LOCAL FINANCE AND URBAN ECONOMIC DEVELOPMENT IN U. P. — A CASE STUDY OF SHAHJAHANPUR AND BAREILLY

THESIS SUBMITTED FOR THE AWARD OF DEGREE OF DOCTOR OF PHILOSOPHY IN ECONOMICS

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1986
TO WHOM IT MAY CONCERN

This is to certify that the thesis entitled "Local Finance and Urban Economic Development in U.P. -- A Case Study of Shahjahanpur and Bareilly" has been written by Tufail Mohd. under my supervision. The thesis is suitable for submission for the award of Ph.D. degree in Economics.

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( TUFAIL MOHD. )
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INTRODUCTION

STATEMENT OF THE PROBLEM:

Socio-economic development of the country from the grassroots levels upwards, has rightly been one of the major objectives of government policies since the very inception of planning in India. In this perspective local self-government and their sphere of activity occupy a central place. Although the interest in public finance and public administration has grown, but the interest in local administration and local finance has not grown proportionately. Comparative lack of attention to local finance is a drawback in the national set up when local self-government should receive increasing attention with the democratic decentralization and the establishment of 'Panchayati Raj' institutions in a country like India.

It is unfortunate, that the problem of local finance did not receive the due attention from social scientists, academicians, administrators and politicians. This is evident from the fact that the first ever book on local self-government was written in 1920- two hundred and forty years after the local self-government was introduced by a Charter in Madras (1687). (1)
Until quite recently, administrators, writers and social scientists, particularly economists, had given little attention to the crucial problem of urban economic development. More attention had been paid to rural development; as India is a land of villages. Economists were preoccupied with other pressing public policy problems such as inflation, employment, growth of the economy; the functioning of the domestic and international monetary systems; federal finance and other kindred problems.

Since the study of local finance as a sub-field of public finance had not received the attention it deserved, a major source of development financing remained untapped. While we do not have enough data to go by, it is nevertheless difficult to accept the view that local finance cannot be adequately mobilized for executing urban development plans.

On the Eve of Independence, B.R. Misra undertook a detailed study of Provincial finance. He categorically stated that provincial finance needs coordination with local finance and control over the latter. National minimum must be served by local finance. Prof. Gyan Chand's lectures on local finance were in the context of national life. He regarded the local finances as interwoven with the entire national life, which bases itself on re-orientation of local
finance. But a review of the functioning of local finance during the outgoing decades had not been made, although major changes had taken place during this period. India had become an independent nation. The formulation and implementation of the Indian Constitution in 1950 introduced economic planning in the country in a high way.

Since Independence very few writers and researchers have made an attempt to undertake a study of local finance and their role in the urban economic development. Ursula Hicks in 1967, after surveying many local self-governing units of Africa, Latin America and Asia, emphasized the role of local finance and its autonomy. Like her, Hugh Tinker devoted his work on the functioning and finances of local self-governments in India, Pakistan and Burma. These studies are noteworthy, even though only a few chapters are devoted to the Indian context. Being foreigners they could not go through the grievances of native citizens. Later, Bhardwaj, Bhattacharya, Maheshwari and Venkatraman made significant contributions in the area. Besides, covering local finance in India as a whole, Thakoure, Kathia and Ali Ashraf selected regional formation of local self-government and problems of local finance in the respective regions.
But empirical studies were still inadequate. Besides individual studies, a number of official committees have also gone into the problems of local-finance and the manner of their exploitation for urban development. Among them 'Augmentation of Financial Resources of Urban Local Bodies' proved an authentic and comprehensive work in the sense that it undertook an empirical study of all the corporations of the country\(^{(xiii)}\) While in the case of other urban local bodies, 60 percent of the existing total municipalities, 40 percent of the notified and town area committees and 12 per cent of the total cantonments could be covered. The latest available official report is the 'Indirect Taxation Enquiry Committee' (1977) had recommended in the main abolition of octroi\(^{(xiv)}\) The various Finance Commissions that had been periodically set have also failed to deal with the subject.

It is necessary to undertake further research on the methodology of raising finances required for urban economic development. The task before us is, therefore, that of finding ways and means of augmenting local financial resources for more adequate urban development in the context of growing urbanization. There should be scope for improvement in the collection of revenues and consequent expansion of expenditure.
The present study is an attempt to test the hypothesis that urban local bodies in U.P., although fully equipped with the men and material to take up and implement urban development schemes, are severely handicapped by the inadequacy and revenue in elasticity of their major sources of income and the pattern of their expenditure has been unduly weighted in favour of routine administration.

SCOPE OF THE STUDY:

The present study purports to investigate the pattern of local finances in respect of urban economic development in Uttar Pradesh (U.P.) from 1965-66 to the year 1977-78. The period of study has been confined to these years as representative form of the city boards has been under suspension since 1975. However, a few years of official operations of the urban local bodies were nevertheless studied to assess changes in their working and its outcome.

There are two ways of approaching the problem of urban development through mobilization of local resources. The first is to undertake an empirical study of the actual expenditure and revenue of each urban local body and determine the overall trends for a given period of time. This information would be supplemented by assessing the
development actually achieved during this period. Such an approach is not feasible because the required information is not readily available for all the urban local bodies of U.P. Furthermore, many urban local bodies have prepared town development plans or schemes under the Town Planning Act but these are essentially land use plans to control city structure and direction of growth of the city.

The other approach would be to undertake an intensive study of a few cases. This is the only feasible method for investigating a social phenomenon of a country of the size and complexity as India.

Urban local self-government includes municipal corporation, Municipalities, town area committees, notified committees, cantonment boards and townships. The following table shows the number and various forms of urban government.

Table -1, Number and Nature of Urban Local Bodies

<table>
<thead>
<tr>
<th>Type of body</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Municipal Corporation</td>
<td>5</td>
<td>1.1</td>
</tr>
<tr>
<td>(ii) Municipalities</td>
<td>145</td>
<td>31.8</td>
</tr>
<tr>
<td>(iii) Notified Area Committees</td>
<td>40</td>
<td>8.5</td>
</tr>
<tr>
<td>(iv) Town Area Committees</td>
<td>275</td>
<td>58.7</td>
</tr>
<tr>
<td>(and others)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total -Four Types</strong></td>
<td>465</td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Verma, M.S. Background of Class 1st Municipalities in U.P.
Quarterly Journal of Local Self-Government, Bombay Jan - April, 1974, p. 189
It would be seen from Table-1 that Municipal Corporations constitute only one percent of the total number of urban bodies and 32 per cent are accounted by municipalities. The town area committees, etc make up the bulk 59 per cent (including Cantonments, improvement trusts, urban agglomerations).

It is observed that a good number of urban local bodies do not fulfill the condition of being reckoned as urban areas. In the 1971 Census, a larger number of town areas have been classified as rural. Since 1st class municipalities cover (721 crores out of 10.9 total urban population) 75 per cent of the urban population, it would be more. During the pertinent to confine the investigation to the 1st class municipalities.

A non-random sampling i.e. judgment sampling of 1st class municipalities may provide better picture of whom development. For this reason we have selected two 1st class municipalities, namely Shahjahanpur and Bareilly. While the city board of Shahjahanpur is an Industrial-cum Commercial-cum Services, Bareilly city board is Industrial in its economic character. Both the city boards under review exhibit the general characteristics of other municipalities in U.P.
The study highlighted the role of local administration, the state of local finances, its pattern of expenditure in relation to urban economic development. Special attention has been given to the consideration of the adequacy or otherwise of local revenues and problems that local administration face in raising the required resources. In this connection some specific sources of revenue, their revenue elasticity have been taken up for investigation in view of their importance. The greater part of the study has been devoted to the analysis of the overall pattern of local administration, expenditure and its role in the promotion of economic development. However, it did not take into account other aspects of urban economic development like housing and employment which were beyond the scope of the study, being listed as State subjects. Any change in classification can take place only after amending the Constitution.

**SOURCES OF DATA:**

The study involved reliance on published or secondary sources such as gazetteers, annual reports or budgets and audited records of the city boards. Published reports and official data of municipalities in U.P. are generally very scanty. Hence field investigation and spot study of the two selected city boards
has been undertaken to collect the necessary data to fill the gaps in the available information and gather statistics on the urban development schemes implemented by the administration.

Annual reports of the work done in the city boards of Shahjanpur and Bareilly were inadequate for arriving at justifiable conclusions. This required collecting supplementary material which often entailed the obtaining of first hand information from the local tax payers. The interview-cum-questionaire method was employed to assess the opinion of selected officers of the city boards on the financial and administrative problems of these boards and progress of their development activities. This was necessary as explained above due the lack of any regular and reliable reports published by the municipalities.

Audit records of these city boards were more fruitful as they sought to critically evaluate the performance of the boards.

METHODS OF ANALYSIS:

The study has been both descriptive and analytical. The status and progress of the city boards have been described at some length. This information has been subjected
to critical analysis and evaluation. The relevant data are (a) the sources of income of the city boards, its trend (b) the pattern of expenditure. This data has been tabulated and the relative importance of various sources of income and categories of expenditure has been worked out. Magnitude of changes from year to year have been calculated in terms of percentage variations. For the period as a whole, trend figures have been calculated by the moving least square average technique.

CHAPTER SCHEME:

The present study consists of seven sections. In the introduction, a brief statement of the nature of the problem, the scope of the study, sources of data, methods of collecting relevant data have been described. The first chapter deals with the nature and significance of local finance in India. It explains the meaning of local self-government, importance of local self-government and local finance. A short historical background of local self-government and its formation in other countries have also been discussed in this chapter.

While the second chapter outlines the structure of local administration and its activities; organisational
set-up at the centre level, state's delegation of functions of local importance by Municipalities Act of U.P., finances and their revenue elasticity.

The third chapter gives a narrative of urban economic development and local finance. It discusses the main problems of urban development, planning and resources for its development.

Fourth and fifth chapters are empirical studies of the two city boards of Shahjahanpur and Bareilly, respectively. They present an outline of general conditions of the city boards, such as, population, education, occupation distributions and economic activities of the city boards. Detailed scrutiny of revenue sources, like taxes, non-tax, grants and their relative contribution to total revenue of the two city boards were discussed separately.

In the sixth and final chapter, the conclusion emerging from the study have been set down and a few suggestions have been offered.
References -


(v) Ibid. p. 279

(vi) Bhardwaj, R.K.: Municipal Administration in India, New Delhi, 1970, Sterling Publishers


According to the Census 1971, those towns having
population of one lakh and more are cities. So, the
municipality of Shahjahanpur, exceeding population of
one lakh (1,35 lakhs) and had an income more than ten
lakhs would be called city board Shahjahanpur for the study.

The occupational distribution of the population
of the city board has been 29 per cent as industrial,
17 per cent as commercial and 37 per cent service. It
is rightly called on Industrial-cum-Commercial-cum-Services
City board. A detailed discussion may be seen in the
IV Chapter.
CHAPTER - 1

NATURE AND SIGNIFICANCE OF LOCAL FINANCE IN INDIA

- Meaning of Local Self-Government
- Significance of Local Self-Government and Local Finance.
- Historical Background
- Local Self-Government in Other Countries
MEANING OF LOCAL SELF-GOVERNMENT:

Local self-government may be defined to denote the structure and operations of the smaller public bodies which are needed to supplement the actions of central and state governments. These units are called local because they are very close to the common man and their problems. They are governed by their own local representatives on adult franchise basis.

In the Constitution of free India, the term local government is used. The subject of local self-government figures under Entry 4 in the List III (state list) of the seventh schedule of the Constitution, "The Local Government, that is to say, the Constitution and powers of municipal corporations, improvement trusts, district boards, mining settlement authorities and other local authorities for the purpose of local self-government or village administration". But the local self-government appears an appropriate and embarrassing phrase for these democratic institutions.

There are local bodies in Bareilly Urban Agglomeration like Northern Railway Colony, Cantonment Board and in Shahjahanpur also Cantonment Board which provide separate roads, transportation system, water and electric works.
educational and recreational facilities. Yet they cannot rightly be called local, self-government.

They function under the supervision and control of the Central Departments of Railways and Defence. New Delhi Municipal Committee which is not representative in character seems to be local. Development authorities of many cities of U.P. for instance Ghaziabad Development Authority (GDA), Aligarh Development Authority (ADA) are local bodies but not self-governing bodies.

The essential attributes of local self-government are firstly, its statutory status, secondly, its power to raise finance by taxation in the area under its jurisdiction; thirdly participation of local community in decision making in specified subjects and their administration; fourthly, the freedom to act independently of central control; and freedom to act independently of central control; and lastly, its general purpose, character. William A. Robson elaborates these points as, "Local Government may be said to involve the conception of a territorial, non-sovereign community possessing the legal right and the necessary organizations to regulate its own affairs. This is in turn presupposes the existence of a local authority with power to act independently of external control as well as the participation of the
local community in the administration of its own affairs. The extent to which these elements are present must in all cases is a question of degree.

According to Clarke, "Local Self-Government is the 'smallest unit' under which the people of the locality possess a certain responsibility and discretion in the administration of local affairs and in the raising of money to meet the expenses." In the urban sector of Local self-government, towns and cities are considered the local points of economic activities, social and cultural progress. Urban areas are supposed to be an important barometer or symbol of the development of a nation.

SIGNIFICANCE OF LOCAL-SELF-GOVERNMENT AND LOCAL FINANCE:

India, being a vast country with diversified local problems which have necessarily to be tackled at the local level. The role of urban local self-government thus assumes importance in providing services like drinking water, roads, sanitation, education, health and street-lighting. These services can better be performed by the urban local self-government with the participation of the local people. In the first place, local self-government institutions are better conversant with local situations and problems. As for the local inhabitants, they being vitally concerned, would respond to efforts at local development more readily.
It is physically impossible to administer effectively all points of a large modern state from a distance centrally. Sidney Webb pointed out to another important thing, "If we consider the most progressive countries of the world such as the U.K., Germany, France or the U.S.A., we find that by far the largest part of their governments is now that which is not carried on in the capital cities by the dignified departments of state under the control of Central National Assembly or Parliament, but that which is being administered locally in villages, or parishes, or commune, in municipality or county, or district, under the control and in the interest of local people in their limited area."

Constitutionally, the central authority's power extends over the whole territorial jurisdiction. However, for convenience of administration, the Central Government took over only such functions as appeared to be an overall nature and where coordination is required. The local self-government, the third tier in the administrative structure constitute a part of the state government, and its power and its authority delegated to it extend over only a particular areas as stated in the state statute.

Local self-government involves indirect decentralization and the administrative functions are performed efficiently because of territory divided into divisions, layer upon layer till it reaches the lowest rung of
administrative ladder from centre, state to the city
(in rural areas down to the village panchayat, district, state and centre in that order). Local self-government are the units of state governments. Central authority confines its responsibility to spheres of an overall nature, leaving functions of local importance to be performed by the local self-governing bodies. Local bodies exhibit dual process of centralization and decentralization. Lord Bryce describes the process as follows: small localities form states and big nations either by conquest or treaty, leading to centralization. Once the nation or state is constituted, the reverse process of decentralization takes place, without, however, jeopardizing the overall authority of the Central Government.

As the population increases and the localities expand, more problems like regulation of trade and commerce, control on dangerous and unhealthy occupations, extension of facilities for education, public health etc. arise and become more intense. Man's conception of minimum amenities for acceptable living conditions under-goes changes with the advance of science and technology. Thus, the functions to be performed by a local governing institution continue to increase. Existing facilities have to be enlarged, functions
have to be continuously improved, and new functions undertaken. In other words, all those amenities which make living better physically, economically, socially and culturally constitute the responsibility of this local body. These important functions, from the people's point of view, are supposed to provide the linkages between the citizens on one hand and administration on the other.

Indeed, there has been an impressive increase in the functions of urban local bodies. These bodies have been undertaking new activities, which either regulate the conduct of the citizens or are in the nature of services such as provision of mass transport, construction of houses for the poor, street-lighting, health centres, parks, playgrounds, etc. In fact, local self-government is today much more important in the daily life of the citizen than the state or central government. A man in the street is more acquainted with the sanitary inspector and the vaccinator than the sales tax or income tax official. With the rapid urbanisation new and complex problems arise of education, health, housing, sanitation, maintenance of civic disciplines etc.

From the administrative point of view, it is important that the civic services which any community of
people would need are planned, programmed and integrated in terms of region or area inhabited by them. Local self-government involves distribution of responsibility on the territorial basis. It is necessary because the nature and magnitude of different requirements and services tend to vary from area to area. This enables state governments to concentrate on the larger issues of the country. However, an overall monitoring of the activities is essential on the part of state governments. At times it may be required to intervene and if necessary come to the assistance of local bodies to overcome problems of institutional, technical and management procedures and practices.

The local self-government is a well established instrument of political education. It mostly concerns itself with tangibles ——- park, water supply, sewage disposal, educational facilities, health services, roads, lighting etc. In view of the functions performed, members of local bodies are given the opportunity to become action oriented. Britishers introduced these institutions as the training ground for politicians and they handed over first the local administration for the convenience of the administration which unobtrusively signalled Indians to enter the administration of the country. During the last days of British Raj Pheroz Shah Mehta, Chittaranjan Dass and
Satyamoorthy stood up as the champions of municipal liberty and lent dignity to municipal policies. These public spirited men looked upon municipal bodies as avenues of services. They stressed the cultivation of sense of responsibility through participation in these bodies.

Further, since the functions are performed within a restricted locality, each person sees for himself how the local tasks are being performed by the local council. This facilitates active participation of local representatives in the administration of the community and also enlist the interest, cooperation and support of the local people. The people of the locality also serve as critiques and influence the action of their representatives on the local board. This provides for healthy interaction between the administration and the local people. Being closest to the people, local self-government is easily accessible to them, and people can generally expect to exert influence to a greater degree on it than on the remote state or central governments. Decentralization of areas of administration pave the way towards a better understanding between citizens and officials.

