



Analysis of Income and Expenditure of Nainital and Bhowali Municipal Council

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ABSTRACT:

The present study undertakes a comprehensive analysis of the income and expenditure patterns of two municipal councils, namely Nainital and Bhowali, situated in a region of interest. The primary objective of this research is to illuminate the financial management and fiscal well-being of these local governing bodies. This investigation involves a meticulous examination of their revenue sources, encompassing taxes, grants, and other income streams, alongside a detailed scrutiny of their expenditure patterns across diverse sectors such as infrastructure, public services, and administration. The research derives valuable insights into the financial performance of the Nainital and Bhowali Municipal Councils. To achieve these objectives, official financial reports, budgets, and other pertinent documents covering a specified period are employed as the data source. The findings of this study not only provide a comparative analysis of the two municipal councils but also significantly contribute to the broader comprehension of effective financial governance in local municipalities.

Keywords: Income analysis, Expenditure analysis, Municipal council, Financial management, Fiscal health, Revenue sources, Expenditure patterns, Financial governance.

1. Introduction

The performance of a public sector entity is not based on its capacity of revenue generation and its profit-making power, but it is based on the quantity and quality of services and benefits it provides to society. In addition to providing services, it is also important that a public sector entity is able to recover its cost of providing services because it is the necessary and sufficient condition to survive in the long run. In the present study, an assessment of the financial conditions of Nainital and Bhowali Urban Local Bodies (ULBS) has been done and a review of various sources of income and items of expenditure has also been made. The total time period taken for the present study is 10 years that has been based upon the ideal period for to see the changes in the growth pattern of the municipal council. In the present study the analysis has been divided into various parts such as percentage share of income and expenditure over the period of Nainital and Bhowali municipal council, Growth rate of income and expenditure of Nainital and Bhowali municipal council during the study period. Various components of income and expenditure side have been analysed to determine their respective role in the balance sheet of Nainital and Bhowali municipal council. The extent of dependence on the Central and State governments, in the form of grants-in-aid and share in taxes, have also been reviewed. However, there is a variation in the income and expenditure levels among the big municipalities and the small municipalities but this study is based upon the aggregate level of income and expenditure of Nainital and Bhowali municipal council and variations have not been take into consideration. Since the last decade, rapid urbanization and industrialization have affected the demographic structure in the State of Uttarakhand. Consequently, urban populations in the State observed a pronounced decadal growth of 18.80 percent as per the 2011 census, contrary to the population's overall growth of 19.90 percent. The percentage of the urban population in the total population further rose to 30.79% in 2011 from 28.92% in the year 2001. Consequently, urban infrastructure needs to be properly upgraded be unable.

2. Incomer of Nainital and Bhowali Municipal Council

Table 1 shows the income status of the municipal council of the Nainital from 2011 to 2020 in which the highest income recorded in the recent year that is in 2020 and the share of income is 15.01 percent, this was the highest income over the period of time during the study period. The major source of income in the Nainital municipal council is from tax on building and land, Annual assessment of building land cleaning Fare building, shop and temporary Plots, user charges, Meter fees, state finance commission and finance commission etc. These are the income heads contributed who the majority of their income in the Nainital municipal council.

On the other hand, the income growth rate of the Nainital municipal council is highest in the year 2013 i.e., 36 percent followed by the highest growth rate recorded in the year 2016 i.e., 17 percent. While the overall growth rate from the year 2011 to 2020 is recorded at 10.20 percent. And then during this period of time, the average income of the Nainital municipal council is 19.64 crore.

Table 1: Income of the Nainital Municipal Council

Nainital			
Year	Total Income	Growth Rate	%Share
2011	111618846		5.68
2012	107270796	-4%	5.46
2013	146414877	36%	7.45
2014	170760421	17%	8.69
2015	169521659	-1%	8.63
2016	202792549	20%	10.32
2017	225648258	11%	11.49
2018	258205983	14%	13.15
2019	277096292	7%	14.11
2020	294799443	6%	15.01
	1964129123		100.00
Growth Rate	10.20		
Average Income	196412912		

Source: Annual Statement of Receipt and Expenditure, 2011 to 2020.

