



To cite this article: Dr.P. Raji Reddy (2023). ANALYSIS OF MUNICIPAL FINANCES OF WARANGAL MUNICIPAL CORPORATION, International Journal of Research in Commerce and Management Studies (IJRCMS) 5 (1): 104-114

ANALYSIS OF MUNICIPAL FINANCES OF WARANGAL MUNICIPAL CORPORATION

Dr. P. Raji Reddy

Assistant Professor in Commerce, Government Degree College for Women, Khammam

DOI: <http://dx.doi.org/10.38193/IJRCMS.2023.5106>

ABSTRACT

This paper analyses the pattern of total income and total expenditure of Greater Warangal Municipal corporation during the period from 2015-16 to 2021-22 in terms of trends in the composition of capital receipt, revenue receipt, capital expenditure, revenue Expenditure, and allocation pattern as between different sectors, proportions of the plan and no plan expenditure and select performance indicators such as Gross surplus/Deficit or net surplus/Deficit of corporation.

The results show that GWMC is faring better in terms of Gross surplus/Deficit and net surplus/deficit in all years. The major sources of capital receipts are state government grants and Central government grants while major sources of revenue receipts are tax revenues, non-tax revenues, deposits, and others. Budget estimates are shown not stable from year to year due to changes in the development schemes and central government contribution to the development of Warangal as a smart city.

KEYWORDS: Expenditure pattern, Grants, GWMC, Municipal Revenues, Surplus Budgets.

1.1 INTRODUCTION

Municipality is the layer of government which has the responsibility of development of cities and towns. Urban local bodies are known as Municipal Corporation, Municipal Council and Nagar Panchayat based on population. The nagar panchayat is for traditional areas, the municipal council or municipalities are for smaller urban areas and Municipal Corporation is for larger urban areas. These bodies have been given the power to legislate and implement scheme for economic development and social justice. The 74th Constitutional Amendment Act (CAA), enacted in 1992, resulted in significant devolution of funds, functions and functionaries to this tier of government and hence functional autonomy of local governments.

The Constitution (74th Amendment) Act, 1992, formally recognized urban local governments as the third tier of government. The Amendment became effective in June 1993. The Act recommended that state governments assign to municipal governments a set of 18 legitimate municipal functions such as urban planning including town planning, regulation of land use and construction of buildings, roads and bridges, provision of water, sanitation and solid waste management, public health, slum up



gradation and urban poverty alleviation, etc. These functions are listed in the 12th Schedule which was inserted into the Constitution of India. But there was no comparable recommendation by the 74th Amendment on the finances of municipal governments. The 74th Amendment Act defined the range of possible expenditure assignment leaving it to the states to notify devolution from the range identified. In the case of revenue sources of urban local governments, the amendment left it entirely to state governments. Article 243X entrusts to state governments the power to impose taxes, duties, tolls, and fees; it allows state governments to assign revenues from specific taxes to urban local governments. Article 243Y leaves to State Finance Commissions (SFCs) the tasks of reviewing and recommending devolution of tax revenues and grants-in-aid to urban local governments. Actual effective devolution under these provisions has been very limited

1.2 Objectives of the Study:

The main object of this paper is to analyze income and expenditure pattern of GWMC over a period 2015-16 to 2021-22 and the specific objectives are:

1. To analyze the trends in Revenue receipts and capital receipts of Warangal Municipal Corporation.
2. To explain the composition of total expenditure of Warangal Municipal Corporation.
3. To explain the Various grants received by the Warangal Municipal Corporation
4. To explain the Gross and Net Surplus / Deficit of Warangal Municipal Corporation during the period from 2014-15 to 2019-20.

1.3 Methodology:

For meeting the set objectives, relevant data are collected from the public documents such as Warangal Municipal Corporation budget documents through GWMC Website. For analyzing the above said objectives simple tabular analysis is followed and the results are compared in percentages and ratios.

1.4 HISTORY OF THE WARANGAL MUNICIPAL CORPORATION:

In the year 1899 the Warangal Municipality was constituted under the Local Cess Act. It was declared as Major Municipality in the year 1934. Later in the year 1959 it was declared as Special Grade Municipality. It was upgraded as Warangal Municipal Corporation in the year 1994 under the A.P. Municipal Corporations Act, 1994. The area of the City has been increased from 110 Sq.kms to 407.71 Sq.kms.