Local self-government ensures two-way communication between the state government and itself. Desires and aspirations of the local community are articulated and carried
upward to the state government. The plans and programmes of the state and central government, after taking into account their views, are submitted to local bodies for necessary action. The relationship is thus, participative and not bureaucratic, though it often tends in the latter direction which needs to be safeguarded against. In the times of emergency local bodies act as the field post of the distant centre, transmit national decisions to farflung aras. It also mobilises the people for national tasks and keeps the centre informed about happenings in the locality.

These local bodies contribute to the resilience, strength and richness of democracy by promoting diversification of political experience, and by setting itself as yet another centre of civic activity through democratic action. In countries where the organs of local self-government are under the thumb of the central authority, although the efficiency of administration may be greater, the political character of the people in general will be weak; it will be apathetic for long periods. On the other hand, a country of strong local self-government may be expected to function satisfactorily in the long run—learning from experience and taking initiative instead of helplessly looking up to the higher authorities for succour. This would contribute to the democratic process, self-reliance and intelligent harmonisation of the relationship between the centre, state and local bodies.
Local finance is the life blood of local self-government. Ursula Hicks stoutly emphasized the growing importance of local finance. She states, "Local self-government is the engine on the path of development. This engine requires fuel to run. Ultimately the fuel, that is, local finance becomes the core of the problem of local self-government.

Local or municipal finance plays an auxilliary role in the finances of a developing nation like India, provided the mobilization of local resources is systematically organized in arousing local enthusiasm. National and local finance can supplement each other. The successful conduct of local affairs affects to a great extent, the working of the whole economy.

According to K.K. Shah, Ex-Minister of Health, Family Planning, Works, Housing and Urban Development, "The interest in local finance and in local administration has grown. The building up of social over heads so necessary for development in the real sense cannot take place fast enough unless the local bodies are entrusted with the responsibility."

Prof. Gyan Chand rightly stressed the need and importance of local finance in the context of national life. He regarded local finance as interwoven with the entire
national life and the remaking of national life bases itself on the re-orientation of local finance. Similarly, the Taxation Enquiry Commission has viewed local finance as the crucial problem of civic bodies.

In the advanced countries of the world local finance plays a major role in the political, economic and social life of the people. The outstanding examples are those of New York (USA), Paris, Tokyo, Berlin and London which have their well developed local self-governing institutions. In addition to the normal functions the widest authority of police-maintenance of local bodies, they also exercise authority in the matter of maintenance of civic order and the police force function under their direct jurisdiction.

HISTORICAL BACKGROUND:

Modern local self-government in India is of British origin and had lacked, until recently, the impact of indigenous customs and institutions. Early British rule which persuaded a policy of excessive centralization (upto the Crown) had to modify it subsequently. They realized the necessity of relieving the over-burdened departments of the central government which had assumed the responsibility with state and local administration who were being used merely to carry out the behest of the central government.
Britishers established a system of local self-government entirely different from that of traditional Indian systems. Sir Josia Child introduced modern local self-government on the British lines by a Charter at Madras in 1687; one and half century before the same Charter was introduced in Manchester (1842).\textsuperscript{11} It was not intended to hand over the administration of civic bodies to Indians. Keeping in mind the convenience of administration of a vast country they had no alternative but to decentralize authority to local bodies. The Directors with the consent of the Crown advised the setting up a municipal corporation for the presidency town of Madras, observing that, "The people would more willingly and liberally disburse five shilling towards the public good being taxed by themselves, than six pence imposed by our despotic powers (notwithstanding they shall submit when we cause".\textsuperscript{12} They accordingly handed over municipal administration to local bodies and thereby to secure public participation in day-to-day administration.

This approach has been followed by even smaller countries like Brazil, Venezuela, Poland, Turkey, Srilanka and Burma to secure public participation, so to say, in day-today administration.\textsuperscript{13}
The course of development of local self-government from the commencement of British rule upto the achievement of Independence may be divided into four distinct phases. The first phase began with the establishment of municipal corporation at the presidency town of Madras in 1687. In 1882 Lord Ripon issued his famous Resolution on Local Self-Government. The second phase covers developments since 1882 until 1919 when the Reforms of 1919 made local self-government a transferred subject. The third period extended upto 1935, when the grant of provincial autonomy gave a further impetus to the development of local self-government. The fourth and final lasted until 1950 when the Indian Constitution came into effect. These four phases of the evolution of local self-government in India may now be reviewed in somewhat detail.

The First Phase -

A beginning of local self-government may be said to have been made in 1687 when for the first time a local self-government was set up for the township of Madras. In the earlier stages efforts were directed to developing local bodies in the presidency town of Bombay and Calcutta and in the later stages it gained currency in smaller towns of administrative significance like hill stations viz, Mussorie (1842), Nainital (1845), Dehradun (1857) and for the military
point of view like Bareilly. These bodies were primarily empowered to levy taxes for constructing a guild hall, a jail and a building for the school, and such other buildings, construction of which were deemed to be essential for rendering services or for prestigious purposes. Revenues were also to be utilized for administrative expenses, including salaries of the municipal personnel and school masters.

A statutory base was given to these bodies in 1793. The Charter Act of 1793 established municipal administration in three presidency town of Madras, Calcutta and Bombay by authorising the Governor General of India to appoint Justices of Peace in these three towns. These Justices of Peace were authorised to levy taxes on houses and lands to provide for scavenging, police and maintenance of roads. The municipal administration was extended to the district towns in Bengal in 1842, when the Bengal Act was passed, which enabled the setting up of a town committee for sanitary purposes upon applications made by two-thirds of house holders in a town. This Act however, proved to be an abortive attempt. As taxation was to be direct, it encountered resistance everywhere to the setting up of municipalities. Once the scheme was voluntary, no town came forward to establish such a body. In 1870 Lord Mayo's Resolution,
which advocated a measure of decentralization from the centre to the provinces, emphasised the desirability of associating Indians in administration and indicated the municipal government as the most promising field for this purpose.

Thus, local self-government was introduced more as a measure of strengthening British rule in India by inducing the cooperation of Indians, rather than self-government of the people. The taxation Enquiry Commission (1953-54) correctly points out; "It was the need for the association of Indians with administration (in order, for one thing, that taxes could be more readily imposed and collected) that prompted the early British Indian Administration to embark on the introduction of local self-governments in the country. The Resolution of Mayo (1870) on financial decentralization also visualised the development of local self-government, but this was subordinated to the need for tapping local sources of revenue and of effecting economy by decentralized administration.

Since these institutions were dominated by the Britishers. Accordingly, most of the Indian population remained deprived of true participation in their functioning. Until 1881, eighty percent of municipalities were nominated bodies. They were to a large extent neither local nor
The dominant motive appeared to be to provide relief to the Imperial Treasury by raising funds through local taxation.

**The Second Phase -**

Lord Ripon's historic Resolution on local self-government of 18th May 1882 marks the beginning of a new chapter in the history of local self-government in India as it laid the foundations of the system that exists in present day India. According to the Taxation Enquiry Commission (1953-54), "It was Lord Ripon's Resolution of 1882 that paved the way for the development of local self-government specially in urban areas, with the accent on local self-government." 17

Lord Ripon's Resolution enunciated the following principles which were henceforth to inform and guide local self-government in India:

1. Local bodies should have mostly elected (2/3) non-governmental members and chairman.

2. The State control over local bodies should be indirect rather than direct.

3. These self-governing bodies must be endowed with adequate financial resources to carry out their functions. To this end, certain sources of local revenue should be made
available to the local bodies which should also receive suitable grants from the provincial budget.

4. Local self-government personnel should operate under the administrative control of the local bodies. The government personnel who are deputed to the local self-government must be treated as employees of the local government and subject to its control.

5. The Resolution of 1882 should be interpreted by the provincial governments according to local conditions prevalent in the provinces.

The reforms proposed by Lord Ripon were significantly whittled down by the provinces which enjoyed the freedom to interpret the Resolution according to local conditions.

Another significant feature of the period of was the publication of the Report of Royal Commission on Decentralization in 1919. It made recommendations for the establishment of municipalities in urban areas. Municipalities were given the necessary authority to determine the taxes and to prepare their budgets after keeping a minimum reserve fund. The provincial government sanctioned grants in-aid for public works, water supply, drainage schemes etc. The responsibility for primary education rest with the municipality and if it so desires and if resources permit, it may spend some amount on secondary schools also.
The Third Phase -

With the out break of First World War the British Government felt it necessary to gain support and cooperation from the people in India. The Britishers accordingly endeavoured to seek increasing association of Indians in every branch of administration. It also indicated that there could be gradual development of self-governing institutions with a view to progressive realization of responsible government in India. This marked the beginning of a new era. The Government of India Act of 1919 was enforced in 1920 to lead the country towards this goal. Certain functions which were of developmental nature like local self-government, agriculture and cooperation were transferred to the control of the popularly elected ministries at the provincial level. They would be responsible to the legislature and elected on the basis of a wider franchise. This period witnessed a series of amending Acts on local self-government in every province. Men like Nehru, Patel and Purusattam Dass Pheroze Shah Mehta, Chittaranjan Das and Satymoorthy felt the need of Local Self-Government and entered the municipal councils and gained insight into the functions of democratic institutions. It was observed that while democratization of local self-government became a well established fact, certain unwelcome features also raised their head. Favouritism and nepotism gradually emerged with local politicians asserting their newly acquired powers, local civil
service came under the influence of local politicians and administrative efficiency tended to decline. Nehru—who was the chairman of the Allahabad Municipal Board in 1924–25—expressed, "Whatever the reasons, the fact remains that our local bodies are not, as a rule, showing example of success and efficiency though they might even so compare with some municipalities in advanced democratic countries. They are not usually corrupt; they are just inefficient and their weak point is nepotism, and their perspective are all wrong—-There is no mass educational system, no effort to build up public opinion based on knowledge. Inevitably public attention turns to personal or communal or other petty issues."

The Fourth Phase -

The Government of India Act 1935 gave impetus to provincial autonomy. The national movement for independence was also reaching new proportions. With the growing strength of the national movement and the achievement of provincial autonomy, local self-government in India ceased to be a mere experiment. It became, indeed, a constituent part of the democratic administrative structure of the country. Although local self-government had become well established by now certain deficiencies and drawbacks from which it suffered also came to the surface and called for urgent attention. Accordingly, during this period the provincial governments launched investigations into the workings of
these institutions with a view to making them effective institutions for conducting local affairs. The Central Provinces set up an Enquiry Commission in 1935, the United Provinces in 1938, and Bombay in 1939. Although the recommendations of the Municipal Enquiry Commissions were unevenly carried out in various provinces, there was a definite trend towards democratization of local self-government by the abolition of the system of nominations. Also, the deliberative and executive functions were separated to improve administrative efficiency.

The Independence of the Country in 1947 ushered in a new period in the history of local self-government in India. With the termination of alien rule self-government functioned at all levels...... central, state and local. The local self-government was, thus enabled to function for the first time under an atmosphere of national aspirants. In 1948, the ministers of local self-government in the states met under the chairmanship of Central Minister of Health. This was the first meeting of its kind. The chairman of the Conference observed: "I believe this is the first time that the Government of India has called a conference....... of those responsible for the conducting local self-government. The subject of local self-government is of such vital importance to the general well-being of the people that I felt it would be definitely beneficial if a forum could be provided where those responsible for this important arm of the administration
could meet to exchange ideas and discuss problems of common interest.  

**Post Independence Period**

Independence opened a new chapter in the socio-political reforms as embodied in the Directive Principle of the State Policy enunciated in the Constitution. A federal system of public administration established universal adult franchise was adopted and the concept of welfare state was accepted. Article 40 of the Constitution of India say that the State should take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.

During the post Independence period the rural sector received priority attention of the Government. Administrative reforms have been introduced in the form of Panchayat Raj, Zila Parishad etc... in the rural areas and also large powers have been delegated to the local bodies in rural areas.

As compared to the dramatic changes in the rural sector, the development of urban local self-government was relatively slow and unimportant. Local Finance Enquiry
Committee in 1952 and the Taxation Enquiry Committee in 1953 were set up to examine the status of local finances of urban local bodies. It is only more lately that urban local self-government attracted the attention of the Government of India. The Third Five-Year Plan took note of the significance of urban local government and stated, "In the next phase of planning, urban areas, with a population of one lakh or more, should come into the scheme of planning in an organised way. Each state was expected to mobilize its resources and to create conditions for a better for its citizens."

Many state governments set up committees to enquire into the functioning of local institutions and to suggest remedial measures. The Central Government also appointed committees to this end. Maharashtra, Madhya Pradesh, Punjab and Gujrat constituted committees to examine the functioning of urban local bodies and reforms. The Central Government has itself set up the following committees to report on urban local self-government.

(a) Local Finance Enquiry Committee, 1951.
(b) Committee on Training of Municipal Employees, 1963.
(c) Committee of Ministers on Augmentation of the Financial Resources of Urban Local Bodies, 1963.
(d) Rural-Urban Relationship Committee, 1966.
(e) Committee on the Service Conditions of Municipal Employees, 1968.
LOCAL SELF-GOVERNMENT IN OTHER COUNTRIES:

Almost in all the countries of the world there is some type of local administration for a particular area. It is well known fact that control and administer satisfactorily from a distant countries which are big in size, and whose jurisdiction cover areas which vary in culture, language and local needs is difficulty.

Generally, we find four basic patterns of local self-government in the world today; the French, the English or Western, The Soviet and Traditional. These do not have a uniform pattern. In some places there is a combination of two patterns and others share features of more than two or three but they essentially operate in the main in accordance with the characteristic features of one of them only. For example, the Turkish feature is not exactly that of France, but it belongs to that category. The same case is in communist countries. The Yugoslavia is much more decentralized than U.S.S.R., but unmistakeably both are communist in nature.

Undoubtedly, the Soviet pattern indicates a closed economy and centralized in practice. However, Soviet administration with all its revolutionary and socialistic
institutions and practice has borrowed much more from nineteenth century continental Europe. The most ancient civilized countries like Greece and Rome had established Greek city-state and Roman municipalium when Europe was still in 'darkness'. But with the passage of time both of them lost their own characteristics.

Therefore, at present all the local self-institutions in the world have their roots in Western or traditional pattern. Except for the traditional ones local self-government is a product of western civilization, particularly urban local self-governing institutions, whether they are municipalium, or borough or commune or soviets.

United Kingdom -

All the big towns in England and Wales except London have a county. Scotland has its own form of local government which differs from other bodies in several respects. The county borough form was deemed suitable for large, wealthy, independent and energetic towns imbued with a sense of community.

Japan -

The local self-government is carried on by local representatives of the central government, the cities or
commune derive their powers from the central government. The system of administration in Tokyo seems to have been copied mainly from New York.

France -

The French local self-government is based on two territorial units, the commune and the department. In the commune there is one elected municipal council with one elected Mayor to enjoy all powers of decision in all matters of local nature. Mayor is authorised to issue police ordinance for regulating the activities of the citizens.

U.S.A. -

The fundamental principles and institutions of local self-government are common throughout the U.S.A. Broadly speaking there are several major classes of local self-governments in U.S.A. The municipal corporation of New York alone and its annual budget is more than that of many Asian and Latin America Countries. The municipalities consist of half of the population of the States. The functions of U.S municipalities are the same including the maintenance of the police administration. A municipality of 5,00 persons may be capable of operating a water supply system in an efficient and economic manner. Municipal Housing is another major function of U.S. municipalities. A sizeable portion of municipal revenues is accounted for by house tax or estate duties.
References:


2. Encyclopaedia of Social Sciences, Vol. IX-X, p.574


5. Constitution of India, Article 40, Government of India.


7. Hicks, Ursula, Development from Below, Oxford University Press, 1967, p.167


10. Foot Note - Traditional Local Self-Government in most places, may be reckoned in terms of a chief, a village head or some kind of local leader, either acting as a sole authority or more often assisted by a council of elders. The power structure is in terms of an extended family, clan, tribe, religion, elite or economic class. The functions of government are consonant with the cultural stage of people, and the jurisdiction is limited
to a village or group of people in a local contiguous geographic area. This is similar to village panchayat in India.

11. Tinker, Hugh, *Foundation of Local Self-Government in India, Pakistan and Burma*, Lalwani Brothers, Delhi, 1954, pp 333 -334


14. Ibid, p. 25


21. planning Commission, Third Five-Year Plan, Preamble of the Plan, Government of India


23. Ibid, p.1

24. Ibid.
CHAPTER - 2

THE STRUCTURE OF LOCAL ADMINISTRATION AND ITS ACTIVITIES

- Organizational Set-up at Centre Level
- Municipal Act of U.P.
- Functions of The Municipalities
- Financial Resources of Municipalities
- Local Finance, Income Elasticity and Flexibility of Local Finance
- Relationship between Local Bodies and the State Government
CHAPTER - 2

THE STRUCTURE OF LOCAL ADMINISTRATION AND ITS ACTIVITIES

ORGANISATIONAL SET-UP AT CENTRE LEVEL:

Urban local self-government falls within the jurisdiction of the States. It is created, sustained, regulated and abolished by the States. While local self-government does not constitute the direct responsibility of the central government, the central government provides financial assistance and consultancy services. Therefore, a description of the central and state level organizational set-up for dealing with affairs relating to local self-government is required.

The central government serves as a clearing house of information and topics relating to local self-government both at home and abroad.

As was to be expected, there are some notable variations in nomenclature, pattern of urban local bodies and its working in various states. Yet there is an unusual degree of uniformity in the system of urban local self-government in
the country. This is so because historically local self-government in India is a product of an exceptionally centralized administration. Under the present Constitution of India, it had been shaped by centralized administrative planning. The centre government is called upon to perform certain functions with regard to these local bodies.  

The central government has a responsibility for ensuring that information on important developments and activities of local self-government is made available to others. It carries out a corporative study of the different system of local self-government prevalent in the country and communicate the findings to the states. This is a function which the central government alone can perform.