Table 2 shows the income status of the municipal council of Bhowali from 2011 to 20, during this period of time the highest income recorded in the recent year that is in 2020 and the share of income is 19.32 percent, this was the highest income over the period of time during the study. The major source of income in the Bhowali municipal council is from extraordinary income head, 14 finance commission, contributions, miscellaneous, these income heads contributed more than the 50 percent in the total income of the Bhowali municipal council during the recent year. In this municipal council the taxes are lowest source of the income during the study period.

While the growth rate of income Bhowali municipal council is recorded highest growth in the year 2017 followed by the highest growth rate recorded in the year 2013. Whereas the overall growth rate from the year 2011 to 2020 is recorded at 3.87 percent and during the study period, the average income of the Bhowali municipal council is 3.41 crore.

Table 2: Income of the Bhowali Municipal Council

Bhowali			
Year	Total Income	Growth Rate	%Share
2011	47350000	0.00%	13.85
2012	6862331	-85.51%	2.01
2013	14283654	108.15%	4.18
2014	15019964	5.15%	4.39
2015	15722239	4.68%	4.60
2016	16853553	7.20%	4.93
2017	38387794	127.77%	11.23
2018	58034414	51.18%	16.97
2019	63399219	9.24%	18.54
2020	66067449	4.21%	19.32
	341980617		
Average Income	34198061		
CAGR	3.38719568		

Source: Annual Statement of Receipt and Expenditure, 2011 to 2020.

3. Expenditure of Nainital and Bhowali Municipal Council

Table 3 shows the expenditure of Nainital municipal council from 2011 to 2020, during this time period the highest share of expenditure recorded in the year 2020 and the lowest share of expenditure recorded in the year 2012. While the highest growth rate of expenditure recorded in the year 2014 and the lowest growth rate recorded in the year 2015. The average expenditure of the Nainital municipal council during the 2011 to 2020 is 19.15 crore. The total expenditure seems to be increasing every year, except for a few years where it decreased, such as in 2012 and 2015. The growth rate also fluctuates but has an average of 10.35 percentage.

Table 3: Expenditure of Nainital Municipal Council

Nainital			
Year	Total Expenditure	Growth Rate	%Share
2011	114366548		5.97
2012	112804793	-1%	5.89
2013	127039009	13%	6.63
2014	186245428	47%	9.72
2015	165053012	-11%	8.62
2016	194619474	18%	10.16
2017	197374387	1%	10.31
2018	242577525	23%	12.67
2019	268740965	11%	14.03
2020	306320747	14%	15.99
	1915141887		100.00
Growth Rate	10.35		
Average Income	191514189		

Source: Annual Statement of Receipt and Expenditure, 2011 to 2020.

Table 4 shows the expenditure of Bhowali municipal council from 2011 to 2020, during this time period the highest share of expenditure recorded in the year 2020 and the lowest share of expenditure recorded in the year 2012. While the highest growth rate of expenditure recorded in the year 2017 and the lowest growth rate recorded in the year 2019.

In 2011, the total expenditure was 11,891,044, and it grew at a rate of 3.8% to reach 9,379,909 in 2012, which is a decrease of 21.12% compared to the previous year. However, the expenditure increased significantly by 69.77% in 2013 to reach 15,924,257. The expenditure then decreased by 6.79% in 2014, reaching 14,842,579, and by 13.56% in 2015, reaching 12,829,918.

Table 4: Expenditure of Bhowali Municipal Council

Bhowali Municipal Council			
Year	Total Expenditure	Growth Rate	%Share
2011	11891044		3.8002
2012	9379909	-21.12%	2.9976
2013	15924257	69.77%	5.0891
2014	14842579	-6.79%	4.7434
2015	12829918	-13.56%	4.1002
2016	13512350	5.32%	4.3183
2017	45700000	238.21%	14.605
2018	58143863	27.23%	18.582
2019	41266311	-29.03%	13.188
2020	89419230	116.69%	28.577
	312909459.98		
Average Expenditure	31290945.00		
CAGR	22.35482317		

Source: Annual Statement of Receipt and Expenditure, 2011 to 2020.

The expenditure increased by 5.32% in 2016, reaching 13,512,350. However, in 2017, there was a significant increase in expenditure by 238.21% to reach 45,700,000. This increase could be due to a one-time investment or a change in the budgetary process. In 2018, the expenditure grew by 27.23% to reach 58,143,863, and in 2019, it decreased by 29.03% to reach 41,266,311.

