78% in 2017 and 54.67% in 2018. The average calculation of current assets, loans & advances throughout the financial years were 58% (approx), the share of total current assets, loans and advances were more than half of the total value of total assets. Other assets and miscellaneous expenditure were nil during the financial year 2014 to 2018.

COMMON INCOME AND EXPENDITURE ACCOUNT OF JAMSHEDPUR (ADITYAPUR)

MUNICIPAL CORPORATION FROM 31 – 3 - 2014 TO 31 – 3 - 2018

Particulars / Heads of Accounts	2014 Fig. in %	2015 Fig. in %	2016 Fig. in %	2017 Fig. in %	2018 Fig. in %
INCOME					
Tax Revenue	5.87%	6.17%	6.45%	6.91%	33.06%
Assigned Revenues & Com.	Nil	Nil	Nil	Nil	Nil
Rental Income from Municipal compensation	0.63%	0.73%	0.57%	0.89%	0.33%
Fee & User Charges	51.21%	43.71%	33.94%	23.23%	24.21%
Sale & Hire Charges	Nil	Nil	0.29%	0.45%	0.001%
Revenue Grants , Contributions & subsidies	39.57%	47.15%	56.20%	50.78%	38.83%
Income from Investments	Nil	Nil	Nil	Nil	Nil
Interest Earned	2.64%	1.96%	1.94%	1.38%	3.35%
Other Income	0.056%	0.24%	0.59%	16.33%	0.19%
Total – INCOME	57,748,334.35	62,880,650	91,461,721	12,48,74,482	75,233,994
EXPENDITURE					
Establishment Expenses	19.18%	18.61%	9.88%	8.10%	4.49%
Administrative Expenses	2.59%	5.33%	2.12%	4.79%	3.58%
Operation & Maintenance	4.54%	17.32%	17.64%	23.34%	12.88%
Interest & Finance Expenses	0.0020%	0.0026%	0.0094%	0.009%	0.0004%

Programme Expenses	12.06%	0.42%	Nil	0.065%	0.073%
Revenue Grants, Contributions & Subsidies	5.34%	6.82%	23.26%	20.45%	21.53%
Provision & Write off	27.71%	Nil	Nil	Nil	22.96%
Miscellaneous Expenses	0.33%	0.0088%	0.048%	Nil	Nil
Depreciation	28.21%	51.46%	47.10%	43.23%	34.47%
Total – EXPENDITURE	69,038,735.95	52,227,116	70,812,772	10,16,98,560	135,665,796
Gross surplus / (deficit) of income over expenditure before prior Period Items	(11,290,401.60)	10,603,534.00	20,648,949.00	2,31,75,922	(60,431,802)
Add: prior period Items (Net)	Nil	Nil	Nil	Nil	(2,751,158)
Gross surplus / (deficit) of income over expenditure after Prior Period Items	(11,290,401.60)	10,603,534.00	20,648,949.00	2,31,75,922	(63,182,960)
Less : Transfer to Reserve Funds	Nil	Nil	Nil	Nil	Nil
Net balance being surplus / deficit carried over to Municipal Fund	(11,290,401.60)	10,603,534	20,648,949	2,31,75,922	(63,182,960)

*Source: - Jamshedpur Municipal Corporation. Compile from financial data of JMC.

On the basis of the above mention Income and Expenditure A/C the following analysis has been presented, the above Income & Expenditure A/C is categorised into in to two section i.e.

1. Income from various sources, 2. Expenditures

1. Income from various sources:

With the reference of the above Common size Income & Expenditure A/C the trends regarding the income from various sources of Jamshedpur Municipal Corporation are as follows: - Tax revenue were 5.87% in 2014, 6.17% in 2015, 6.45% in 2016, 6.91% in 2017 and 33.06% in 2018. The contributions in income of the municipal corporation tax revenue are the major source , the average of 11% (approx) is the contribution of tax revenue which is low in comparison to Ranchi and Dhanbad Municipal corporation. Assigned revenue & commission were nil during the financial years 2014 to 2018. Rental incomes from Municipal Compensation were 0.63% in 2014, 0.73% in 2015, 0.57% in 2016, 0.89% in 2017 and 0.33% in 2018. Fee and User charges were 51.21% in 2014, 43.71% in 2015, 33.94% in 2016, 23.23% in 2017 and 24.21% in 2018. The average income from Fee and user charges were 34 % (approx) which is more than one fourth part of the total income , hence we can say that fee and user charges is the major source of income appeared for during the financial years 2014 to 2018. Sale and Higher charges were nil in 2014, nil in 2015, 0.29% in 2016, 0.45% in 2017 and 0.001% during 2018. Revenue grants, contributions and subsidies were appeared as 39.57% in 2014, 47.15% in 2015, 56.20% in 2016 , 50.78% in 2017 and 38.83% in 2018, after fee and user charges , revenue grants are major source from which the average income earned is about 46%(approx). The income from investments were nil during the period of 2014 to 2018. Interest earned were 2.64%, 1.96%, 1.94%, 1.38% and 3.35% respectively 2014 to 2018. Other incomes were 0.056% in 2014, 0.24% in 2015, 0.59% in 2016, 16.33% in 2017 and 0.19% in 2018.