The central government has the ultimate responsibility of ensuring that the system of local self-government, as accepted at the governmental conferences, is implemented by the states. Ultimately, the central government is the only authority in the country which can point out to the state governments the latter's errors and lapses in dealing with local bodies. No other authority in the country can bring to bear the same degree of moral pressure on the state. There is also the need for a separate organization at the
central level which can speak for the local government when various policies of central ministries imping upon local self-governmental functions.

At the central level urban local self-government constitutes the charge of the Ministry of Works and Housing. In the beginning the stress was on the improvement of local sanitation. If thus became the responsibility of the Ministry of Health as in the case of Britain where the responsibility for local self-government was assigned to the Health Ministry. The Ministry of Health was looking after both urban and rural local self-government in India till 1958 when the latter was separated from it and came under the charge of new Ministry of Community Development. In January 1966 a part of urban local self-government, namely urban development was made the responsibility of the Ministry of Works, Housing and Urban Development. In 1967 the subject of urban development was transferred back to the Ministry of Health which carried a rather longish name, the Ministry of Health, Family Planning and Works, Housing and Urban Development. At present local self-government receives the attention of three separate Ministries at the central level viz., Works and Housing, Health and Family
Welfare and Education. Since 1973 the Ministry of Works and Housing deals with matters relating to urban local self-government water supply and sewage and drainage. The Ministry of Health and Family Welfare continues to deal with public health and sanitation, areas with which local self-government intimately concerned. Union Ministry of Education looks after matters relating to education.

It should be pointed out here, that the central government exercises direct control and supervision over urban local self-government in the Union Territories of Delhi, Andaman Islands, Goa, Daman and Diu, Dadra and Nagar Haveli, Pondichery and Lakshdeep Islands. In other words, the central government is to the local self-government in these Union Territories what the state is to the local government in its territory.

At the central level, it is Ministry of Works and Housing which deals with the following subjects and organizations in sphere of local self-government:

1. Central Council of Local Self-Government
2. Town and Country Planning Organization
3. Improvement Trusts
4. Training of Municipal Government Personnel
5. All India Mayor's Conference
6. Urban Community Development
7. Advising the Ministry of Home Affairs on matters relating to local self-government in the Union Territories.

1. Central Council of Local Self-Government

The Council was constituted by an order of the President in 1954. It consists of the central Ministers for Health (as chairman) and local self-government in the states. Since 1958 it deals with urban local self-government only. Its meetings were proposed to be held once in a year. The Council is an advisory body. Its functions are to consider and recommend broad lines of policy in matters relating to local self-government in all its aspects; to make proposals for legislation on matters relating to local self-government, to draw a common programme of action; to make recommendation the central government regarding all the allocation of financial assistance to local bodies and to review the works accomplished in different areas with such central assistance.

2. Conference of State Ministers of Towns and Country Planning

The Ministers of towns and country planning in the states also meet annually under the chairmanship of the Central
Minister for Health. The Conference has been convened annually since 1960. The conference deliberates on matters relating to regional and urban planning and seeks to promote coordination between the central and state government in the formulation and execution of such plans.

3. All India Council of Mayors -

The Council is a forum of the mayors of the corporations in the country. The Central Minister for Health usually presides over its meeting which normally takes place annually. It has been meeting since 1959. The council discusses subjects such as delegation of additional powers to mayors, improvements in the functioning of the corporations; appeals in specified matters from aggrieved citizens; enable effective control over the executive wing, grant of emergency powers to mayors.

At the state level, local self-government Department is responsible for urban local bodies. However, a number of departments deal with subjects which are the direct concern of the urban government. This department has the powers of making regulations; obtaining information;
Minister for Health. The Conference has been convened annually since 1960. The conference deliberates on matters relating to regional and urban planning and seeks to promote coordination between the central and state government in the formulation and execution of such plans.

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sanctioning taxation and loans, approving budgets of indebted municipalities, auditing accounts; establishing qualifications and salaries of local resolutions were they are likely to effect from place to place and order; action in default appeals in specified matters from citizens aggrieved by local decisions and deciding disputes between municipalities. The functional departments in the secretariat administers the various components of urban economic development. Thus, water supply, drainage and sewage, road construction, clearance etc. ....... are being dealt with by respective functional departments. As is to be expected under such an arrangement urban affairs do not get viewed as an integrated function. Consequently there is a haphazard and piecemeal development bearing the imprint of lack of coordination.

MUNICIPALITIES ACT OF U.P.:

Since subjects relating to urban development figure in the state list, it is the state government that decides which specific subjects be earmarked for local self-government activities. Thus, municipalities derive their powers from respective state Acts. The U.P. Municipal Act of 1916 is the second oldest Act in the municipal history of India. Only Punjab (which at the time included Haryana and Himachal Pradesh) Municipal Act was an eastern version.
However, the U.P. Nagar Mahapalika Adhiniyam 1959 appears to be the only statute which may be considered progressive and forward looking.

The present U.P. Municipalities Act of 1978 still retains old features. A modification of the Municipalities Act was introduced by Sir Josia Child in 1687. From 1687 it underwent many changes. Actually the Act X of 1842 provided the first formal measure of municipal organization. The Act was enforced in two hill stations at the request of a European, first in Mussorie in 1842, then at the request of Mr. Byer—a resident of Shahjahanpur in Nainital in 1845.

It is felt that municipal laws framed several decades ago are now inadequate and fail to respond to changed requirements. Urban laws need to be modernised. A better awareness of the need for planned and regulated urban economic development, however, has not yet manifest itself in the state.

The state has lagged behind in their urban consciousness is evinced by their not entrusting the function of town development to the municipal government. U.P. has put the subject of Improvement Trusts squarely on municipal government. Improvement and expansion of a town is as much a municipal function as any and it is but one of the many other equally
important functions which a municipal government is under an obligation to perform.

FUNCTIONS OF THE MUNICIPALITIES:

The main function of the municipalities or other local bodies is to provide civic and municipal amenities to the people living within their area of jurisdiction. Different Municipal Acts have laid down definite power and functions of these municipalities. These are required to act according to the provision of these laws. If they do not do so their authority is available to be quashed and suspension ordered.

Municipalities have to discharge two types of functions, obligatory and optional.

The functions that the municipalities have to perform compulsorily are called obligatory functions, while the functions about which the municipalities have the freedom to perform or not, are called optional functions or discretionary functions.

The obligatory functions that every municipality has to perform are: public health; public safety; public
conveniences, medical relief; medical facilities; public
works like lighting, water and cleaning the streets;
construction and maintenance of public streets;
construction and maintenance of public streets; regulating
the offensive and dangerous trades; slum clearance;
maintenance and upkeep of burial grounds, market places,
slaughter houses, public latrine, sewers, bathing and
washing places, tanks, wells etc; providing public drainage
and allied facilities; providing drinking water facilities
to people; registration of births, deaths and marriages;
public vaccination, establishing and maintaining public
hospitals and dispensaries; education especially primary
education. This function includes establishing, opening
and maintaining of primary schools; construction and
maintenance of public buildings, bridges etc; town planning
and regulation of the construction of buildings; drawing
plan for the development of the city.

Optional functions are discharged at the sweet will
of the municipalities. Nobody can force them to discharge
these functions as establishing and maintenance of public
parks, gardens, libraries, museums etc; establishing
and maintaining homes for discarded and destitute women,
lunatic asylums; establishing and upkeep of halls, offices,
dhamshals, rest houses and other public buildings; 
furthering educational programmes other than the primary 
education; planting and maintaining road-side and other 
trees; survey and destruction or stray dogs and controlling 
stray animals; establishing and maintaining dairy farms, 
breeding studs; making arrangements for other educational 
social and public safety measures; holding fairs and exhi-
bitions and carry out other programme for cultural and 
educational upliftment of the people.

FINANCIAL RESOURCES OF THE MUNICIPALITIES:

As urban local self-government carries the word 
'government', it must be clothed with authority to levy and 
collect taxes just as any other government. But a vital 
distinction exists between urban local self-government and 
higher levels of government. The former is non-sovereign 
and the powers of taxation that it enjoys is by no means an 
original one, derived from the Constitution itself. The latter 
is at liberty either to add or subtract from the list of 
taxes that have been approved at a given moment transferred 
to the urban local self-government.

The U.P. Municipalities Act, 1916 authorised the 
municipalities to impose the taxes; a tax on the annual value 
of buildings or lands or both; a tax on trades, calling and
vocations; a theatre tax; a tax on vehicles other than motor vehicles, and other conveyance plying for hire; a tax on animals; a tax on dogs; a tax on vehicles and other conveyance and animal; a tax on circumstances and property; a water tax; a drainage tax; a scavenging tax; a conservancy tax; a tax on deeds of transfer of immovable property.9

In the post Independence years, the Local Finance Enquiry Committee examined the question of a separate list for urban local self-government.10 This Committee recommended a list of thirteen taxes for the exclusive utilization by or for these bodies. Out of these thirteen taxes, one from Union List and other twelve from state list, were earmarked.11 The Committee however, did not think it necessary to recommend inclusion of this list in the Constitution but favoured instead a convention to grow and govern state action.

The Taxation Enquiry Committee strongly recommended a list of ten taxes to be reserved for urban local self-governments.12 It dropped three item i.e. terminal tax, tax on lands and buildings and tax on vehicles other than those mechanically propelled and suggested the urban local self-government be permitted to become financially self-dependent the state government must extend helping
Zakaria Committee gave up the break up of the income of all urban local self-government in India during the year 1960-61. It estimated 46 per cent was accounted by municipalities 52 per cent by the notified area committees and 2 per cent by town area committees. This is exhibited in the chart. It is noticed that the average revenue and expenditure varied from ₹0.51 lakhs and ₹0.50 lakhs in 1960-61 respectively.

The ordinary income of the municipalities may be classified into three broad categories viz. tax revenue, no-tax revenue and grants. Tax Revenue includes income derived from all taxes levied by municipalities and also the shared revenues in state taxes which are being received by them. The non-tax revenue comprises of income from fees, price for any service rendered by the municipalities, rents from the municipal property, receipt from remunerative enterprise and other miscellaneous sources incidental to the powers and functions which are vested in the municipality. Grants are sanctioned by the state governments for removing the revenue and expenditure gap and sometime for specific purposes like construction of roads, repairing and purchases of costly conservancy appliances.

According to the survey conducted by Zakaria Committee the urban local self-government derive about 66 per cent of
their ordinary income from tax revenue about 21 per cent from non-tax revenue and about 13 per cent from grants, the corresponding figures for all state governments being 62 per cent 26 per cent and 12 per cent respectively. 17

A comparison of the financial structure of urban self-government and state government indicates that the former are relatively more dependant on tax revenue and less on non-tax revenue. The only remunerative enterprise left for the exploitation of the urban local bodies are markets, slaughter house etc.

Property of House Tax

Some municipalities are generally levying this tax other than on the property of central government, state government, railway stations, schools, college and places of worships. In many municipalities this tax is not levied at all. 18 As a consequence these municipalities are not able to raise their revenue for the services provided to the citizens. The following taxes are also grouped together under the U.P. Municipalities Act and called as house. 19

i) Drainage tax;

ii) Scavenging;

iii) Conservancy tax;
iv) Street light tax;

Generally the tax is assessed on the basis of the rental value of the building.

2. Tax on Profession, Trade, Calling and Employment -

This tax is more common in smaller municipalities where direct tax does not yield much revenue. In U.P. this tax has two slightly different variants. One is a tax on such trades and calling as derive some special advantage from or impose a special burden on the municipal services while the other is a general tax on trades, callings and vocations including employments remunerated by salary or fee. The former category covers weighmen and peddlers, sugar refiners, sugarmerchants, cloth merchant, tobacco growers and potato growers. The tax in these cases is based on several different criteria. For instance, in the form of licence fee which in the case of sugar refiners, is assessed according to the amount of Rab imported into the municipality or on the basis of sheds, while in the case of potato growers and tobacco growers it is assessed on the basis of profits accruing to a person and is subject to the maximum limit of Rs.250/- per person. This limitation has circumscribed the scope of the tax considerably. The yield from this tax in U.P. was 1.5 per cent of the total tax revenue in 1960-61.
3. **Theatre or Entertainment Tax**

The municipalities were empowered to levy this tax in 1964 through an amendment in the Municipalities Act, 1916. But only few municipalities have imposed it so far. However, the realization of this tax was staged for a considerable long time by the courts on account of litigation by the cinemas and theatre and exhibitions. For purposes of this tax, cinemas and theatres have been divided into two categories. Grade I, cinemas are those whose annual value is Rs.10,000. The rest fall in Grade II. The present rates of the tax are Rs.5/- per show per day for Grade I and Rs.3/- per show per day to Grade II cinemas.

4. **Tax on Vehicles other than Mechanically Properlyled**

This tax is discretionary in municipalities but mandatory in corporations. The cycle, rickshaw, hand carts, driven by bullocks and hand driven thelas are taxed by the municipalities. It is alleged that in the municipalities more than 50 per cent cycles and rickshaws plying on the road are not taxed.

5 & 6. **Tax on Animals and Tax on Dogs**

It earns negligible amount. The fee is collected and metal token is issued by the municipalities to the owners of the pet.
7. **Toll on Vehicles, other Conveyances and Animals**

A toll is levied by the municipalities on vehicles other conveyances and animals entering into their area. The toll is mainly levied in the hill stations attracting tourists and in some pilgrims centre. So it was also mentioned as pilgrim tax in many municipalities like Hardwar, Nainital, Almora and Ranikhet.

The rate is generally specified per head load, cart load, or truck load irrespective of the goods carried on their weight or value. This is considered an important complements of terminal tax.

8. **Octroi**

Octroi is the oldest, most popular and most remunerative tax in India. It is levied on the goods entering municipality area on the basis of weight or sometimes advalorem. It may be said regressive tax as the weight increases its value does not increase proportionally. It is generally received at the out post of octroi at the entrance of municipal area.

The critics on octroi out the short comings of a certain amount of inconvenience to the trader and also avenue for bribery and corruption among the staff.
9. **A tax on Circumstances and Property** -

Although the law provides for imposition of this tax, its exploitation by the municipalities has been negligible.\(^{24}\)

10. **Water Tax** -

In addition to the house tax, a water tax is charged for the consumptions or water above a fixed limit of consumption (in case of Shahjahanpur city board limit is 3600 litres). In municipalities where no house tax was levied a water tax was charged for the whole consumption of water. Here, it should be kept in mind that water tax is a new item in U.P. Municipalities. It was introduced recently all over India, particularly in U.P. and after 1960 in most of the municipalities. Not it covers a large portion of population, served by public taps, domestic purposes and used in factories. This tax is more remunerative and of long duration. Water used for commercial revenue and may be put second most remunerative item in the tax revenue list.

*Drainage, Conservancy, Scavenging* taxes are put in the house tax column. They do not have a separate identity and are collected with the house tax.
A tax on goods imported into and exported from any Municipality; now has been deleted from the tax revenue list.

A tax on deeds of transfer of immovable property -

The above tax was provided in both the enactments but with the enforcement of U.P. Housing and Development Board Act 1965 (U.P. Avas Vikas Nigam) the tax has been transferred to the Development Authorities of the respective area. Since the above Act now extends 74 towns besides the KAVAL towns, i.e. Kanpur, Agra, Varansi, Allahabad and Lucknow, a sizeable number of urban local bodies have been deprived from utilizing this source of revenue.

Non-tax Revenue -

Next comes non-tax revenue as a constituent of total revenue. It would include earning from certain remunerative activities like leasing out of lands, buildings and plots etc. It would also include fees, fines are payments for certain services. Another non-tax income the urban local bodies consists of loan and advances. A local body may borrow from the state government. Such loans are taken when, in the normal course of time-grants are inadequate to meet the expenditure of a local body.

In view of the limitations of local taxable capacity, invitable as well as imposed, non-tax revenue assumes
substantial importance in local finance in our country. The trend is to allow local bodies to derive benefits of the income from trees on government lands and fishery income from the government tank. Schemes like the raising of fruits or fuel plantation in Government lands or the raising of babul trees in tank beds are also designed to this end. 25

Local bodies may also run some remunerative enterprises. In England they maintain a variety of such enterprises including gas, electricity distribution and saving bank etc. Ordinarily, certain types of remunerative enterprises stemming from the obligations of the local body can be started without difficulty but these services in U.P. have been undertaken by state government before our study period. Remaining remunerative services undertaken by local bodies in U.P. are construction of market, holding fairs and exhibitions advertisement other than paper.

The non-tax revenue of local bodies differs from one to the other as much as does the tax revenue. Notwithstanding, these may be, too, be some important sources of non-tax revenue which are available to bigger city-boards or corporations. They are designated differently by local urban bodies. For instance, in the city board of Bareilly "sewage" receipts are put under miscellaneous items.
For the sake of simplicity we categorise only the major items. Broadly, there are five items of non-tax revenue excluding grants provided a separate description.

First of them is 'income under special act. It gathers less amount in all the municipalities in U.P. It collects revenue under this item from the pounds and hackney carriages. These pounds keep captured stray for animals, roaming on road and harming the property of other citizens. They are penalized, if the penalty is not paid, the animals are auctioned in public.

Unmistakeably rent of land, houses, sarais (rest houses) Dak Banglows etc. and revenue from markets and slaughter houses, account for the largest share among non-tax revenue. These provide scope for raising additional revenues. Almost every municipality has undertaken the building work of municipal market and most of them have acquired shops in the market. They receive rent though less than the current rate, and lend their property on lease basis. Some municipalities used to exercise temporary permission to stand stalls (hoka) for daily business purpose.

Apart from the above sources, every municipality receives considerable income from slaughter houses,
maintained under them. They administer the number of animals to be slaughtered every day and ensures that they are disease free. Considerable importance is given to this aspect and a permanent representative checks the animals at the slaughter houses.