In 2020, there was a significant increase in expenditure by 116.69% to reach 89,419,230. The total expenditure for the 10-year period from 2011 to 2020 is 312,909,459.98, with an average expenditure of 31,290,945. The compound annual growth rate (CAGR) for this period is 22.35%.

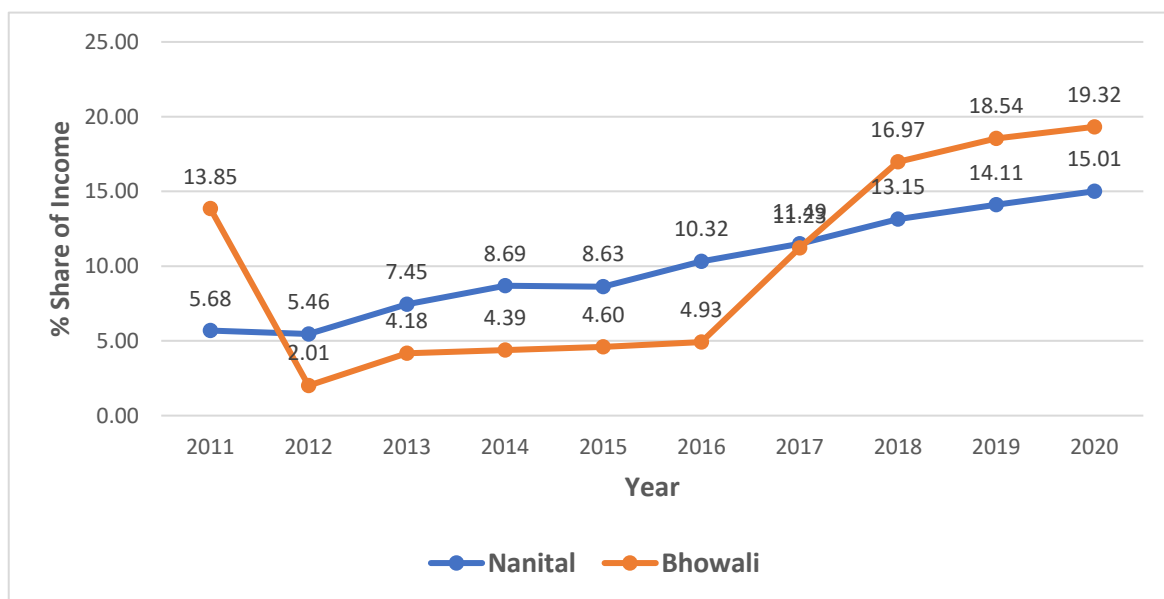
4. Comparative analysis of Nainital and Bhowali Municipal Council

4.1 Share and Growth of Income of Bhowali and Nainital Municipal Council

With the adjusted inflation, the income of Nainital Municipal Council in 2011 was 107.3 million rupees (114.4 million rupees / 1.062), and in 2020 it was 251.5 million rupees (306.3 million rupees / 1.218). Similarly, the income of Bhowali Municipal Council in 2011 was 11.4 million rupees (11.9 million rupees / 1.046) and in 2020 it was 80.5 million rupees (89.4 million rupees / 1.111).

In real terms, the income of Nainital Municipal Council grew at an average annual rate of approximately 6.4% from 2011 to 2020. However, this growth rate varies significantly from year to year, with some years showing strong growth and others showing a decline in income. Bhowali Municipal Council, on the other hand, had an average annual growth rate of approximately 13.2% over the same period, although it also experienced significant fluctuations in income from year to year.

Figure 1: Share of Income of Bhowali and Nainital Municipal Council



Source: Annual Statement of Receipt and Expenditure, 2011 to 2020.