PHYSICAL DETAILS OF GREATER WARANGAL MUNICIPAL CORPORATION

- Area (In Sq.kms) 407.71
- Present Population 8119469
- No. of Slums 183



- No. of Notified Slums 92
- No. of Non-notified Slums 91
- No. of Circles 02

FUNCTIONS OF THE GREATER WARANGAL MUNICIPAL CORPORATION

The following are the functions of Greater Warangal Municipal Corporation which are discharged by Head office and two Circle offices to provide the following civic services and infrastructure facilities to the inhabitants.

- Roads, Culverts etc.,
- Widening and improvements to roads and junctions
- Traffic and Transportation amenities
- Street lighting
- Markets
- Storm Water Drainage
- Parks and Play grounds
- Stadiums, Avenue and Tree plantation
- Town planning – Zoning and Building Regulations
- Slum improvement and Urban Community Development including formation of roads, drains, provision of street lighting & water supply etc.,
- Slaughter houses and Burial grounds
- Vital statistics including Registration of Birth and Death

INITIATION OF SEVERAL MUNICIPAL REFORMS IN RECENT YEARS

Several Administrative and other reforms have been initiated by the Greater Warangal Municipal Corporation to achieve efficiency in the administration.

- Online payment of dues
- Online Registration of Birth and Death
- Instant issue of Birth and Death certificates
- Online Performance Tracking system
- Legal case Management System
- Introduction of DEABAS
- Monitoring of Solid Waste Management through SMS's
- GWMC services through AP online
- E-office
- Online payment of ESI and EPF for out sourcing workers / personnel

- Swachata App
- Introducing E-Challan

2.1 Growth and Composition of Income:

Table-I Composition of Total Income of Warangal Municipal Corporation (Rs. Lakhs)

Year	Revenue income	Capital Receipt	Deposits & Advances	Total Out Lay	% Change Over previous Year
2015-16(BE)	13798.03 (25.49)	40335.75 (74.51)	0 (0)	54133.78 (100.00)	-
2016-17(A)	20996.86 (39.75)	31823.00 (60.25)	0 (0)	52819.86 (100.00)	(2.43)
2017-18(BE)	25200.00 (24.15)	79143.00 (75.85)	0.00 (0)	104343.00 (100.00)	97.5
2018-19(BE)	26154.00 (23.27)	86243.00 (76.73)	0.00 (0)	112397.00 (100.00)	7.71
2019-20(A)	15740.56 (70.55)	6486.28 (29.07)	83.55 (0.37)	22310.39 (100.00)	(80.15)
2020-21(BE)	20445.00 (67.02)	9811.00 (32.16)	250.00 (0.82)	30506.00 (100.00)	36.73
2021-22(BE)	18352.00 (32.78)	37515.00 (67.02)	110.00 (0.20)	55977.00 (100.00)	83.5

Source: GWMC Budget Estimates: Note BE= Budget Estimates; A=Actual

Table –I Indicates that capital receipt portion is showing more than 75% of total outlay and revenue receipt portion is showing less than 25 % of total outlay for the budget years 2017-18 to 2018-19.The

main reason for more portion of capital receipt in total outlay for the year 2017-18 and 2018-19 is contribution for smart city by central government grant is more than previous years .And rest of years (2019-20 to 2020-21) budget shown revenue receipt portion is more than capital receipt portion due to less contribution from the central government. The major sources of capital receipts are state government grants and Central government grants while major sources of revenue receipts are tax revenues, non-tax revenues, deposits and others. Budget estimates are shown not stable from year to year due to changes in the development schemes of Greater Warangal Municipal Corporation.

Table-2 Composition of Revenue Receipts in Warangal Municipal Corporation(Rs.Lakhs)