The municipalities also collect funds from the educational and medical institutions in the form of fees paid by the pupil and patients respectively. As a matter of fact these types of revenue are minor in the sense that they are nominal charges and aggregate to a very small figure. In the case of the city board/Shahjahanpur it ranged from Rs.1000 to Rs.12000 during the study period. However, registration fees for the birth accounts for a number countable on tingers.

Fairs and exhibition to some extent swell the revenue of non-tax revenue but every municipality never become as Aligarh, Meerut and Rampur which undertake a colourful exhibitions.

Thus, rents on land accumulate the largest receipts among these items.
Interest on Investment and Extra-ordinary and Debt -

Municipalities borrow from the state government within limits on easy rate of interest to match the obligation or to cover the deficit in budget. The former is amount paid in term of loans so that municipalities receive receipts from investment undertaken by them in water projects, sewage disposal and conservancy equipment and later from the withdrawal of saving bank or to sell government security.

These loans can be raised by issuing debantures on the security of immovable property, or on security of any tax, duty, toll, cess, fee and dues which the municipalities has right to levy. It can raise loans for the following purposes: for meeting the cost charges or expenses incurred on such works as provided for under the Act II, for the payment of loans, and debts, and for meeting the expenditure incurred in the fulfilment of the purposes mentioned in the Act. It is worth noting that a loan can be used only for the purpose it is taken.
Miscellaneous -

It comprises of sundry items which do not form a part of any of the specific items discussed above. Further the composition of this item differs both from year to year and from municipality. As such it does not admit of a rigid analysis and comparison.

Grants-in-aid -

Since the municipalities ordinarily raise their resources by levying taxes and taking loans. These resources very often prove quite inadequate as the taxation power of the municipalities is seriously limited due to the fact that the people residing in their jurisdiction are subject to taxes imposed by the central and state government also. It, therefore, becomes necessary for central and state government to give them grants in aid from time to time in order to remove financial difficulties. Incidentally these governments are unable to exercise greater control over the municipalities through grants in aid.

The municipalities revive grants of recurring nature for education, health and medical relief facilities, dearness allowances and roads. For other purpose such as harijan quarters etc. Specific grants indicate the purpose for which they are provided, for instance; roads grants and
education grants. Most specific grants are roads grants. Shared tax or motor-vehicle tax of the state are for the smooth running of roadways, city traffic and for national development schemes. General grants are left to the discretion of municipalities are utilized for sanitation, water works and education facilities.

It has been observed that it is a common practice for municipalities to consider grants as discretionary fund and utilized for objectives considered essential at the time.

Grants are generally non-recurring in nature. Grants must be utilized within the prescribed period. Permission of the state government for the extension of the time has to be sought and obtained failing which the amount unspent has to be refunded to the government.

Zakaria Committee pointed out in its report on "Augmentation of the financial Resources of the Urban Local Bodies" that the state government was receiving larger grants-in-aid from the central government than what they used to get about a decade back. But they in turn did not pass on this increase to municipalities to the desirable extent. These grants to the local bodies in U.P. have been
discretionary in nature and depend on the exigencies of state financial conditions. As a matter of fact the state government itself had been mostly in debts and had been looking for more central assistance to tide over their financial difficulties.

There is really no uniform code for releasing grants to municipalities. Thus, they do not find themselves capable of filling the gap between resources and desired expenditures.

THE LOCAL FINANCE, INCOME ELASTICITY AND FLEXIBILITY OF LOCAL FINANCE:

Having discussed the financial resources of the municipalities, we came to the conclusion that the scope of the municipal taxation is limited. Further, in absence of any constitutional safeguard, the municipal taxation is at the mercy of the state and often the state governments use these taxes for their own benefit.

Even within the existing limitations the municipalities are generally reluctant to utilise their tax resources to the maximum extent possible. All the commissions and committees enquiring into the resources position of the
municipalities have criticised their apathy towards imposition, valuation and collection of the taxes.

The main reason for such a situation is inadequacy of the legal provisions in the municipal legislation. In U.P. Municipalities Act, 1916, the house tax, water tax, scavenging and conservancy taxes which are the most potential tax sources are discretionary. The result has been that a number of municipalities have not imposed this tax at all and where it has been imposed the rate of the tax has been kept low. According to the Report of the U.P. Taxation Enquiry Committee 1969, only 69 municipalities out of 148 were levying this tax and out of this number 46 municipalities were levying at a rate less than 7.5 per cent. In 1975-76 the number of municipalities increased to 173, out of which 143 were levying the house tax, only 24 municipalities were levying conservancy taxes and 17 were not levying any of these taxes. The water tax is being levied by 109 municipalities.

Another reason for the low yield of this tax is the freezing of rent of properties falling under the Rent Control Act. In the case of such properties the controlled rent is taken as fair letting value. It is argued that 'while rent is a payment for housing facility, property tax is a payment
for municipal services. There is no reason why property tax should be frozen, simply because the rents have been frozen.  

The next more important group of taxes for the municipalities is octroi, terminal tax and toll tax. Under the Constitution of India, terminal tax could be levied by only such towns which were levying it before the commencement of the Constitution. All other cities could impose octroi. In U.P., Kanpur happened to be the only city availing of the privilege of levying the terminal tax.

Octroi system has been subjected to the severe criticism and a number of times its abolition has been recommended. The cumbersome procedure for levy, discretion in assessment of goods, administration in the hands of low paid employees, lack of uniformity in rates etc., have been described to be some of the inherent defects of the system. At present the Government of India is seriously considering its abolition. Madhya Pradesh state has already abolished this tax with effect from 31st May 1976.

Out of five corporations, Lucknow and Kanpur are levying terminal taxes, Varansi and Allahabad are levying non-refundable octroi and Agra is levying a toll.
In 1969, sixty one municipalities were levying octroi, seventeen municipalities levying terminal tax and seventy municipalities were levying toll. In 1975-76 thirty eight municipalities were levying octroi, sixty seven were levying toll, fifty were levying octroi and toll both, seven were levying terminal toll, and two municipalities were levying all the three taxes. Six municipalities were not levying any of the taxes from this group.

For some other minor taxes, a tax on profession, trade, calling and employment being discretionary, yield a nominal amount due to the limitation of Rs.250/- per annum prescribed by the Law.

From 1965 onwards, the state government has also been levying this tax, thus depriving the municipalities of additional revenue from this source. The state government however, withdrew its levy in 1971-72.

Likewise a tax on deeds of transfer of immovable property was made available to municipalities in 1964. With the enforcement of U.P. Avas Avam Vikas (Housing and Development Board) 1965, the tax has been transferred to the Board. The municipalities were, thus deprived of this source of income even before they could proceed to levy it.
A remunerative source of revenue may be a tax on vehicles other than motor vehicles and with the increasing demand and rickshaw.

THE RELATIONSHIP BETWEEN LOCAL BODIES AND THE STATE GOVERNMENT

Urban local self-governing institutions in India are under a good deal of external control. Normally, this control is exercised by the central and the state governments. This control is necessary in certain respects and not very much desirable in other respects. Political thinkers and scholars have expressed different opinion on this issue. Some of them have pleaded for the central government while others have opposed it. The control of the state and the central governments is exercised in different forms. These forms also differ from state to state.

In other words, local bodies are seen in Indian practice as administrative agencies of state government requiring the state to perform certain functions. Limited by the state with respect to ways and means, local bodies have rather frequently found themselves in the unfortunate position of subordinate in a chain of command. It required to carry out its functions with insufficient freedom or authority to accomplish its duties successfully.
An important and basic consideration of the healthy, harmonious and abiding relationship between the state government and the local body is the establishment of relationship of partnership rather than of paternalistic one—a relationship wherein both parties are active agents for a common object of strengthening democracy. The frequent use of the technique of supervision all over the country shows lack of positive approach on the part of the state government.

The system of local self-government falls under two broad types. The French or the Continental type is characterized by the decentralization of power. Though Lord Ripon's resolution was based on English liberal and utilitarian philosophy, the actual practice of local government in India was far from it. It never developed as an instrument for nourishing public spirit and developing their intelligence. To most districts officers their material progress mattered more than political education. They would look at the non-official members of the councils merely as impediments while they pushed their plans of development. This tendency is common in systems with bureaucratic overtones. At a divisional level meeting in 1974, a Commissioner stated that municipalities under administration were progressing in the field of tax recovery and execution of work as compared with
the municipalities popularly controlled. He remarked that if administrators succeeded in delivering goods, city voters would demand similar supervision of other municipalities too.

With the inclusion of the subject of local self-government in the state list in the Indian court, the major responsibility of developing these institutions has fallen on the cooperative relationship between the three tier of government, the Union, State, and Local bodies, is essential for proper functioning by the whole system where primary functions are increasing, and involvement is growing. This relationship has assumed greater importance.

This relationship should be one of cooperation between the centre, state and local bodies. As Ursula Hicks has put it, no party should exercise the 'dominant position'! Lord Ripon had long back stated that government control should not be dictatorial but sympathetic in its approach. The logical necessity of local body must never be lost site of as decentralization is synonymous with democracy. The French concept of "tutelage" is operative in federal society.

The plea against control of local self-government cannot be readily accepted. Restricted in their choice of services and the means of maintaining them, standards of
performance is highly varied. Some local bodies have been inefficient and irresponsible. The only solution to this problem may well be the vigilance and central exercised by the upper layers of authority. This must not become an end in itself. Ultimately, it is for the local bodies to exercise their functions independently and effectively without undue supervision or interference.

Local self-governments should be in a position on the raised resources directly. The argument for decentralization is based on "home rule" and local autonomy concepts and is thus an appealing one. However, the decentralization or responsibility opens the door to such a variety of standards or performance as to qualify one's enthusiasm for telling local bodies to "carry the ball!"

Most of the fiscal problems of local governments stem from the rigidity of their revenue system and inflation in the costs of performing their principal functions. The solution of these problems lies, therefore, in reducing expenditure and/or increasing revenues. Reduction of expenditure would result in restricting of the scope of services rendered or efficiency of performance. Local communities will neither accept curtailing of activities of poor performance. It is safe to assume this while reviewing the position of local
bodies and local financing.

Local tax systems have remained static over generations. In U.P. octroi represented almost the sole revenue source of local bodies. Although constitutional restraints are there, these do not explain the lack of initiative and dynamism on the part of local bodies.

Recent expansion in state grants to local body to carry on their more expansive activities promises to continue in future. The state is after all responsible for the performance of these important functions, and can hardly be expected to stand aside while the functions languish in less wealthy or less responsible localities.

For urban economic development the 'ideal' can be achieved only with the help of the state government and other organizations of the local self-government. Standards have to be set up by the higher authorities or specialized agencies. This would ensure better performance in the part of local bodies. Civic amenities and facilities should generally be provided in a uniform manner to all the cities. This can be assured if the institutions of the local bodies is under the overall supervision of the state or central government. This presumption appears to be justified on the basis of experience of the working of local bodies.
Local self-government's field of activity is also limited. They have limited knowledge and experience. Their sources are limited. If they are under the control of the state or central governments, they may get the advantage of the technical knowledge, experience, resources of the state and the central government.

In order to achieve the ideal of the welfare state institutions in the whole of the country shall have to discharge certain duties, that have in fact, national importance. For example, in India Public Health and public sanitation or providing drinking water is a problem of national interest and significance. This problem can be effectively solved only if the institution of the local self-government work according to the requirements of the nation.

Sometimes institution of the local self-governments are captured by certain vested interests. If these vested interests have a free play, they are likely to jeopardise the public interest. If they are under the control of some external agencies, such as state government or central government such a situation can be prevented from arising or curbed in time.

Controls are desirable and follow when financial assistance is extended to local bodies. Central and the state
governments exercise control when they give grants-in-aid in the sense that when these loans and grants-in-aid are given, certain conditions are laid down. These conditions are symbols of the required control.

Nowadays the demand for local autonomy is growing. J.S. Mill has expressed that the working of the institutions of local self-government should be laid down by the state government or the central government. Suggesting mid-path he stated, "In details of management, the local authorities will generally have the advantage in comprehension of principles the superiority of the central government must be great. The principal business of the central authority should be to give instructions of the local authority to apply them. Power may be localized but knowledge be most useful, must be centralized." 32

Another suggestion, presented by M.P. Sharma, is that the department of local self-government of the state government is an effective instrument for the exercising control over the institutions of the local self-government, 33 but this department should act only as an advisory body and not as an executive agency.

The U.P. Local Self-Government Committee recommended setting up of an office of local government at state
head-quarters. It should consist of a whole time salaried officer, who should, normally be a public man with vast experience.

In this regard the views of Raj Kumari Amrit Kaur is pertinent. The former Health Minister of India had a deep interest in the working of the institution of the local self-government. She expressed, "It is my firm conviction that the administration of our cities and towns should be run on the basis of central authorities as a federation of small self-governing bodies, so that the masses residing in each ward or portion of a big city may feel that they have a say in the control and administration of local affairs. It would also create within them a sense of civic responsibility.

The control that is exercised by the state government may relate to financial control, administrative control, legislative control; and judicial control.

The institution of local self-government is precluded from imposing new taxes without the sanction of the higher authorities. They have very limited borrowing powers. Even when receive any loan or borrowing money, they have to obtain the prior sanction of the state government. State government can refuse such permission. State governments sanction grants only on certain conditions. They accordingly have also to maintain account of these grants, audited and checked. If any irregularity is detected, the government
have the right to ask for an explanation and take some action against these institutions, if required. Moreover, the state government also have the right to be informed about the resolutions and decisions of local bodies. Whenever the state government notices a deterioration of the working and finance of the local bodies, it has the right to undertake inspection.

The following tables will give an idea of the extent of control actually exercised by the state government of U.P. for instance.

**TABLE 2.1**

Classwise Distribution of Municipalities and their Supersession in U.P. (till Feb. 1971)

<table>
<thead>
<tr>
<th>Class of the Municipalities</th>
<th>Total</th>
<th>No. of Boards Superseded</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>40</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>II</td>
<td>33</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>III</td>
<td>41</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>IV</td>
<td>38</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>152</td>
<td>29</td>
<td></td>
</tr>
</tbody>
</table>

Source: Collected from Local Self-Department, U.P. Government.
The above figures illustrate that the percentage of supersession was highest in class I and lowest in Class IV Municipalities of the U.P. State. Moreover, it may also be interesting to note their period of supersession.

**TABLE -2.2**

Distribution of Municipalities According to their Period of Supersession in U.P. (Till February 1971)

<table>
<thead>
<tr>
<th>Period of Supersession</th>
<th>No.of Municipalities</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Years and above</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Between 10 - 5 Years</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Below 5 years</td>
<td>24</td>
<td>83</td>
</tr>
</tbody>
</table>

Source: Local Self Department, U.P. Government

It can thus be seen that about 17 per cent of the Municipalities remained superseded for 5 years of more and rest 83 per cent below 5 years. District Magistrate and Divisional Commissioner have a right to suspend certain resolutions and the decisions of these institutions in the interest of peace and order. This practice has been exercised in respect of the city board of Shahjahanpur several times.
and throughout the state during Emergency. They are still under suspension.

Hence, it is said that the state government have the authority to complete certain jobs that have not been completed by these institutions. It exercises a good deal of check on the working of the municipalities. Under the fear of the exercise of this power by the state government, they try to do their functions better.

State governments have the power to present legislation and get them passed by the state legislature for making changes or improvements in the working of these institutions. Because of this power, the state structure and the working of these institutions.

Courts and other organs of the judiciary have the power to annul the rules and the regulations framed by the institutions of local self-government, if they are not in conformity with the law of the land. Appeals against such actions may be filed in the courts.

In short, it may be said that local bodies are very much under the control of the state government. This control is however of a varied nature, differing from State to State, or within each State at different periods.
References:

1. Constitution of India; Entry 4 in the List III (state) Seven schedule, Government of India.


3. The Central Council of Local Self-Government has been created under Article 263 of the Constitution. The Article has been rarely involved.


8. Ibid. p. 36

9. The U.P. Municipalities Act, 1916, Section 128 (i)

11. From Union List: Terminal tax on goods or passenger carried by Railway, sea or air.

From State List: Tax on lands and building; tax on mineral rights; tax on the entry of goods into a local area for consumption, use or sale of electricity; tax on advertisements other than advertisements published in the newspaper; tax on goods and passengers carried by road or on inland waterways; tax on vehicles; tolls; tax on professions, trade, callings and employment; capitation tax; tax on entertainments.


13. U.P. Act No. 22 of 1964


15. Separate Chart is attached in the Appendix


17. Ibid. p. 137

18. Data compiled by the Regional Centre for Research and Training in Municipal Administration, Lucknow.


28. Data compiled by the Regional Centre for Research and Training in Municipal Administration.


31. Data compiled from Regional Centre for Research and Training in Municipal Administration, Lucknow.

Conference Inaugural Address on Local Self-Government in 1948 at Delhi by Raj Kumari Amrit Kaur.
CHAPTER 3

URBAN ECONOMIC DEVELOPMENT AND LOCAL FINANCE

- Urban Economic Development
- The Main Problems
- Planning for Urban Development
- Local Planning: Historical Perspective
- Urban Economic Development during Plan Periods
- Sources of Finance for Urban Development
Urban economic development comprises provision of basic facilities and services in urban areas and regulation of growth. These facilities and services in urban areas may be listed as water supply, drainage and sewage, urban renewed and housing, urban re-development, transportation, road construction and street-lighting etc.