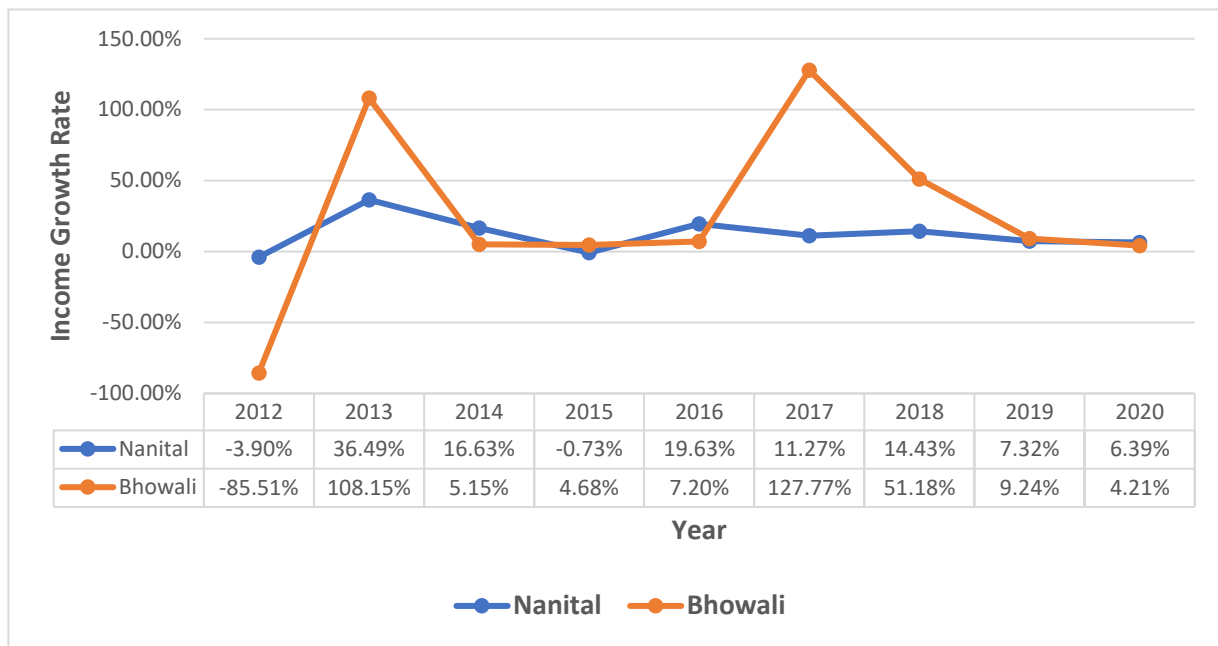
Looking at the figures 2 provided, we can see that Nainital Municipal Council had a higher average income growth rate of 10.35% for the period 2011-2020 compared to Bhowali Municipal Council's growth rate of 22.35%. This indicates that Bhowali had a higher growth rate in income compared to Nainital.

However, it's important to note that the average income of Nainital Municipal Council is much higher than that of Bhowali Municipal Council. In 2020, Nainital Municipal Council had an income of Rs. 306.32 crore, while Bhowali Municipal Council had an income of Rs. 89.42 crore. This indicates that Nainital Municipal Council has a much higher income than Bhowali Municipal Council.

In terms of growth rate, Nainital Municipal Council experienced a significant growth of 47% in 2014, which contributed to its high average growth rate. On the other hand, Bhowali Municipal Council had a significant growth of 238.21% in 2017, which contributed to its high growth rate. Both Municipal Councils also experienced fluctuations in their income growth rates over the years.

Overall, while Bhowali Municipal Council had a higher growth rate in income compared to Nainital Municipal Council, Nainital still had a much higher average income over the period studied. Additionally, it's worth noting that Nainital Municipal Council is a popular tourist destination with a higher population, which could contribute to its higher income.

Figure 2: Comparison of Income Growth rate of Bhowali and Nainital Municipal Council.