Year	Tax Revenues		Non-Tax Revenues				Deposits	Others	Total	% Change Over previous Year
	Tax Revenues	Assigned Revenues & Compensations	Rental income from Municipal Properties	Town Planning	Sanitation	Engineering				
2015-16(A)	5382.18 (36.26)	2448.00 (16.49)	463.79 (3.12)	2361.81 (15.91)	241.26 (1.63)	1447.29 (9.75)	2349.76 (15.83)	147.98 (1.00)	14842.07 (100.00)	-
2016-17(BE)	7151.50 (33.91)	3650.00 (17.31)	658.36 (3.12)	3288.00 (15.59)	507.00 (2.40)	1512.00 (7.17)	2894.00 (13.72)	1430.50 (6.78)	21091.36 (100.00)	42.11
2017-18(BE)	9670.00 (38.37)	3755.00 (14.90)	796.00 (3.16)	3043.00 (12.08)	1482.00 (5.88)	2152.00 (8.54)	469.00 (1.86)	3833.00 (15.21)	25200.00 (100.00)	19.48
2018-19(BE)	9275.00 (35.46)	2500.00 (9.56)	1080.75 (4.13)	5647.50 (21.59)	1166.50 (4.46)	1844.25 (7.05)	4240.00 (16.21)	400.00 (1.53)	26154.00 (100.00)	3.79
2019-20(A)	6703.94 (42.59)	756.33 (4.80)	869.88 (5.53)	5440.88 (34.57)	589.94 (3.75)	1379.59 (8.76)	0.00 (0.00)	0.00 (0.00)	15740.56 (100.00)	(39.82)
2020-21(BE)	9450.00 (46.22)	2800.00 (13.70)	1270.00 (6.21)	4255.00 (20.81)	570.00 (2.79)	2100.00 (10.27)	0.00 (0.00)	0.00 (0.00)	20445.00 (100.00)	29.89
2021-22(BE)	8000.00 (43.59)	0.00 (0.00)	1950.00 (10.63)	5730.00 (31.22)	770.00 (4.20)	1902.00 (10.36)	0.00 (0.00)	0.00 (0.00)	18352.00 (100.00)	(10.24)

Source: GWMC Budget Estimates: Note BE= Budget Estimates; A=Actual

Table-2 shows that total revenue receipts of Warangal municipal corporation during the budget periods from 2016-17 to 2021-22. GWMC started with an aggregate revenue receipts of Rs. 21091.36 lakhs in 2016-17 budget and It increased to Rs.26154 lakhs by 2018-19 BE, a little amount of revenue receipts increased during the period from 2016-17BE to 2018-19BE .After 2018-19 onwards total revenue receipts of GWMC is declined from Rs.26154 to Rs.18352Lakhs in the 2021-22 BE due to decline in tax revenue amount and assigned revenues & compensations. Tax revenue is the major source of revenue receipt in the mentioned BE years from 2016-17 to 2021-22. Tax revenue portion in total revenue receipts is little changed during the period from 2016-17BE to 2018-19BE. Tax revenue portion is recorded highest in BE 2020-21 compare with all the BE years.

Table-3 Particulars of Grants Received by Warangal Municipal Corporation (Rs. Lakhs)					
S.no	Year	Grants from Central Government	State Government	Total Grants	% Change Over previous Year
1	2015-16(A)	300.01 (10.59)	2531.80 (89.41)	2831.81 (100.00)	-
2	2016-17(A)	4020.58 (24.19)	12598.64 (75.81)	16619.22 (100.00)	486.88
3	2017-18(BE)	24735.00 (31.25)	54408.00 (68.75)	79143.00 (100.00)	376.21
4	2018-19(BE)	24535.00 (28.45)	61708.00 (71.55)	86243.00 (100.00)	8.97
5	2019-20(A)	0.00 (0.00)	6486.28 (100.00)	6486.28 (100.00)	(92.48)
6	2020-21(BE)	4550.00 (46.38)	5261.00 (53.62)	9811.00 (100.00)	51.26

7	2021-22(BE)	4525.00 (12.06)	32990.00 (87.94)	37515.00 (100.00)	282.38
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Source: GWMC Budget Estimates: Note BE= Budget Estimates; A=Actual

Table-3 Indicates grants received from central government and state government during the period from 2015-16 to 2021-22. Total grants of Warangal Municipal Corporation during the actual period 2015-16 are 2831.81Rs. lakhs and it is increased to Rs. 86243 Lakhs in 2018-19 BE year due to more grants from central government for the development of smart city and more grants from state government also. After 2017-18 BE year total grants are declined due to less contribution of central government grants. During the period 2020-21 BE total grants are Rs.9811 lakhs and it is increased to Rs. 37515 lakhs in the BE year 2021-22 due to more grants allocation from state government like Provision of Rs. 25000 Lakhs from state finance commission and Rs. 4500 lakhs from State Matching grant.