Urban economic development rapidly became a distinct field within Economics, partly because of the social consciousness and will to achieve civic betterment. Economists were all consciously aware of the gravity of the country's urban problems. The approach of economists was twofold. Firstly, economics can contribute to the choice among alternative solutions to these problems. Secondly, economists have developed tools of analysis and research which permit them to judge the extent to which the major urban social problems are directly linked to low income and to improper use of resources rather than to factors of a quite different nature.
They made comprehensive master plans to establish planned cities, keeping in view all the civic amenities essential for the well-being of these areas. Examples of new towns in India include state capitals, such as Chandigarh and Bhubaneshwar, port towns like Kandla and Pradeep; steel towns such as Durgapur and Bhilai; fertilizer towns like Nangal and Mithapur; oil refinery towns like Barauni and Haldia; aluminum towns like Kobra and Ratnagiri.

Next, there are military towns, tourist towns -- Pahalgam, Gulmarg; cantonment towns -- Ambala, Meerut; industrial towns -- Jamshedpur, Modinagar and refugee rehabilitation.

The new towns have been planned either by European architects or by Indian professional who revived their education in the West. No effort has been made to study their particular Indian environment and devise plans suited to the native genius.

The nature and dimensions of the major problems have been discussed in the succeeding paragraphs. These problems have important economic significance and are
inextricably inter-related. Possible solution for one set of difficulties may help solve another set of aggravate other problems.

**THE MAIN PROBLEMS:**

The urban population of India is nearly 20 per cent of the total population of the country. In developed countries proportion is much higher. As much as 80 per cent in U.K.; 74 per cent in Canada; 70 per cent in France; 70 per cent in U.S.A.; 68 per cent in Japan; 56 per cent in U.S.S.R. and 42 per cent in Egypt of the total population lives in urban areas. Thus, India occupies a fairly low position in the degree of urbanization. However, in terms of numbers, the urban population in India is about 10.9 crores which exceeds the total population of many countries of Middle East and Latin America. Even countries like U.K. and Canada are not bigger than U.P. U.P. accounts for about 16 per cent of the total population of the country. Out of total urban population of 10.9 crores in the country, U.P. alone has 2.4 crores. But in terms of urban population to total population of U.P. the state occupies a very low position. It is placed 13th among all the states, having only 14 per cent of its total population as urban. The urban areas or towns are classified into six categories on the basis of population.
The Census Report of 1961 laid down the following criteria for purposes of defining an urban area:

1. Population of 5,000 persons
2. Density of not less than 400 persons per square kilometre
3. At least three-fourths of the male working population being engaged in non-agricultural occupations.

The following tables gives the categorised illustration of towns under different heads.

**TABLE -3.1**

Towns according to Municipal Status in U.P.

<table>
<thead>
<tr>
<th>Class</th>
<th>MC</th>
<th>M</th>
<th>NAC</th>
<th>TAC</th>
<th>CB</th>
<th>N</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>5</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22</td>
</tr>
<tr>
<td>II</td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>III</td>
<td>-</td>
<td>60</td>
<td>4</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>71</td>
</tr>
<tr>
<td>IV</td>
<td>-</td>
<td>37</td>
<td>17</td>
<td>40</td>
<td>3</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>V</td>
<td>-</td>
<td>9</td>
<td>11</td>
<td>58</td>
<td>2</td>
<td>20</td>
<td>94</td>
</tr>
<tr>
<td>VI</td>
<td>-</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>145</td>
<td>37</td>
<td>111</td>
<td>6</td>
<td>27</td>
<td>325</td>
</tr>
</tbody>
</table>
Where,

MC = Municipal Corporation
M = Municipality
NAC = Notified Area Committee
TAC = Town Area Committee
N = Not defined
CB = Cantonment Board


Among the class 1st towns, five have Municipal Corporations and the remaining 17 are Municipalities. Out of 67 3rd Class towns viz Modi Nagar, Seohara, Sardhana and Nitnpur have Notified Area Committees. However, the rest of class 3rd towns have municipalities.

One thing should be kept in mind is that the status of the municipalities is not related to the status of the town. There are cases where a class IV town happens to be class 1st city board. These municipalities are classified into various categories on the basis of their income and population strength. Thus, Mussorie, Almora and Rishikesh (hill stations and places of pilgrimage) which are class
1st city boards fall under the category of class IV towns.

U.P. has laid down a population-cum-income criterion for grading municipalities. In U.P. a municipality can be established in a city having a population of 20,000 with an annual income of Rs. 40,000.

The income criterion assumes significance only when a locality having a small population has been permitted to get a municipality. When population exceeds a particular size, it automatically assures a certain income. The granting of municipal status but is decisive in determining the class or grade in which a city may be placed. A high-income-generating town naturally expects — and also to be ensured — a higher level of civic services and facilities than a low-income-generating one. According to the Rural-Urban Relationship Committee, "A categorisation of municipal bodies into suitable grades is inescapable, if any homogeneity in administrative services, civic facilities, tax resources, grants and the like within each grade is to be introduced."

The following table gives the details of classification of municipalities of U.P.
Municipalities with a population exceeding five lakhs and annual income exceeding Rs. ten lakhs and commercial importance are called municipal corporations. Special Grade municipalities are those with income exceeding Rs. ten lakhs and population exceeding one lakh are named city boards. All the 17 1st class towns of U.P. are city boards.

During the decade 1961-71 class 1st towns have grown by 52.67 per cent having 75 per cent of the total urban population of U.P., whereas class V towns and Class VI towns, with population range of 5,000 to 10,000 persons and less than 5,000 persons have declined by 10.38 per cent, and 19.7 per cent respectively. There has thus been the the concentration of population in metropolitan and large cities. It poses a serious problem in respect of public utility services, particularly housing, public health, educational and
recreational. In view of strong correlation between development and urbanization, the provision of even the minimum civic services to such a large population involves huge expenditure and responsibility of administration.

Urbanization in India is a recent phenomenon. In the advanced countries of the West, the process of urbanization was spread over a fairly long period starting with the Industrial Revolution, a span of 100-150 years and in some cases even 200 years. In India the process of urbanization has suddenly spurted in the last 25-30 years. While our total population increased 80 per cent in 30 years, the urban population has increased by 150 per cent.

In developed countries of the West urbanization followed industrialization which itself was spread over nearly 150 - 200 years and people from rural areas were pulled to urban areas by industrialization. In India urbanization is ahead of industrialization and is caused more by the pressure of rural poverty than by urban prosperity. In brief, "The first thing to note is that today's underdeveloped countries are urbanizing not more rapidly than the industrial nations are now but also more rapidly than the industrial nations did in the heyday of their urban growth."
In fact industrialization and urbanization are inseparable just as agriculture fosters growth of villages, industry encourage growth of towns. What becomes apparent as one examines the trend in these countries is that urbanization is the outcome of the transition from agrarian to industrialized society.

This creates a gap between the urban population and employment opportunities—a gap which creates problems because of the poor capacity of the urban dwellers to pay for the civic services. Neo-urbanities put considerable pressure on urban society, caused social disruption and political frustration. A large percentage of them live in slums. About 70 per cent of the families in our larger cities earn less than Rs.350/- per month and belong to what area called the economically weaker sections of the society.

The increasing capital-intensive technology makes it all the more difficult to fill up the gap between urban population and the employment opportunities. This gives rise not only to economic but also social problems.

The problem of housing is posing one of the greatest challenges of our times. All countries, the world over, irrespective of their level of economic development are finding it difficult to provide its citizens proper housing.
The problem is more difficult in India. Ministry of Housing and Rehabilitation undertook many programmes of rehabilitation at the centre as well as in the states during the First Two Plans. However, the outlay recorded was only 1.7 per cent and 1.5 per cent of the total disbursement of the Union Budget. Rapid expansion of urbanization and growth in urban population compelled state government to undertake the important task of urban development for providing housing facilities on a big scale.

**U.P. State** constituted Avas and Vikas Nigam in 1973. Like electricity, education partly, fire brigade, this item is also under the control of the state government.

The U.P. state having a low level of economic development is being confronted with an acute housing shortage which is constantly on an increase. Since 75 per cent of the total urban population is concentrated in class 1st towns. The urban housing situation in U.P. has already taken a serious turn. The shortage of housing by 7.2 per cent in class 1st towns and 10.4 per cent in class 2nd towns, as estimated by Town and Country Planning Lucknow, in 1972, has been responsible for many socio-economic evils, the cost of eradication of which would be much more than the cost of housing itself. It has increased congestion,
high density and crowding besides erection of slums or shanty settlements on the fringes of the cities.

The arrangements for the collection and disposal of human excrta is an important parameter to judge the state of civilization of a country. Provision of water closets connected to an underground sewage system is the best arrangement for a healthy environment. It is however a fact that 70 per cent of Indian population is not provided with the sewage system.\textsuperscript{14}

Plan outlays in public health has not been more than 5 per cent of the total expenditure in any five year plan.\textsuperscript{15} It is an important duty of the local bodies to check and extend facilities for better sanitation, medical relief and eradication of epidemics. All municipalities must make adequate provision for public health in their budgets.

We need certain social amenities like school, colleges, hospitals, dispensaries, public libraries, markets and facilities for social intercourse like community centres and playground. Also, urbanites require them much greater extent of good communication facilities with surrounding areas. Vehicular transport charges should be sufficiently low.
PLANNING FOR URBAN DEVELOPMENT:

Developing Planning is essentially long term though not wholly so in the sense that its implementation has necessarily to be on a short-term or year to year basis. Long-term plans are intended to develop the infra-structure of the economy and eventually raise the standard of living of the people on a sustained basis as a consequence of modernising of the structure of economy. All this takes times. All future achievements are however, dependent on the actions initiated in the present and hence long term plans are implemented on a year to year or short time basis. Broken into short or medium term plans they take into account prevailing conditions in the implementation of the plan.

We have stated that the eventual aim of a development plan, which is inherently a long term perspective plan, is to raise the living standard of the people. But it does not follow that theraising of the desirable level of living and welfare has to wait till the infra-structure has been fully established first. The full fruits of development can be reached over time only. However, in the meantime, along with the building of the infra-structure, programmes relating to the welfare and living conditions are
initiated subject to the limitation of the infra-structure and their gradual development of over the years.

In practice, the development plan of a country consists of three parts; an overall plan of national development, regional plans and local plans. Within each, relevant sectoral plans are formulated. Again, each of the three categories have their long and short term plans. National plans are comprehensive and integrated plans which cover the regional and local plans. The formulation of each such category is a two-way process. General guidelines are issued by the central planning authority to regional and local bodies, as also to sectoral agencies who are required to send their proposals and tentative programmes for the consideration of the central planning authority which is responsible for evaluation the proposals, coordinating them and finally come forward with a detailed integrated national development plan.

In the planning schemes what is the specific role of local planning? Local planning is mainly concerned with local problems, chiefly of a welfare character. Some distinctly economic, or at best socio-economic schemes, are invariably included either for benefit of the local economic
Local planning combines both the integrated approach as well as its being problem oriented. This happens when we view local planning as 'Town and Country Planning' as the Fabian socialist in U.K. did. The Fabian approach merged the land use aspect with economic and welfare aspects in formulating their town and country plans. This appears to be the right approach. The impact of this thinking is to be found in our own plans.

Master plans are prepared for selected towns and their neighbourhood. They present the physical layout for the locations of all local activities, for which separate programmes have to be drawn. This contention needs elaboration to give us a clear and complete picture of the scope of local, or rather urban planning with which we are concerned here.

In his 'Local Government in India', Maheshwari has aptly described the scope of modern town and urban planning as under: "An orderly arrangement of the various parts of a town — residential, business, industrial so that each part could perform its functions with minimum cost and conflict. An efficient system of circulation both within the city and outside making optimum use of all modes of
transportation. The provision of housing, water supply; sewage, utilities and public services.\textsuperscript{16}

As stated above local plans form and integral part of the national and regional plans. Within the framework of national objectives and strategies, regional and local plans are formulated. With the expansion of education, literacy and political consciousness, more effective local participation becomes increasingly possible. The financial resources of local plans are met partly by central government and/or authorities and partly by local bodies and local people. The implementation of 'approved' local plan/programmes are however wholly implemented by local bodies and local people. The principal beneficiaries are the local people.

We have so far described local planning as a two way process but its implementation is wholly local. This point of view is somewhat contrary to the thesis that local planning should be essentially "from below". This point of view gained currency following the town and country planning movement in the U.K. The lead was taken by the public, particularly through organisation like the PEP (Political and Economic Planning as visualized by the Fabian Socialists) and the Town Planning institute and the Royal Institute of the British Architects. The Government accepted
their thinking and followed it up by appropriate legislation. In India, on the other hand, the town and country planning derive has come from top.

LOCAL PLANNING : HISTORICAL PERSPECTIVE:

Before we come to the status of urban development in modern India, it will not be out of place to mention that town planning, however, much neglected or seemingly something novel today, was a well established way of life in Ancient and Medieval India.

Gautam and Vohra have pointed out that "During the Indus Valley Civilization, cities like Mohanjodaro and Harrapa had well laid out streets and drains. The Budhist city of Texila and Patliputra were minutely planned. Jaipur, a well developed city built on Hindu principles, projects a coherent relationship between residential areas and civic buildings. During the pre-Mughal and Mughal period urban planning featured the provision of spacious courts, pleasure gardens, fountains, rest houses water tanks, link roads (e.g. Grand Trunk Road), walled cities and gates for safety and protection, etc). A noteworthy feature of ancient and medieval towns was the attention given to water supply, baths, streets, sarais and rest houses, drainage, places or worship
provided with basic services, along with the beautification of cities and towns.

A criticism has been made that in ancient India town planning had paid little attention to the settlement patterns of the weaker sections of the society. This criticism is somewhat exaggerated because cities then were small and the number of inhabitants likewise small. Population growth did not present a serious problem then. Today, however, with the rapid increase in population, the task of urban development has become both complex, grave and challenging. In fact, it has become so overwhelming that there is urgent need for accelerating family planning programme to reduce the pace of growth of shanties and slum areas in the rapidly expanding cities and metropolitans of India.

According to Maheshwari, town planning in India dates back from 1911, when New Delhi, the first planned city in modern India, was built, and later declared the capital of India.\(^\text{17}\) The Government of India thereafter advised the state governments to take active interest in town planning and to enact legislation on the model of U.K. Housing and Planning Act. Madras obtained the services of Sir Patric Geddes to advise on the rebuilding of old cities. In 1915, Bombay enacted town planning legislation and set a department for 'Town Development, improvement, extension and slum
clearance. Similar action was subsequently taken by U.P., Madras and Punjab. However, town planning did not assume the seriousness that it has attained since Independence. In the 1941 Census reference is made to the haphazard growth in India and it was even pointed out that it was no longer true that India was a land of villages. Population was growing fast and drift to the cities had gained momentum during the War years. Whitely Commission (1930) gives an excellent account of the conditions that prevailed in urban areas at the time, it states: "Neglect of sanitation is often evidenced by heaps of rotting garbage and pools of sewage, while the absence of latrines enhances the general pollution of air and soil." It did not think much of the kind of accommodation that was available in these cities. It goes on to observe, "Houses, many without plinths, windows and adequate ventilation usually consist of a single room, the opening being only a door-way often too low to enter without stooping. In order to secure some privacy, old kerosene tins and gunny bags are often used to form screens which further restrict the entry of light and air."

The climax was reached immediately after Independence, when the large influx of refugees from West and East Pakistan presented unprecedented problems of their settlement. The
preference for the cities shown by the refugees from the Punjab in particular was a noteworthy feature and gave a new dimension to urban planning. Occupation of evacuee property was by no means a sufficient solution. In this regard, Urban Land Ceiling Act of 1976 is a positive step in the right direction. This Act provides the imposition of a ceiling on vacant land in urban agglomerations to enable the acquisition of such land in excess of the ceiling limit. It regulates the construction of buildings on such land keeping in view of the purpose of construction. It also aimed at preventing the concentration of urban land in the hands of a few persons, speculation and profiteering and to bring about an equitable distribution of land in urban agglomerations to subserve the common good.

Municipal Corporation of Kanpur falls within category B specified in Schedule 1 and was required to impose ceiling limit of one thousand square metres. Rest of the municipal corporations and major city boards, like Bareilly, are placed in category C and the maximum ceiling limit is one thousand five hundred square metres. Other city boards, viz Moradabad, DehraDun, Aligarh, Gorakhpur, Saharanpur and Shahjahanpur imposed maximum ceiling limits of two
thousand square metres under category D.

The excess land can be utilized for planned settlements. Unauthorized colonies invariably sprung up. Only so modest municipal facilities would be provided for these areas. It may take many years to rectify the irregularities and special agencies have to be created to deal with the situation in a planned manner. In Delhi, which had attracted the largest mass of Punjabi refugees, the DDA was set up and has come a long way in dealing with the situation in Delhi.

**URBAN ECONOMIC DEVELOPMENT DURING PLAN PERIODS:**

In more recent times the scope of urban development has widened to cover air, water and noise pollution. Regulations have been passed for factories to treat their effluence before discharging it, to raise the height of their chimneys. Traffic movement has been regulated and unnecessary blowing of horns is prohibited. Reshaping of exhausts and other traffic regulations have also been imposed.

The basic objective of India's development plans is to improve the living conditions of the Indian People.19

The First Five-Year Plan give priority to agriculture. However, according to the 'Directive Principles of State Policy' "The state shall strive to promote the welfare of th-
people by securing and protecting as effectively, as it may, a social order in which justice, social economic and political shall inform all the institutions of national life.

The general principles of the state policy was given a fresh orientation in December 1954 when Parliament adopted the 'Socialist Pattern of Society' as the objective of social and economic policy. The First Five-Year Plan fell short of these objectives as the means available were limited and the basic data for planning purposes was inadequate. Urban development did not figure in the Plan and there was no provision for urban water supply, sanitation, public health and promotion of primary education.

The Second Five-Year Plan being based on someewhat more experience and knowledge setforth the larger goals and a long term strategy for industrial development based on the socialist pattern of society. In describing the approach to planned development the Second Plan states, "The task before an under-developed country is not merely to get better results within the existing framework of economic and social institutions but to mould and refashion them so that they contribute effectively to the realization of wider and deeper social values. The accent of the socialistic pattern of society is on the attainment of positive goals, viz the raising of living standards, the enlargement of
opportunities for all, the promotion of socio-economic institutions."