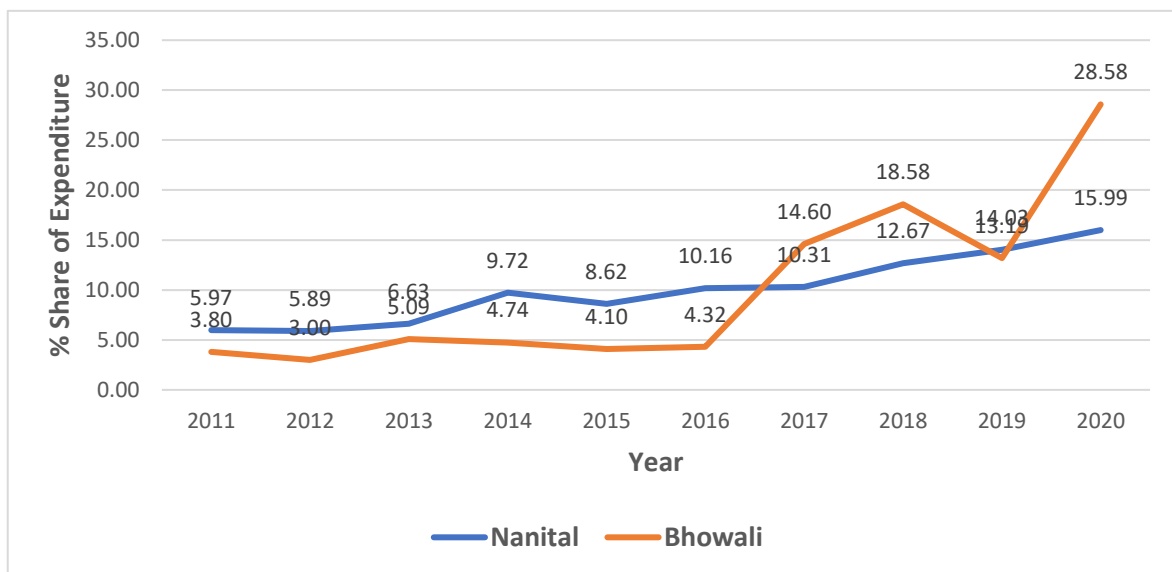
Source: Annual Statement of Receipt and Expenditure, 2011 to 2020.

4.2 Share and Growth of Expenditure of Bhowali and Nainital Municipal Council

In real terms, the total expenditure of Nainital Municipal Council grew at an average annual rate of approximately 6.3% from 2011 to 2020, while the total expenditure of Bhowali Municipal Council grew at an average annual rate of approximately 17.1% over the same period. Adjusting for inflation provides a more accurate picture of the actual changes in expenditure over time.

However, it is important to note that these figures do not take into account changes in population or other factors that could affect the demand for municipal services or the cost of providing those services. Additionally, inflation rates can vary significantly by region and over time, and using a different inflation rate could result in different real expenditure figures.

Figure 3: Share of Expenditure of Bhowali and Nainital Municipal Council



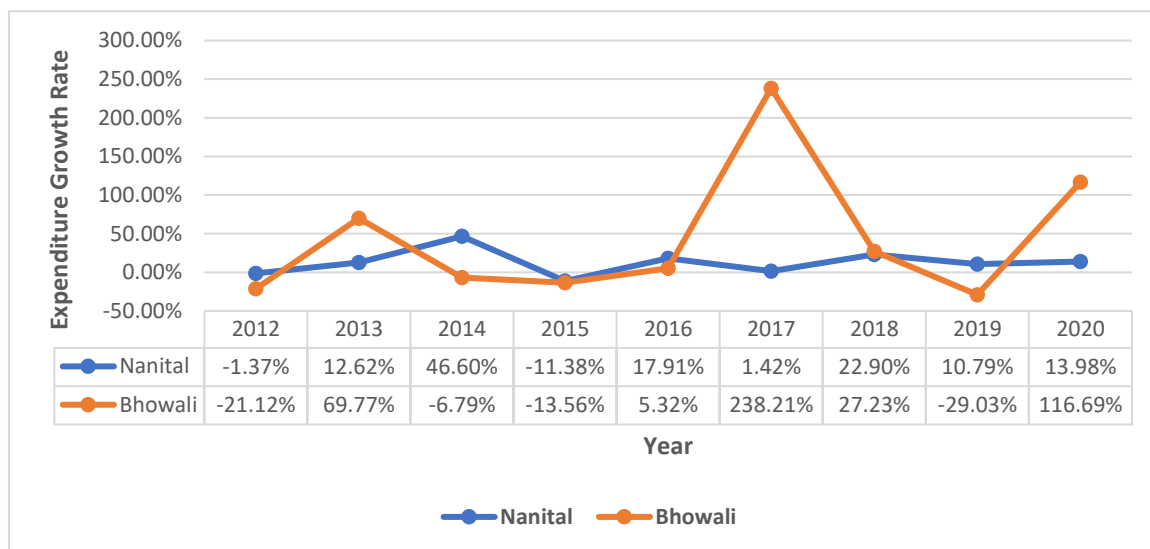
Source: Annual Statement of Receipt and Expenditure, 2011 to 2020.