2. Expenditures:

With the reference of the above Common size Income & Expenditure A/C the trends regarding the expenditure of Jamshedpur Municipal Corporation were as follows: - Establishment expenses were 19.18% in 2014, 18.61% in 2015, 9.88% in 2016, 8.10% in 2017 and 4.49% in 2018, the average figure of establishment expenses were 11%(approx). Administrative expenses were 2.59 in 2014, 5.33% in 2015, 2.12% in 2016, 4.79% in 2017 and 3.58% during 2018. Operation and maintenance expenses were 4.54%, 17.32%, 17.64%, 23.34%, and 12.88% respectively for 2014 to 2018. Interest & finance expenses were with nominal value of 0.002%, 0.0026%, 0.0094%, 0.009%, and 0.0004% for the period of 2014 to 2015. Programme expenses were 12.06% in 2014, 0.42% in 2015, nil in 2016, 0.065% in 2017 and 0.073% in 2018. Revenue grants, contributions & subsidies were 5.34%, in 2014, 6.82% in 2015, 23.26% in 2016, 20.45% in 2017 and 21.53% in 2018. The average figures of these investments are 15% in respect of total expenses. Provision & write off were 27.71% in 2014, nil in 2015, nil in 2016, nil in 2017 and 22.96% during 2018. Miscellaneous expenses were 0.33%, 0.0088%, 0.048% for 20104 to 2016 and nil during 2017 to 2018. Depreciation charges on fixed assets were 28.21%, 51.46%, 47.10%, 43.23% and 34.47% respectively, the average depreciation charged

were 40% (approx). Lastly deficits were recorded during the period of 2014 and 2018 and rest of the financial years were in surplus.

Findings and Recommendations:

On the basis of this research study following Findings and recommendations are proposed for the improvement in services provided by municipal corporations and financial management techniques adopted by municipal corporations.

- ❖ The Balance sheet of Ranchi Municipal corporation over the period of F.Y 2014 to F.Y 2018 reflects Municipal Fund , Reserves and Grant Contribution as major sources on the other hand Total loans constantly decreasing trends were as Total reserve and surplus were lower effect so it recommended to focused on the reserve and surplus area.
- ❖ On the current liability side it recommended to focused on the provision section as it is much higher as appeared.
- ❖ On the fixed assets side it recommended to improve the status of total investment in comparison to other fixed assets.
- ❖ Income from investment and rental income is lower in comparison to other sources so it recommended improve these earning sources.
- ❖ Depreciation reflects on an average of more than 20% so it is recommended to reduce depreciation expenses.
- ❖ The Balance sheet of Dhanbad Municipal Corporation over the period of F.Y 2014 to F.Y 2018 reflects that Investment was increased during the period of 2017 to 2018 so it recommends to increasing the investment as earlier.
- ❖ Rental income, income from investment and other income are need attention; such sources are recommended for improvement.
- ❖ Provision for w/off and depreciation should be decreased
- ❖ The Balance sheets of Jamshedpur (Adityapur) Municipal corporation over the period of F.Y 2014 TO F.Y 2018 reflects that Total investment were negative , so it highly recommended to focus on the Investment.
- ❖ It is recommended to improve the rental income, income from investment and other income sources.
- ❖ Depreciation expenses reflect more than 40% over the period of F.Y 2014 TO F.Y 2018, so it is recommended to manage the depreciation expenses.

Conclusion:

The role of local self government in the form of local panchayat (Rural Areas) and Municipal Corporation in (Nagar Nigam) are prominent in the development of society. The functions of local self government are based on decentralisation of power and authority to the local units or governing body as prescribed as per constitutional setup. The financial and functional autonomy provides wide dimensions to the local self government in India they have the right to generate revenue from various sources and utilised the funds in the development of society. The decentralised approach is used in the structure of local self government it provide the authority and power in the local hand for the better control on the situation of local issues. The role of local self governance is reducing the burden of central and state government by proving it existence at the local level. The democratic local self governance systems facilitates the development and resource distributions, and make effective system of public accountability that will assure that government officials and elected member should work with coordination and cooperation.

References:

- 1/www.arthapedia.in/index.php?title=Decentralization_and_Rural_Governments_in_India. (n.d.).
- 2.<http://www.elections.in/government/municipal-corporation-in-india.html>.
- 3.<http://www.elections.in/government/municipal-corporation-in-india.html>. (n.d.).
- 4.https://en.wikipedia.org/wiki/Municipal_Corporations_in_India.
- 5.<https://www.importantindia.com/1896/relationship-between-democratic-decentralization-and-local-self-government/>. (n.d.).
- 6.M.P. SHARMA, A. A. (1977). *LOCAL SELF GOVERNMENT IN INDIA*.
- 7.Myneni, D. S. (2016). *Local Self Government*.
- 8.Niraja gopal jayal, A. p. (2006). *LOCAL GOVERNANCE IN INDIA, decentralization and beyond*.
9. Sachdeva, P. (2011). *local Governance in India*.
10. Head Office Ranchi Municipal Corporation
11. Head Office Dhanbad Municipal Corporation
12. Head office Jamshedpur Municipal Corporation