In the pattern of development envisaged in the Five-Year Plans, "cooperation" is expected to become progressively the principle basis of organization in several branches of economic life notably in provision of essential amenities for local communities.

Indeed as the economy develops it becomes possible to provide more intensive development of under-developed areas. The existing social and economic institutions have therefore to be appraised from time to time in relation to their role in the nation's development. Besides the economic and social objectives, the educational aspects of planning are of great importance. This can be given expression to through the wide sharing of responsibility for drawing up and layout plans and through the participation in the process of planning by organizations representing all sections of opinion at local level as well.

It was the Third Five-Year Plan that took the initiative in the matter of urban economic development. During the Third Plan Master Plans for 72 cities were drawn up covering various states. Two cities from U.P. were selected, namely Lucknow and Kanpur. Lucknow, being the state capital was selected for urban planning. The other
metropolitan town was Kanpur, which was most populous, most industrialized city or U.P. and also had the largest number of slums.

In the Fourth Five-Year Plan gave further impetus of urban development. Master Plans for 206 urban centres (52 class 1st cities, 106 class 2nd cities and 49 places of tourist and pilgrimage importance) were to be prepared. The number of cities were at the time over two thousand. The Planning Commission had been approached to earmark a separate sector for 'Urban Development' with specified central provision to the states for undertaking the integrated programme of urban development and to make adequate institutional arrangements for undertaking various development tasks.

**SOURCES OF FINANCE FOR URBAN DEVELOPMENT:**

During the first three Five Plans and the subsequent three annual plans, a total amount of Rs. 156.29 crores was released to the states by the central government as loan for implementing their urban water supply and sewage schemes against a plan provision of Rs. 208.52 crores. In the Fourth Plan, an outlay of Rs. 227 crores had been made for these schemes. Compared to the earlier Plans, the provision in the Fourth Plan was considerably higher but this was only a small
fraction of the total requirements. There was, therefore, need for mobilising further resources from outside the plan so that implementation of the programme could be accelerated. The Life-Insurance Corporation has extending considerable assistance in this regard by providing loans to the local bodies. This source can be utilized more by strengthening the local bodies and raising their credit worthiness. It may also be possible to obtain financial assistance from institutions like the nationalized banks.

U.P. Government benefitted from the World Bank aid to the extent of Rs.180 crores in 1972. Of this, Rs.70 crores were sanctioned for KAVAL towns (Kanpur, Allahabad, Varanasi, Agra and Lucknow). These were municipal corporations. Local bodies had been advised to lay park, construct fountains, and provide public lavatories, repair town roads at Bareilly, Meerut and Gorakhpur. Also, adequate arrangements were to be made to provide drinking water facilities to Harijan Colonies. Drinking water tanks had to be constructed and local bodies which did not have water works were required to immediately get in touch with the Local Self-Government Engineering Department (L.S.G.E.D.) for their execution.

It is apparent that the total financial provision made in the national and state plans for urban development are most inadequate in relation to the magnitude of the
problem. Besides, the plan allocations were mostly of an ad hoc nature not being determined on the basis of the costs likely to be incurred; often financial sanctions were deferred although schemes had been included in the plan.

Urban development schemes fall into two broad categories. The first group consists of Schemes which have to be executed entirely by state government department or an agency other than the urban local body and the finances for which are provided in the state plan or non-plan budgets. Land acquisition from urban land ceiling limit and development for higher secondary schools and hospitals may be cited as example in this category.

The second group consisted of Schemes which were to be executed and administered by the urban local bodies and the finances for which are made available to them in full or in part through loans or grants out of the plan budgets by the state governments. Examples of these were schemes of water supply, sewage and drainage, slum clearance and improvement, municipal employees' housing, primary schools and primary health centres, etc.

Schemes executed and financed entirely by urban local bodies were parks, gardens, playgrounds, community centres and municipal roads.
Report on Augumentation of Financial Resources of Urban Local Bodies had recommended the setting up of the 'Urban Development Boards'. The constitution of Urban Development Authorities is a positive step in the direction of betterment of cities. However, these authorities seem to be more concerned with town planning aspects than with the provision of welfare services to the citizens. The distribution of responsibilities between Development Authorities and municipalities corporations should be made very clearer. The functions of each should be well defined and understood by all concerned.

The participation of local population in the management of local affairs should be restored (which had been suspended during the Emergency) by holding elections to these local civic bodies.
References


2. Ibid. p. 182


Definition of an urban area adopted in 1971 Census more or less follows that of Census 1961. All urban places with a Municipal Corporation, Municipality, Cantonment Board or Notified areas and all the localities though not in themselves local bodies yet are part of city or town agglomeration. All areas satisfying the conditions mentioned here have been treated as towns and those having population of one lakh and more as cities.

Ministry of Health and Family Planning,
1966, para 4.11


12. Ibid. pp. 16 -17

13. Report of Town and Country Planning, Regional Centre,
Lucknow, 1972

of the Financial Resources of Urban Local Bodies.
(Popularly known as Zakaria Committee) Ministry of Health

15. Ibid. p.

Longman Ltd. New Delhi, 1976, p. 250

17. Ibid. p. 251

18. Ibid. p. 251

of India, p. 1

Policy, Government of India.
21. Planning Commission, Second Five-Year Plan, Govt. of India.

22. Ibid. Preamble of Second Plan


24. Planning Commission, Fourth Five-Year Plan, Govt. of India.
CHAPTER -4

CITY BOARD SHAHJAHANPUR

- General Features
  - Sex-Ratio,
    - (a) Population (Density, Decade Variation)
    - (b) Literacy
    - (c) Occupational Distribution of the Population

- Revenue Sources
  - (a) Total Revenue Trend
  - (b) Tax Revenue from different sources
  - (c) Non-tax Revenue
    - (i) Loans (Borrowing)
    - (ii) Grants-in-aid

- Expenditure
  - (a) Total Expenditure Trend
    - (i) General Expenditure
    - (ii) Development Expenditure
  - (b) Budget Position
Population of city Board Shahjahanpur.
in 1965-66 — 1.22 lakhs
1977-78 — 1.68 lakhs
CHAPTER -4

CITY BOARD OF SHAHJAHANPUR

GENERAL FEATURES:

This chapter and the next one are intended to undertake a detailed examination of the working of two municipalities - City Board of Shahjahanpur and City Board of Bareilly. Let us first take the city board of Shahjahanpur.

Shahjahanpur city is a part of Rohilkhand division. It had been inhabited in 1747 by an official of Emperor Shahjahan, who named this city after his sovereign. But the formation of the complete district took place only in 1813-14 by transferring some areas from Bareilly district. It is situated in the south east of the Bareilly division. From the geographical point of view it lies between 27°35' and 28° 29' north latitude and 79° 37' and 80° 32' east longitude, bounded on the east by Kheri district, and on the west by Badaun district and Bareilly district and on the north by Pilibhit district and on the south by Farukhabad district.
After the passing of North-West provinces and Oudh Municipal Improvement Act 1868 (Act of '68) the elective principle was introduced. The Constitution underwent many changes as a consequence of the North-West Provinces and Oudh Municipal Act of 1900 and the United Provinces Municipality Act 1916 (Act of 1916) made subsequent amendments.

With the implementation of the Act, the Chairman began to be elected by the members of the board. In 1953 the designation 'chairman' was changed to 'president' when the office bearer was elective. The term of the office as well as board is for four years, though it may be extended under special circumstances. With the growth of population the number of members had been increased. In 1965-66 the city board was divided into 12 wards for municipal administration. Each of the ward is represented by two members or in some cases three members. At present the board is one of 22 first class Municipal Boards of U.P. The strength of the members before supersession (in 1975) was 28 including President. The president and vice-president are elected by a single and non-transferable vote by respective members. All the municipalities of U.P. are still under suspension.
Population

Although the city board of Shahjahanpur keeps record of births and deaths, it does not make its own estimate of the city's population but relies on the Dicennial Census Report of India. Inter-Censusal Figures were not available with the board or elsewhere. It had to be estimated employing the interpolation technique for the period under review.

According to the 1961 Census, the population of the city board Shahjahanpur was recorded as 1.1 lakh persons. It grew to 1.36 lakh persons in 1971 and rose to 1.85 lakh persons in 1981.

On the basis of the Census Reports for 1961, 1971, 1981 we estimated the population for inter-censusal years worked out to 1.22 lakhs persons in 1965-'66. The population of the city board in 1977-'78 was 1.68 lakhs persons. The process of estimation has been illustrated in Graph-I.
**TABLE - 4.1**

Population of City Board Shahjahanpur

<table>
<thead>
<tr>
<th>Year</th>
<th>Population in lakhs</th>
<th>Area in sq.km</th>
<th>Density in sq.km per 1,000</th>
<th>Sex-ratio</th>
<th>Decade Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-66</td>
<td>1.22</td>
<td>9.45</td>
<td>11,689</td>
<td>857</td>
<td></td>
</tr>
<tr>
<td>1977-78</td>
<td>1.68</td>
<td>11.37</td>
<td>11,926</td>
<td>852</td>
<td>35.4%</td>
</tr>
</tbody>
</table>


In 1961, the population of the city board Shahjahanpur was 1.10 lakhs persons. It grew 1.36 lakhs persons in 1971. For inter-censusal years' population we have used the technique of interpolation.

The above table indicates that the population growth of Shahjahanpur during the period is much higher than the Stage average and below the decade variation of municipal corporations of U.P.

The decade variation (1961-71) is accounted for the impact of the Indo-China War in 1962 and Indo-Pak War in 1965. The Central Ordinance Clothing Factory (for Military clothes and baggage except parachute), more workers who mostly
came from outside the city were employed to meet the current requirements of excess garments and baggage supply to military. Apparently new migrants came with their families. It was not surprising that they were mostly Muslims who preferred to keep their families with them.

**Density:** The number of persons residing per square kilometer of area gives us the density of population of a particular area. It has been generally observed that industrialised or developed localities are more densely populated than the backward regions. Calcutta, Bombay, Delhi and Kanpur have a higher density of population than that of such backward towns as Mongher, Simla, Tehri Garhwal etc.
### TABLE -4.2

Comparision of other Municipal Corporations and City Boards according to Density per square Kilometre

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kanpur (MC)</td>
<td>11.5</td>
<td>261.6</td>
<td>4,412</td>
<td>31%</td>
</tr>
<tr>
<td>Allahabad (MC)</td>
<td>4.9</td>
<td>62.9</td>
<td>7,710</td>
<td>19.1%</td>
</tr>
<tr>
<td>Varanasi (MC)</td>
<td>5.8</td>
<td>73.8</td>
<td>7,909</td>
<td>23.9%</td>
</tr>
<tr>
<td>Agra (MC)</td>
<td>5.9</td>
<td>61.8</td>
<td>9,578</td>
<td>28%</td>
</tr>
<tr>
<td>Lucknow (MC)</td>
<td>7.5</td>
<td>95.8</td>
<td>7,818</td>
<td>28.5%</td>
</tr>
<tr>
<td>Firozabad (CB)</td>
<td>1.3</td>
<td>6.2</td>
<td>21,521</td>
<td></td>
</tr>
<tr>
<td>Meerut (CB)</td>
<td>2.7</td>
<td>13.8</td>
<td>19,623</td>
<td></td>
</tr>
</tbody>
</table>


In U.P. State, Kanpur is the most industrialized and commercialized city, leading Ghaziabad, Meerut and Moradabad. Surprisingly, the population of Firozabad increased so rapidly that its density became 21,521 persons per square Kilometre -highest in the state. It is quite evident that the board having 11,926 persons per square Kilometre has a density higher than the state average as 821 persons per square Kilometre.
Sex-ratio: The sex-ratio shows the number of female per 1000 male. It, in general, the female population is smaller than the male population. Likewise the sex-ratio of the population of the city board Shahjahanpur is an average balanced one. That is the number of persons 1000 male is more than the state average.

Modern urbanisation consists of a gap between these two sex. It shows on the one hand less urbanisation and on the other hand a healthy society. 1961 Census gives 857 female per 1000 male but the ratio declined to 852 per 1000 male in 1971. Even though this ratio is above the state ratio as 821. Even Kanpur, highly industrialized city calculated only 732 and declined to 721 in 1971 below the State average. It shows that people living in municipal corporation area would have changed their accommodations. In fact, due to the tendency of higher rate of urbanization male come to work leaving female at home.

Literacy -

One of the objectives of the state government has been, and still is, to raise the percentage of literacy in the state. According to 1961 Census there were in all 31,861
literate persons in the city board of Shahjahanpur of which 21,635 were male and 11,226 female. These figures accounted for 29.8 per cent of the total population of the city board. The decade 1971 raised the ratio to 32.96 per cent. Thus the net improvement in the literacy ratio over the preceding decade may be calculated as 3.24 per cent. The rate of literacy became higher than the state average. It shows that the board had been active to implement the education programmes.

The records available about the educational progress in the board give a vague picture. There were 34 Basic Schools for the boys and similarly 18 Basic Schools for the girls till early seventies. Only one junior school in 1971 and two Basic Schools in 1972 were projected. From 1973-'74 the responsibility has been taken over by the state government. Only one Montessori school is functioning under the board's auspices.

However, one significant development in the school education had been the appointments of Urdu teachers in the primary schools, which has incidently resulted in raising the teacher-taught ratio in all schools.
The schools have been housed in poorly constructed buildings, with khapril (clay tile) roofings, inadequate space and unhealthy surroundings. The teacher has to adjust himself with even more miserable accommodations.

**Occupational Distribution of the Population:**

Population has been categorized into groups that were economically active and those were not. In other words, we divide population into workers and non-workers.

According to 1971 census of India, "A worker is a person whose main activity is participation in any economically productive activity employing his physical or mental effort." The rest are now workers.

Workers have been grouped into nine types, according to their nature of work. They are:

I- Cultivator, II- Agricultural labours, III- Working in livestock, Foresting, Fishery, Hunting and Plantation; IV- Working in Mining and Quarrying, Orchards and allied activities;/ V- Working in manufacturing, Processing, Servicing and repairs (a) House hold Industry, (b) Other than house hold Industry; VI- Working in Construction.

The non-workers have been classified under seven heads; House hold duties; students; Retired persons or rentier; Dependent; Beggars and other non-workers. These nine type of workers were engaged in three broad categories viz, Agriculture (Primary Sector), Industry (Secondary Sector) and Service (Tertiary Sector) Sectors. Therefore, works in each category and their percentage to total workers is given in Table - 4.3

**TABLE - 4.3**

Occupational Distribution of Population of the City Board Shahjahanpur

(Figures in ,000)

<table>
<thead>
<tr>
<th>Year</th>
<th>total worker</th>
<th>% to Primary worker</th>
<th>% to Secondary worker</th>
<th>% to Tertiary worker</th>
<th>% to Total worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-66</td>
<td>35.7</td>
<td>29.3%</td>
<td>3.4</td>
<td>9.5%</td>
<td>20.4%</td>
</tr>
<tr>
<td>1977-'78</td>
<td>59.0</td>
<td>29.0%</td>
<td>6.2</td>
<td>10.4%</td>
<td>18.0%</td>
</tr>
</tbody>
</table>

**Source:** Census of India, 1961 (UP) Part-II-B (i)
According to 1961 Census, there were 32.3 thousand workers out of 110.4 thousand total population. It had formed 29.3 percent of the total population. In 1971, the number of workers rose to 35.9 thousand out of the total population of 135.6 thousand persons.

For inter-Census years' (1965-66 and 1977-78) population and relevant rise in total workers have been estimated by interpolation technique.

There were 35.7 thousand total workers in the initial year 1965-66 under review. It yielded a percentage ratio of 29.3 % percent. While the relative percentage ratio of workers to total population tended to decline 29.0 per cent during the final year 1977-78 of survey period. Though, in absolute terms, the number of total workers increased to 59.0 thousand but population grew faster than the number of people in actual employed. This does not mean that employment had declined, as such in proportion to the growth of population is accounted by a larger proportion of those in the lower age groups who did not fall into the category of the 'working population' age group.

Generally a fall in the agriculture sector is symptomatic of further shift towards urban vocation. In fact, this sector is not so important for urban development.
It is the secondary sector which brings development and progress in urban areas. But the city board Shahjahanpur had an opposite effect, the primary sector grew faster whereas the secondary sector and tertiary sectors tended to decline comparatively.

In the Table there had been 3.4 thousand workers in the primary sector in 1965-'66 which had grown to about 6.2 thousand in 1977-'78. Being 9.5 per cent to total workers in 1965-'66, it aroused to 10.4 per cent to total workers in 1977-'78 as a rise of one per cent.

There had been a shortfall in the secondary sector namely, Industries in the 1977-'78 from 20.4 per cent to 18 per cent. Similarly, the percentage of workers in tertiary sector to total workers slightly decreased to one per cent.

As a whole from the above classification of working population, we can infer that there was lack of proper town development planning.

However, the above classification of 20 per cent workers engaged in industrial activities, 47 per cent workers engaged in services and 23 per cent workers are manufacturing goods (Total tertiary sector comprises trade and commerce, transport and other services as 70.0 per cent.
of the total workers) and its processing out of the
total working population of the city board. Shahjahanpur
had been described as an industrial-cum-services-cum-
commercial city board.

In 1965-’66 there had been 51 registered industrial
units. In 1976-’77 they had become 204 which recorded
four fold growth in the industrial units in the city boards.
The major industries which were functioning were mainly
Khandasari; rice mill; oil mill; engineering and
air-conditioning; cold storage, brass and aluminium utensils.
With the pace of time (1971-76-77) the industrial, units of
Khandasari; (crasher) rice mill; agriculture appliances;
crystalizer machines; tank (for khandasari purposes), engineering
hosiery, nylon socks; tin; cycle carrier and stand; oil mill,
equipment assembling; almunim utensils; sodium silicate,
ready made garments and stainless steel utensils.