The comparison of the expenditure growth rate of Bhowali Municipal Council and Nainital Municipal Council. The table in the document shows the total expenditure, growth rate, and percentage share of both councils from 2011 to 2020.

In terms of percentage share, Nainital Municipal Council's expenditure increased from 5.97% in 2011 to 15.99% in 2020, while Bhowali Municipal Council's expenditure increased from 3.80% in 2011 to 28.58% in 2020. This suggests that Bhowali Municipal Council's expenditure grew at a faster rate than Nainital Municipal Council's expenditure during the period.

Overall, the comparison of expenditure growth rates between the two municipal councils suggests that Bhowali Municipal Council had a higher CAGR and a more fluctuating growth rate than Nainital Municipal Council. However, Nainital Municipal Council had a higher percentage share of expenditure than Bhowali Municipal Council throughout the period.

Figure 4: Comparison of Expenditure Growth rate of Bhowali and Nainital Municipal Council.



Source: Annual Statement of Receipt and Expenditure, 2011 to 2020.

The comparison of income and expenditure of Nainital and Bhowali Municipal Council. Here are some of the key observations:

1. **Income:** Nainital Municipal Council has consistently generated higher income than Bhowali Municipal Council over the past decade. In 2020, Nainital generated an income of Rs. 306,320,747, while Bhowali generated an income of Rs. 35,002,920.
2. **Income Growth:** Nainital has experienced an average growth rate of 10.35% in its income over the past decade, while Bhowali has experienced an average growth rate of 15.75%. However, it is important to note that Bhowali had a much lower income base in 2011 compared to Nainital, which has likely contributed to the higher growth rate.
3. **Expenditure:** Nainital Municipal Council has consistently spent more than Bhowali Municipal Council over the past decade. In 2020, Nainital spent Rs. 287,347,294, while Bhowali spent Rs. 44,138,487.
4. **Expenditure Growth:** Bhowali has experienced a higher expenditure growth rate than Nainital over the past decade. Bhowali's expenditure has grown at an average rate of 22.35% per year, while Nainital's expenditure has grown at an average rate of 12.37% per year.

In summary, while Bhowali Municipal Council has experienced higher income and expenditure growth rates compared to Nainital Municipal Council, it still lags behind in terms of income generation and spends less overall. Additionally, Bhowali has consistently been running a deficit, while Nainital has been generating a surplus. These differences can likely be attributed to factors such as differences in population, economic activities, and governance practices.

5. Conclusion

After analyzing the income and expenditure figures of the Nainital and Bhowali Municipal Councils, it is clear that both these municipal councils have been experiencing growth in their income and expenditure over the years.

Starting with Nainital Municipal Council, the income has been steadily increasing at an average growth rate of 10.35% per year, reaching a total income of 306,320,747 in 2020. The growth rate fluctuated from year to year, with the highest growth rate of 47% in 2014 and the lowest growth rate of -11% in 2015. The highest percentage share of income was recorded in 2020 at 15.99%, while the lowest percentage share was recorded in 2012 at 5.89%.

In contrast, Bhowali Municipal Council had a slightly different growth pattern. While the average growth rate of expenditure was higher than Nainital at 22.35% per year, the percentage share of expenditure in the total expenditure was more variable, with a high of 28.57% in 2020 and a low of 2.99% in 2012. The highest growth rate of expenditure was recorded in 2017 at 238.21%, while the lowest growth rate was recorded in 2019 at -29.03%.

Overall, both these municipal councils experienced growth in their income and expenditure figures. However, it is important to note that these figures have not been adjusted for inflation. Adjusting for inflation may provide a different perspective on the actual growth rate of income and expenditure over time.

In conclusion, while the income and expenditure figures of Nainital and Bhowali Municipal Councils demonstrate growth, further analysis is necessary to determine the overall financial health and effectiveness of these councils in providing essential services to their constituents.

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