Year	Non Plan Grants (15th FC & PattanaPragathi)	Plan Grants (SCSP, TSP, SBM, CMA & Minority)	Other Grants (CDP, SDF & MPLADS)	Total	%Change Over previous Year
2016-17(A)	3998.36	7600.23	5020.63	16619.22	-
	(24.06)	(45.73)	(30.21)	(100.00)	
2017-18(BE)	4535.00	68908.00	5700.00	79143.00	376.21
	(5.73)	(87.07)	(7.20)	(100.00)	
2018-19(BE)	4535.00	68808.00	2900.00	76243.00	(3.66)
	(5.95)	(90.25)	(3.80)	(100.00)	
2019-20(A)	6505.16	2075.63	152.28	8733.07	(88.55)
	(74.49)	(23.77)	(1.74)	(100.00)	
2020-21(B)	4500.00	4750.00	561.00	9811.00	12.34
	(45.87)	(48.42)	(5.72)	(100.00)	

2021-22(B)	9000.00	27530.00	985.00	37515.00	282.38
	(23.99)	(73.38)	(2.63)	(100.00)	

Source: GWMC Budget Estimates: Note BE= Budget Estimates; A=Actual

Table-4 Indicates that details of grant income resources. GWMC major grant income resource are Non plan grants, Plan grants and others grants. Total grant income resource of Warangal Municipal Corporation during the actual period 2016-17 are Rs. 16619.22 lakhs and it is increased to Rs. 79143 Lakhs in 2017-18 BE year due to more Plan grants from smart city grant Rs. 20000 lakhs, Amruth city grant Rs. 11008 and assistance to municipal corporations for development works. Total grant income resource of GWMC during the budget period 2017-18 are Rs. 79143 lakhs and it is decreased to Rs. 76243 Lakhs in BE 2018-19 year due to decrease in special development fund from other grants. During the actual period 2019-20 total grant income resource of Warangal Municipal Corporation is decreased by 88.55 % of BE 2018-19 Year due to more grants from Amruth city grant of Rs. 11008 lakhs, smart city grant Rs. 20000Lakhs and CM Assurance grant Rs. 30000 lakhs of plan grants in BE2018-19year. Total grant income During the period 2020-21 BE is showing less amount which comparing with 2021-22 BE year due to more state finance grant Rs. 20000 lakhs and state matching grant Rs. 4500 appeared in BE 2021-22 year.

3.1 Pattern of Expenditure:

Table-5 Composition of Total Expenditure of Warangal Municipal Corporation 2015-16 to 2021-22(Rs. Lakhs)

Year	REVENUE EXPENDITURE	CAPITAL EXPENDITURE	Other maintenance	Capital Works from General Fund	Deposits & Advances	Total Expenditure	% Change Over previous Year
2015-16(BE)	11150.61 (20.60)	40335.74 (74.51)	2647.42 (4.89)	0.00 (0.00)	0.00 (0.00)	54133.77 (100.00)	-
2017-18(BE)	12912.60 (12.38)	79143.00 (75.85)	12286.80 (11.77)	0.00 (0.00)	0.00 (0.00)	104343.40 (100.00)	92.75
2018-	14302.00	86243.00	580.00	7032.00	4240.00	112397.00	7.72

19(B E)	(12.72)	(76.73)	(0.52)	(6.26)	(3.77)	(100.00)	
2019- 20(A)	8311.86 (37.26)	8733.07 (39.14)	2921.24 (13.09)	1987.93 (8.91)	356.29 (1.60)	22310.39 (100.00)	(80.15)
2020- 21(B E)	12455.00 (40.83)	9811.00 (32.16)	4951.00 (16.23)	3039.00 (9.96)	250.00 (0.82)	30506.00 (100.00)	37.75
2021- 22(B E)	11220.00 (20.04)	37515.00 (67.02)	4321.00 (7.72)	2811.00 (5.02)	110.00 (0.20)	55977.00 (100.00)	83.50

Source: GWMC Budget Estimates: Note BE= Budget Estimates; A=Actual

Table –5 shown that capital expenditure is showing more than 75% of total expenditure for the BE years 2017-18 and 2018-19. It indicates that GWMC is concentrate on infrastructure development activities and revenue expenditure amount is showing highest amount in BE 2020-21 year and it is decreased to Rs. 11220.Lakhs in the BE 2021-22 year due to more revenue expenses of Power charges by Rs.770 Lakhs and Green Budget estimation Rs. 210Lakhs estimated in BE2020-21 year. Total expenditure is increased from BE2015-16 year to BE 2018-19 year then after it is showing declining trend due to decrease the capital expenditure.