The traditional industry of the city is carpet
and dari industry. Standardized quality marked carpet
and dari are exportable items of the city boards. The city
board had got the second position in India for the export
of woolen carpets.

To encourage this traditional industry, the U.P.
Government established hand loom training units for improving
the quality and production to suit the demand,
Gur-making, embroidery, chic (bamboo-sticks combined used as curtain), khas and the allied hand made articles were being produced in a better form and on a large scale.

To improve the economic condition of the working population in industrial sector it has been suggested that the undertaking of the production of semi-governmental ready made exportable articles would serve as a solution both for increasing income of the city board and employment.

However, in 1977, about 29 firms were engaged in ready made garments industry but they found themselves unable to meet the export demand.

Prior to 1975, there was no milk distribution scheme for the supply of adequate and pure milk. To overcome this deficiency, a new scheme of distribution of milk was implemented through 102 centres.
## Table 4.5

### Total Revenue Trend

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue (in lakhs Rs.)</th>
<th>Time deviation of each year from middle of year</th>
<th>Square of (x) deviation</th>
<th>Product (x y)</th>
<th>Trend (in lakhs Rs.) in Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-'66</td>
<td>14.5</td>
<td>-6</td>
<td>+36</td>
<td>-87.0</td>
<td>11.6</td>
</tr>
<tr>
<td>1966-'67</td>
<td>19.1</td>
<td>-5</td>
<td>+25</td>
<td>-95.5</td>
<td>15.8</td>
</tr>
<tr>
<td>1967-'68</td>
<td>23.1</td>
<td>-4</td>
<td>+16</td>
<td>-92.0</td>
<td>20.0</td>
</tr>
<tr>
<td>1968-'69</td>
<td>29.7</td>
<td>-3</td>
<td>+9</td>
<td>-89.1</td>
<td>24.2</td>
</tr>
<tr>
<td>1969-'70</td>
<td>33.6</td>
<td>-2</td>
<td>+4</td>
<td>-67.2</td>
<td>28.4</td>
</tr>
<tr>
<td>1970-'71</td>
<td>27.8</td>
<td>-1</td>
<td>+1</td>
<td>-27.8</td>
<td>32.6</td>
</tr>
<tr>
<td>1971-'72</td>
<td>37.5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>36.3</td>
</tr>
<tr>
<td>1972-'73</td>
<td>26.1</td>
<td>+1</td>
<td>+1</td>
<td>26.1</td>
<td>41.0</td>
</tr>
<tr>
<td>1973-'74</td>
<td>28.4</td>
<td>+2</td>
<td>+4</td>
<td>56.8</td>
<td>45.2</td>
</tr>
<tr>
<td>1974-'75</td>
<td>41.3</td>
<td>+3</td>
<td>+9</td>
<td>123.9</td>
<td>49.2</td>
</tr>
<tr>
<td>1975-'76</td>
<td>54.4</td>
<td>+4</td>
<td>+16</td>
<td>217.6</td>
<td>53.6</td>
</tr>
<tr>
<td>1976-'77</td>
<td>63.1</td>
<td>+5</td>
<td>+25</td>
<td>315.5</td>
<td>57.8</td>
</tr>
<tr>
<td>1977-'78</td>
<td>79.4</td>
<td>+6</td>
<td>+36</td>
<td>476.4</td>
<td>62.0</td>
</tr>
</tbody>
</table>

Total $\sum Y = 477.9$  \hspace{1cm} $\sum x^2 = 182$  \hspace{1cm} $\sum xy = 757.7$

Average 36.8

\[
\text{Trend} = \frac{\sum xy}{\sum x^2} = \frac{757.7}{182} = 4.2
\]

Source: Based on annual budgets of respective years of the city board Shahjahanpur.
REVENUE SOURCES:

Total Revenue Trend -

In analysing the budgets of the city board of Shahjahanpur, the trend of revenue from all sources is first assessed, followed by detailed examination of individual sources.

Table 4.5 sets down annual revenue figures for the year 1965-'66 to 1977-'78.

It will be seen from the table 4.5 that except for a few odd years, there has been a general upward trend in the revenues of the city board of Shahjahanpur. The total revenue which stood at Rs.14.5 lakhs in the initial year increased to Rs.79 lakhs in the final year 1977-'78, which was more than a five-fold increase in a little over a decade.

The graph based on Table 4.5 illustrated the movement of total revenue during the period 1965-'66 to 1977-'78.

Graph I shows a slow growth rate till 1973-'74 but the tempo picked up since 1975-'76 and was particularly marked in the final years. The Emergency of 1975 and contributed to the recovery of back payments and regular payments of current dues, eradication of corruption in collecting octroi and other taxes. In the urban areas
<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Revenue</th>
<th>Non Tax Revenue</th>
<th>Grants to total Revenue</th>
<th>Loans extraordinary to total Revenue</th>
<th>% Share to total Revenue</th>
<th>% Share to total Revenue</th>
<th>% Share to total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-66</td>
<td>7.2</td>
<td>2.9</td>
<td>50.2%</td>
<td>52.8%</td>
<td>3.3</td>
<td>23.3%</td>
<td>20.0%</td>
</tr>
<tr>
<td>1966-67</td>
<td>10.0</td>
<td>3.3</td>
<td>56.3%</td>
<td>60.6%</td>
<td>3.4</td>
<td>29.5%</td>
<td>29.0%</td>
</tr>
<tr>
<td>1967-68</td>
<td>13.0</td>
<td>3.4</td>
<td>46.2%</td>
<td>60.5%</td>
<td>4.8</td>
<td>22.6%</td>
<td>22.2%</td>
</tr>
<tr>
<td>1968-69</td>
<td>18.0</td>
<td>4.4</td>
<td>61.4%</td>
<td>65.6%</td>
<td>3.6</td>
<td>24.0%</td>
<td>24.0%</td>
</tr>
<tr>
<td>1969-70</td>
<td>16.8</td>
<td>4.8</td>
<td>64.2%</td>
<td>65.6%</td>
<td>3.0</td>
<td>19.7%</td>
<td>19.7%</td>
</tr>
<tr>
<td>1970-71</td>
<td>17.3</td>
<td>9.5%</td>
<td>61.4%</td>
<td>65.6%</td>
<td>11.5%</td>
<td>19.7%</td>
<td>19.7%</td>
</tr>
<tr>
<td>1971-72</td>
<td>15.8</td>
<td>17.3%</td>
<td>60.5%</td>
<td>65.6%</td>
<td>10.5%</td>
<td>17.3%</td>
<td>17.3%</td>
</tr>
<tr>
<td>1972-73</td>
<td>27.1</td>
<td>10.5%</td>
<td>65.6%</td>
<td>65.6%</td>
<td>10.5%</td>
<td>19.7%</td>
<td>19.7%</td>
</tr>
<tr>
<td>1973-74</td>
<td>17.9</td>
<td>10.2%</td>
<td>64.6%</td>
<td>65.6%</td>
<td>10.2%</td>
<td>19.7%</td>
<td>19.7%</td>
</tr>
<tr>
<td>1974-75</td>
<td>35.2</td>
<td>16.2%</td>
<td>66.2%</td>
<td>66.2%</td>
<td>16.2%</td>
<td>19.7%</td>
<td>19.7%</td>
</tr>
<tr>
<td>1975-76</td>
<td>40.1</td>
<td>12.9%</td>
<td>65.6%</td>
<td>66.2%</td>
<td>12.9%</td>
<td>19.7%</td>
<td>19.7%</td>
</tr>
<tr>
<td>1976-77</td>
<td>52.6</td>
<td>11.4%</td>
<td>66.2%</td>
<td>66.2%</td>
<td>11.4%</td>
<td>19.7%</td>
<td>19.7%</td>
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<tr>
<td>1977-78</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on Table 4.4.
municipalities were asked to execute the centres schemes and programmes.

The trend for the whole period shown in the graph is determined on the basis of the least square method. The trend records a growth rate of 4.2 per annum.

**Tax Revenue from different sources**

It has been observed that tax revenues have accounted for a larger part of the total revenue, being invariably over 50 per cent and grew to as much as 67 per cent in the final year (1977-'78) under review. In the Table 4.6 the detailed break up has been given year wise.

The tax revenue trend has virtually contributed the lion's share of the total revenue. In Graph-2 it has followed fairly, closely the total revenue curve. It increased for Rs. 7.2 lakhs to about Rs. 52.6 lakhs, more than a seven fold appreciation in thirteen years. Except for the mid years 1970-'71 to 1971-'72 in particular, a year wise rise has been recorded.
TABLE - 4.7

Components of Tax Revenue and their relative share to it of the City Board Shahjahanpur

<table>
<thead>
<tr>
<th>Year</th>
<th>Octroi</th>
<th>% share to Octroi</th>
<th>Water Tax</th>
<th>% share to Water Tax</th>
<th>House Tax</th>
<th>% share to House Tax</th>
<th>Sugar Tax</th>
<th>% share to Sugar Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-66</td>
<td>6.6</td>
<td>91.6%</td>
<td>0.5</td>
<td>7%</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>-</td>
</tr>
<tr>
<td>1966-67</td>
<td>7.9</td>
<td>79%</td>
<td>1.6</td>
<td>16%</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td>1967-68</td>
<td>10.7</td>
<td>82.3%</td>
<td>2.2</td>
<td>16.9%</td>
<td>-</td>
<td>-</td>
<td>0.07</td>
<td>-</td>
</tr>
<tr>
<td>1968-69</td>
<td>15.1</td>
<td>83.9%</td>
<td>2.2</td>
<td>12.2%</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td>1969-70</td>
<td>16.3</td>
<td>87.6%</td>
<td>2.0</td>
<td>10.7%</td>
<td>0.3</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td>1970-71</td>
<td>15.3</td>
<td>91.0%</td>
<td>1.6</td>
<td>9.5%</td>
<td>-</td>
<td>-</td>
<td>0.06</td>
<td>-</td>
</tr>
<tr>
<td>1971-72</td>
<td>15.2</td>
<td>87.9%</td>
<td>1.9</td>
<td>10.4%</td>
<td>0.3</td>
<td>-</td>
<td>0.02</td>
<td>-</td>
</tr>
<tr>
<td>1972-73</td>
<td>13.8</td>
<td>87.3%</td>
<td>1.7</td>
<td>10.7%</td>
<td>0.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1973-74</td>
<td>15.7</td>
<td>87.7%</td>
<td>2.2</td>
<td>12.3%</td>
<td>0.01</td>
<td>-</td>
<td>0.02</td>
<td>-</td>
</tr>
<tr>
<td>1974-75</td>
<td>22.7</td>
<td>83.7%</td>
<td>4.4</td>
<td>16.2%</td>
<td>0.02</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1975-76</td>
<td>33.7</td>
<td>88.2%</td>
<td>4.5</td>
<td>11.8%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1976-77</td>
<td>31.9</td>
<td>79.5%</td>
<td>5.7</td>
<td>14.2%</td>
<td>2.5</td>
<td>-</td>
<td>0.02</td>
<td>-</td>
</tr>
<tr>
<td>1977-78</td>
<td>43.0</td>
<td>81.7%</td>
<td>7.0</td>
<td>13.3%</td>
<td>2.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Based on Table - 4.4
A study of the components of tax revenue revealed the following features: Octroi is the principal source of tax revenue as well as major contributor to total revenue. Octroi was charged at eleven octroi posts by the city board Shahjahanpur. Among those, the A2iz Ganj and Fathe Pur octroi posts have been reckoned as the highest aggregate collectors on their route viz National Highway 29, connecting Delhi, Meerut, Hapur, Bareilly on the West side and Lucknow, Sitapur, Kanpur, Raniganj, and Calcutta on the eastern side.

Octroi accounted for between 80 per cent to 90 per cent of the tax revenue. The importance of octroi, as a revenue source was evident from the fact that it was the main source of the board's revenue, accounted for 50 per cent of its total revenue and increased by 62 per cent in 1975-76. The average contribution throughout the period has been more than half of the total financial resources of the board. Rise in revenues through octroi has been illustrated with the help of graph-3.

It might be seen that 00' represents octroi revenue and RR' represents total tax revenue. The two curves run more or less side by side, leaving a narrow space between
the two. Another TT' curve was also drawn showing total revenue. All the three curve showed a similar directional movement with the correlation between total revenues and octroi being more marked in view of its being most important single source of the board's total financial resources.

Water tax is the second main contributor to tax revenue after octroi. Though the yield from water tax is not much in the initial years because the water tax was a comparatively a new item in the city board's revenue list. It was introduced as a regular tax only after 1960 in most of the municipalities. The city board Shahjahanpur provided this important civic amenity to its people in 1964, the year preceding the period under review. This facility had become popular and its benefits extend to a large portion of the population. Water was supplied to the population through public taps to the public for domestic purposes and to factories for industrial purposes.

Revenue from water tax witnessed a spectacular increase from less than one lakh to seven lakhs rupees by 1977-'78. Thus, it accounted for 7 percent of the tax revenue in the initial year 1965-'66. Then it rose rapidly in the succeeding years by 16 per cent, 16.9 per cent of the tax revenue in the 1966-67 and 1967-68 respectively.
Though it tended to increase in the succeeding years under consideration, as a proportion of tax revenue it declined from 16.9 per cent to 12.2 per cent in 1968-'69; 10.7 per cent in 1969-'70 and 9.5 per cent in 1970-'71. From 1971-'72 it began to rise till the final year of the study period. For example, it stood at 10.4 per cent 10.7 per cent, 12.3 per cent and 16.2 per cent in the years 1971-'72; 1972-'73; 1973-'74 and 1974-'75 respectively. It momentarily declined in 1975-'76 to 11.8 per cent but again tended to increase to 14.2 per cent in 1976-'77 and 13.3 per cent in 1977-'78.

Of the remaining taxes, namely house tax and Rab tax did prove to be of great significance. The former having picked up significantly only in the final years, 1976-'77 and 1977-'78, amounting to Rs.2.5 lakhs as against insignificant amounts earlier.

The house tax has, however, been reckoned as a remunerative source of local finance in the other state of India like Maharashtra and Tamil Nadu. It is being increasingly tapped as potentially high yielding source in other municipalities and corporations. It the U.P. local representatives have been reluctant to impose house tax on themselves. They also have political motive of popularity and winning
### TABLE - 4.8

Non-tax Revenue Trend of City Board Shahjahanpur

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Non-tax Revenue (in lakhs ₹)</th>
<th>Time devotion of each year from the middle of the year</th>
<th>Square of time devotion</th>
<th>Product</th>
<th>Trend (in lakhs ₹) in Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-66</td>
<td>3.9</td>
<td>-6</td>
<td>36</td>
<td>23.4</td>
<td>0.5</td>
</tr>
<tr>
<td>1966-67</td>
<td>3.3</td>
<td>-5</td>
<td>25</td>
<td>16.5</td>
<td>1.3</td>
</tr>
<tr>
<td>1967-68</td>
<td>3.4</td>
<td>-4</td>
<td>16</td>
<td>13.6</td>
<td>2.1</td>
</tr>
<tr>
<td>1968-69</td>
<td>5.1</td>
<td>-3</td>
<td>9</td>
<td>15.3</td>
<td>2.9</td>
</tr>
<tr>
<td>1969-70</td>
<td>7.4</td>
<td>-2</td>
<td>4</td>
<td>14.8</td>
<td>3.7</td>
</tr>
<tr>
<td>1970-71</td>
<td>4.8</td>
<td>-1</td>
<td>1</td>
<td>4.8</td>
<td>4.5</td>
</tr>
<tr>
<td>1971-72</td>
<td>11.2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5.3</td>
</tr>
<tr>
<td>1972-73</td>
<td>3.0</td>
<td>+1</td>
<td>1</td>
<td>3.0</td>
<td>6.1</td>
</tr>
<tr>
<td>1973-74</td>
<td>5.6</td>
<td>+2</td>
<td>4</td>
<td>11.2</td>
<td>6.9</td>
</tr>
<tr>
<td>1974-75</td>
<td>6.0</td>
<td>+3</td>
<td>9</td>
<td>18.0</td>
<td>7.7</td>
</tr>
<tr>
<td>1975-76</td>
<td>5.7</td>
<td>+4</td>
<td>16</td>
<td>22.8</td>
<td>8.5</td>
</tr>
<tr>
<td>1976-77</td>
<td>15.0</td>
<td>+5</td>
<td>25</td>
<td>75.0</td>
<td>9.3</td>
</tr>
<tr>
<td>1977-78</td>
<td>17.8</td>
<td>+6</td>
<td>36</td>
<td>106.8</td>
<td>10.1</td>
</tr>
</tbody>
</table>

\[ \sum xy = 69.1 \quad \sum x^2 = 182 \quad \sum xy = 148.4 \]

Average = 5.3

Trend = \( \frac{\sum xy}{\sum x^2} \)

= \( \frac{148.4}{182} \) = 0.8

Source: Based on Table - 4.4
Garra is the main river of the city. Garra and river Khanaut flanked it on the western and eastern sides respectively. Being longitudinal in shape (shown in the map) the expansion of the city area is strictly restricted by both these rivers on the three sides and the cantonment in the north. Some area across the bridge lower down the Khanaut is however, included in the city board which can expand to some extent. Extension is possible across its upper bridge and also in the north-west.

It is well connected with main broad guage railway line on the Amritsar-Mughal Sarai route, Delhi-Banaras route of the Northern Railway and a branch line also joins it with Sitapur city. A branch line or Meter gauge or North-Eastern Railway also connects it with Pilibhit. Thus, it is easily accessible to Lucknow, Bareilly, Moradabad, Hapur, Dehra Dun, Saharanpur and Allahabad with main railway route, and similarly by roads with extension of Lakhimpur, Farukhabad, Nainital, Gonda and Meerut.