Year	Wages, E.P.F and E.S.I	Sanitation	Power Charges	Green Budget 10%	Total	% Change Over previous Year
2016-17(A)	4456.91	721.83	3527.00	0.00	8705.74	-
	(51.20)	(8.29)	(40.51)	(0.00)	(100.00)	
2017-18(BE)	5038.10	2484.00	4978.50	412.00	12912.60	48.32
	(39.02)	(19.24)	(38.56)	(3.19)	(100.00)	

2018-19(BE)	7032.00	2070.00	4965.00	235.00	14067.00	8.94
	(49.99)	(14.72)	(35.30)	(1.67)	(100.00)	
2019-20(A)	5095.50	1191.23	1994.80	30.33	8311.86	(40.91)
	(61.30)	(14.33)	(24.00)	(0.36)	(100.00)	
2020-21(BE)	6400.00	1610.00	2400.00	2045.00	12455.00	49.85
	(51.38)	(12.93)	(19.27)	(16.42)	(100.00)	
2021-22(BE)	6200.00	1555.00	1630.00	1835.00	11220.00	(9.91)
	(55.26)	(13.86)	(14.53)	(16.35)	(100.00)	

Source: GWMC Budget Estimates: Note BE= Budget Estimates; A=Actual

The above table is showing composition of revenue expenditure of Warangal Municipal Corporation during the period from 2016-17 to 2021-22. Wages expenditure is showing more than half of the total revenue expenditure during the all years and then next major revenue expenditure portion is power charges in total revenue expenditure. Total revenue expenditure of Warangal Municipal Corporation during the actual period 2016-17 are Rs. 8705.74 lakhs and it is increased to Rs. 14067 Lakhs in BE2018-19 year due to increase in wages expenditure and power charges. After 2018-19 year, revenue expenditure is showing decline trend during the period from 2019-20 to 2021-22.

Table-7 Details of Gross and Net Surplus / Deficit (Rs in Lakhs)

Year	Total Income	Total Expenditure	Gross Surplus/Deficit	(G.S/D) % Change Over previous Year	Depreciation	Prior period items	Net Surplus/Deficit	(N.S./D)% Change Over previous Year
2014-15	15993.4	8847.58	7145.83	-	2078.28	2852.4	2215.15	-
2015-16	17331.9	6787.35	10544.53	47.56	8107.82	6.97382	2429.74	9.69
2016-17	10953	8839.87	2113.11	(79.96)	1717.8	7.5238	387.79	(84.04)

2017-18	11785	8677.35	3107.66	47.07	0.00	0.00	3107.66	701.37
2019-20	15589.11	11355.96	4233.15	36.22	4207.92	0.69	24.54	(99.21)

Source: GWMC Budget Estimates: Note BE= Budget Estimates; A=Actual

The above table is explaining the gross surplus /deficit and net surplus/deficit during the period from 2014-15 to 2019-20. All the years having gross surplus amount. Gross surplus amount is increased from Rs. 7145.83 lakhs to Rs.10544.53 lakhs during the period from 2014-15 to 2015-16. After that it is showing declining trend for the period 2016-17 to 2017-18 and it is increased by Rs. 1125 lakhs in the year 2019-20 due to increase in total income. The same trend also shown in Net surplus during the all years.

4.1 CONCLUSION:

This paper analyses the pattern of total income and total expenditure of Greater Warangal Municipal corporation during the period from 2015-16 to 2021-22 in terms of trends in the composition of capital receipt, revenue receipt, capital expenditure, revenue Expenditure and allocation pattern as between different sectors, proportions of plan and non-plan expenditure and select performance indicator such as Gross surplus/Deficit or net surplus/Deficit of corporation.

The results show that GWMC is faring better in terms of Gross surplus/Deficit and net surplus/deficit in all years. The major sources of capital receipts are state government grants and Central government grants while major sources of revenue receipts are tax revenues, non-tax revenues, deposits and others. Budget estimates are shown not stable from year to year due to changes in the development schemes and central government contribution for development of Warangal as a smart city. Capital expenditure is showing more than 75% of total expenditure for the BE years 2017-18 and 2018-19. It indicates that GWMC is concentrate on more infrastructure development activities and revenue expenditure amount is showing highest amount in BE 2020-21 year and later it is decreased in the BE 2021-22 year due to more revenue expenses of Power charges by Rs.770 Lakhs and Green Budget estimation Rs. 210Lakhs estimated in BE2020-21 year.

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