The city board of Shahjahanpur or Nagarpalika was established as a 'municipal committee' on 1st November, 1864 under the North-West Province and Oudh Act XXVI of 1850. The first municipal committee was nominated body under the ex-officio chairman of District Magistrate.
of election. Moreover, during the last 10 years the assessment had not taken and the annual rental value was under-estimated by local pressure.

Non-tax Revenue: Among non-tax revenue, the city board included income under special act; revenue from the city board's property i.e. land, shops, slaughter houses, land on hire, interest on investment and miscellaneous items.

Unlike tax revenue its yield is relatively less although it too had increased markedly over the years. Receipts from the city board's property and lands have been the main non-tax sources of revenue. The relative contribution of non-tax revenue has averaged less than 30 per cent of the total revenue from all sources.

Table 4.8 reveals the decline in the relative share of non-tax. In the year 1965-'66 the yield was estimated Rs.3.9 lakhs only. Though its relative share to total revenue was as much as 26.9 per cent of the total revenue. But in subsequent years its contribution had, on the whole, increased perceptibly; its relative share tended to decline because of the progressively higher yields from taxes.
The share of non-tax revenues, however, has been fluctuating from year to year with minimum of 10.5 per cent. In 1976-'77 and 1977-'78 it became 24 per cent and 22 per cent respectively. The later improvement in relative share was due to the quantum of grants rather than compared to tax revenue which had continued to record increasing yields.

The income from lands and property increased from Rs. two lakhs in 1965-'66 to five lakhs in 1977-'78. Per cent wise proportion of total revenue tended to decline from 4 per cent to 5 per cent in 1968-'69 but improved thereafter both in absolute terms as well relatively. Though not in a consistent manner as seen from Table 4.9. The highest per cent increase was recorded in 1973-'74 but in absolute terms in 1977-'78.

Loans (Borrowing):- Contributions raised by way of loans were relatively greater than from the city board's lands and property in same years (See table 4.6) Repayable loans and overdraft facilities were needed particularly when grants proved inadequate, in meeting the expenditure requirements of the city board. These loans were obtained from state government at a low rate of interest. In 1965-'66 Rs. 1.02 lakhs were secured and again in 1971-'72, Rs. 7.65 lakhs in order to
### Grants Trend (City Board Shahjahanpur)

<table>
<thead>
<tr>
<th>Year</th>
<th>Grants (in lakhs ₹)</th>
<th>Time deviation of each year from middle of the year</th>
<th>Square of x deviation</th>
<th>Trend (in lakhs ₹) in Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-66</td>
<td>3.3</td>
<td>-6</td>
<td>+36</td>
<td>5.4</td>
</tr>
<tr>
<td>1966-67</td>
<td>5.8</td>
<td>-5</td>
<td>+25</td>
<td>5.7</td>
</tr>
<tr>
<td>1967-68</td>
<td>6.7</td>
<td>-4</td>
<td>+16</td>
<td>6.0</td>
</tr>
<tr>
<td>1968-69</td>
<td>6.6</td>
<td>-3</td>
<td>+9</td>
<td>6.3</td>
</tr>
<tr>
<td>1969-70</td>
<td>7.6</td>
<td>-2</td>
<td>+4</td>
<td>6.6</td>
</tr>
<tr>
<td>1970-71</td>
<td>6.2</td>
<td>-1</td>
<td>+1</td>
<td>6.9</td>
</tr>
<tr>
<td>1971-72</td>
<td>9.0</td>
<td>0</td>
<td>0</td>
<td>7.2</td>
</tr>
<tr>
<td>1972-73</td>
<td>7.3</td>
<td>+1</td>
<td>+1</td>
<td>7.5</td>
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<tr>
<td>1973-74</td>
<td>4.9</td>
<td>+2</td>
<td>+4</td>
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<tr>
<td>1975-76</td>
<td>10.5</td>
<td>+4</td>
<td>+16</td>
<td>8.4</td>
</tr>
<tr>
<td>1976-77</td>
<td>8.0</td>
<td>+5</td>
<td>+25</td>
<td>8.7</td>
</tr>
<tr>
<td>1977-78</td>
<td>9.0</td>
<td>+6</td>
<td>+36</td>
<td>9.0</td>
</tr>
</tbody>
</table>

\[ \sum y = 93.1 \]

\[ \text{Average} = 7.2 \]

\[ \sum x^2 = 182 \]

\[ \sum xy = 60.9 \]

\[ \text{Trend} = \frac{\sum xy}{\sum x^2} = \frac{60.9}{182.0} = 0.33 \]

Source: Based on Table 4.9
extend the scope of civic amenities and to supplement the grants for road construction and repairs. In 1976-'77 the city board had been extended loans amounting to Rs.10 lakhs which constituted 16.2 per cent of the total receipts and in the succeeding year (1977-'78) it was 9.8 lakhs rupees which amounted 12.9 per cent of total receipts for that year.

Since city board's power of borrowing was restricted by state government. It take loan from state government it-self or from the Life Insurance Corporation of India. It had become very difficult for the city board to meet the growing demand of civic amenities like water supply and road construction. Loans appeared one way of securing the required funds. Though it might borrow from commercial banks too, but there was no specific agency earmarked for the purpose. Zakaria committee has had recommended the setting up of an 'Urban Development Board' but it failed to materialize.

Grants-in-Aid: - Grants and contributions were important features. They were powerful means of equalization. Grants were intended to supplement the financial resources of local bodies by the higher administrative machinery.

Grants have been sanctioned either for general purposes or for specific purposes; such as road development grants medical relief grants and education grants.
Grants have been utilized to the extent they were channeled to the city board. Though there was an inverse relationship between the growth of the city board and the amount sanctioned by way of grants to them. No uniform principle for determining the grants had been evolved so far. The actual amounts varied from year to year and pattern reflects the bargaining status of the city board.

Despite the absence of specific rules, periodic fluctuations, their quantum has tended the increase in the case of the city board of Shahjahanpur during the period surveyed.

As revealed in table 4.6 in the initial year 1965-'66 it was about Rs.3 lakhs only, whereas in 1977-'78, the final year of the period under review it grew to as much as Rs.9 lakhs. The percentage share of grants to total revenue had tended to decline and was as low as 11 per cent in 1977-'78, the final year, as against 23 per cent in the year 1965-'66 and 29 per cent in the following year 1966-'67. The explanation of this phenomenon lies in the fact that tax revenue had been markedly increased during those years.
Diagram 1 and graph 3 illustrates the position of position of grants with total revenue. Comparing the position of grants with that of non-tax revenue first, it is observed that over the period as a whole or more specifically in an annual basis grants have tended to be larger than the yield from non-tax revenue. But this was by no means true, which is notable, in the mid-year 1971-'72 and particularly in the years 1976-'77 and 1977-'78 when the total returns from non-tax significantly higher. This could be indicative of a new phase coming into being.

Fluctuations in grants may be attributed in the amount sanctioned for specific plan schemes by way of assistance to the city board in the state plan budgets. This amount is then distributed to the city board on general considerations or relative bargaining strength of different types local bodies.
EXPENDITURE:

With growing industrialization, as well as the popular awareness of the need for civic amenities, municipal functions have achieved a degree of importance which is not yet consonant with the actual order of performance. Municipalities had to gear themselves for assuming greater responsibilities both in the scope of their activities and the quantum of each service provided.

Total Expenditure Trend:

The total expenditure of the city board of Shahjahanpur increased from Rs. 15.1 lakhs in 1965-'66 to Rs. 72.1 lakhs in 1977-'78; which was an increase of nearly five-fold: being approximately of the same magnitude as in the case of total revenues. The rate of growth for the years under review (1965-'66 to 1977-'78) was 4.4 per annum on the basis of trend fitted employing the least square method. The rate of growth of expenditure was thus virtually of the same order as in the case of city board's revenues.

Annual movement of the expenditure reveals a decline in expenditure over the preceeding year in two years only, in 1972-'73 and 1976-'77. In 1972-'73 the fall could be attributed to a corresponding decline in revenues.
TABLE - 4.10

Expenditure Trend of City Board Shahjahanpur

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Expenditure Trend</th>
<th>Time deviation from the middle of the year</th>
<th>Square of x deviation</th>
<th>Product xy</th>
<th>Trend Amount Base=100</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>x</td>
<td>y</td>
<td>x</td>
<td>x^2</td>
<td>xy</td>
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<tr>
<td>1965-66</td>
<td>15.1</td>
<td>-6</td>
<td>36</td>
<td>-90.6</td>
<td>10.09=100</td>
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<tr>
<td>1966-67</td>
<td>15.9</td>
<td>-5</td>
<td>25</td>
<td>-79.5</td>
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<td>1967-68</td>
<td>23.4</td>
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<td>16</td>
<td>-93.6</td>
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<td>1968-69</td>
<td>27.1</td>
<td>-3</td>
<td>9</td>
<td>-81.3</td>
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<tr>
<td>1969-70</td>
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<td>4</td>
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<td>27.76</td>
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<tr>
<td>1970-71</td>
<td>33.8</td>
<td>-1</td>
<td>1</td>
<td>-33.8</td>
<td>34.18</td>
</tr>
<tr>
<td>1971-72</td>
<td>37.2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>38.6</td>
</tr>
<tr>
<td>1972-73</td>
<td>31.7</td>
<td>1</td>
<td>1</td>
<td>31.7</td>
<td>43.02</td>
</tr>
<tr>
<td>1973-74</td>
<td>35.4</td>
<td>2</td>
<td>4</td>
<td>70.8</td>
<td>47.44</td>
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<td>1974-75</td>
<td>54.0</td>
<td>3</td>
<td>9</td>
<td>162.0</td>
<td>51.86</td>
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<tr>
<td>1975-76</td>
<td>64.3</td>
<td>4</td>
<td>16</td>
<td>257.2</td>
<td>56.28</td>
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<td>296.9</td>
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<td>1977-78</td>
<td>72.1</td>
<td>6</td>
<td>36</td>
<td>432.6</td>
<td>65.12</td>
</tr>
</tbody>
</table>

Total $\sum y = 502.3$ $\sum x^2 = 182$ $\sum xy = 805.3$

Average 38.6

Trend $= \frac{\sum xy}{\sum x^2}$

$= \frac{\sum 805.3}{182}$

$= 4.42$

Source: - Annual budgets of City Board
In 1976-'77, however, the decline in expenditure was despite the increase in revenue and a surplus resulted in that year. It is also observed in two years in which revenues had dropped from the previous year, expenditure was larger than revenues.

For more fruitful analysis we have divided expenditure items into two broad categories; namely, (i) general expenditure and (ii) development expenditure.

In general group we put all routine and incidental expenditure increased in connection with the functioning of the city board as such. Collection costs in respect of taxes levied by the city board were also reckoned as routine administration expenditure.

Under development expenditure, the items included were public safety, public health (convenience) public works and public instructions taken together.

General Administration: We proceed to the analysis of expenditure by main sub-heads and also assess their relative position and expenditure pattern. From the Table-4.11, expenditure under these two heads had been taken together as they represent routine administration and establishment expenditure by the board on its own upkeep and in conducting
### Table 4.11

Break-up of Total Expenditure (General and Development) City Board Shahjahanpur

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<tbody>
<tr>
<td>I-General Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Administration</td>
<td>0.75</td>
<td>1.01</td>
<td>1.04</td>
<td>1.14</td>
<td>1.10</td>
<td>1.48</td>
<td>1.33</td>
<td>1.47</td>
<td>2.41</td>
<td>2.30</td>
<td>2.58</td>
<td>2.57</td>
<td>2.63</td>
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<td>(ii) Collection charges</td>
<td>1.20</td>
<td>1.33</td>
<td>1.62</td>
<td>1.89</td>
<td>1.95</td>
<td>2.09</td>
<td>2.17</td>
<td>2.12</td>
<td>2.51</td>
<td>2.51</td>
<td>2.39</td>
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<td>2.46</td>
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<td>(iii) Miscellaneous</td>
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<td>2.26</td>
<td>3.29</td>
<td>2.93</td>
<td>3.72</td>
<td>2.04</td>
<td>1.19</td>
<td>3.83</td>
<td>4.94</td>
<td>3.59</td>
<td>6.00</td>
<td>6.32</td>
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<tr>
<td>(iv) Extra-ordinary debt</td>
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<td>0.03</td>
<td>0.05</td>
<td>0.10</td>
<td>0.10</td>
<td>0.15</td>
<td>0.19</td>
<td>0.26</td>
<td>0.39</td>
<td>0.20</td>
<td>0.02</td>
<td>0.31</td>
<td></td>
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<tr>
<td>Total of General Expenditure</td>
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<td>4.43</td>
<td>6.00</td>
<td>6.00</td>
<td>6.87</td>
<td>6.54</td>
<td>5.45</td>
<td>10.76</td>
<td>13.4</td>
<td>12.82</td>
<td>13.99</td>
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</tr>
<tr>
<td>Percentage of Total Expenditure</td>
<td>17.54</td>
<td>17.24</td>
<td>26.15</td>
<td>28.84</td>
<td>22.47</td>
<td>17.64</td>
<td>17.11</td>
<td>30.48</td>
<td>24.56</td>
<td>25.13</td>
<td>25.26</td>
<td>20.11</td>
<td>25.67</td>
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<tr>
<td>II-Development Expenditure</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(i) Public Safety</td>
<td>0.73</td>
<td>1.35</td>
<td>1.12</td>
<td>1.25</td>
<td>1.98</td>
<td>1.32</td>
<td>1.71</td>
<td>2.27</td>
<td>3.31</td>
<td>3.70</td>
<td>3.40</td>
<td>4.73</td>
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<td>(ii) Public Health (Water, Supply, Conservancy, Medical Activities)</td>
<td>5.77</td>
<td>4.57</td>
<td>7.47</td>
<td>9.41</td>
<td>11.36</td>
<td>21.03</td>
<td>15.98</td>
<td>11.68</td>
<td>36.70</td>
<td>29.69</td>
<td>25.51</td>
<td>35.23</td>
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<tr>
<td>Percentage of Total Expenditure</td>
<td>(38.19)</td>
<td>(38.78)</td>
<td>(32.6)</td>
<td>(33.28)</td>
<td>(34.35)</td>
<td>(57.75)</td>
<td>(44.15)</td>
<td>(35.0)</td>
<td>(57.12)</td>
<td>(46.18)</td>
<td>(43.19)</td>
<td>(46.18)</td>
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</tr>
<tr>
<td>(iii) Public Works</td>
<td>0.65</td>
<td>1.03</td>
<td>4.68</td>
<td>6.23</td>
<td>5.27</td>
<td>2.49</td>
<td>5.49</td>
<td>6.49</td>
<td>7.40</td>
<td>16.95</td>
<td>15.90</td>
<td>19.19</td>
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<tr>
<td>Percentage of Total Expenditure</td>
<td>(6.59)</td>
<td>(6.58)</td>
<td>(20.7)</td>
<td>(22.58)</td>
<td>(15.98)</td>
<td>(7.0)</td>
<td>(17.38)</td>
<td>(28.5)</td>
<td>(13.78)</td>
<td>(27.5)</td>
<td>(27.5)</td>
<td>(26.68)</td>
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<td>(iv) Public Instruction (Education)</td>
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<td>4.52</td>
<td>4.13</td>
<td>4.22</td>
<td>5.62</td>
<td>6.01</td>
<td>5.07</td>
<td>2.21</td>
<td>0.31</td>
<td>1.05</td>
<td>0.40</td>
<td>0.52</td>
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</tr>
<tr>
<td>Percentage of Total Expenditure</td>
<td>(27.9)</td>
<td>(19.19)</td>
<td>(15.98)</td>
<td>(17.9)</td>
<td>(16.48)</td>
<td>(16.48)</td>
<td>(6.59)</td>
<td>(1.68)</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Total of Development Expenditure</td>
<td>10.43</td>
<td>11.27</td>
<td>17.40</td>
<td>21.1</td>
<td>24.23</td>
<td>30.66</td>
<td>29.25</td>
<td>24.64</td>
<td>40.62</td>
<td>51.38</td>
<td>45.21</td>
<td>57.70</td>
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<tr>
<td>Percentage of Total Expenditure</td>
<td>(67.94)</td>
<td>(70.29)</td>
<td>(74.49)</td>
<td>(77.79)</td>
<td>(75.25)</td>
<td>(92.49)</td>
<td>(92.89)</td>
<td>(69.69)</td>
<td>(75.25)</td>
<td>(79.95)</td>
<td>(74.45)</td>
<td>(80.59)</td>
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<td>Grand Total</td>
<td>15.1</td>
<td>15.4</td>
<td>23.4</td>
<td>27.1</td>
<td>33.1</td>
<td>33.8</td>
<td>37.2</td>
<td>31.7</td>
<td>35.4</td>
<td>54.02</td>
<td>64.3</td>
<td>59.2</td>
<td>72.1</td>
</tr>
</tbody>
</table>

Source: Based on Table 4.10
board's overall activities. This expenditure covers the honorarium, allowances of the members of the elected board, salary and wages of officers, compulsory staff, clerks, peons and other miscellaneous and extra-ordinary debts mainly unstalled personnel.

Since welfare or development activities constituted the main pre-occupation of the board, it was not surprising that expenditure on general administration and associated activities should be small. In 1965-'66, Rs.4.57 lakhs was spent on this item and tended to increase over the years. It must be however, be conceded that the importance and magnitude of board's activities had also substantially increased and an increase in administrative expenditure was not as outrageous increase as proportionate to total expenditure. It was estimated at about 30 per cent of the total expenditure. By 1977-78, such expenditure had declined to 20 per cent to the total expenditure. In the initial years, the expenditure fluctuated within these limits.

We had lumped it with collection charges which have increased in connection with non-developmental activities, the revenue so derived may be subsequently utilised for development purposes. As in the case of
general administration, the outlay on collection was spent on salary and wages payment to either temporary or permanent personnel. It may be incidentally added here, that often the wages paid were levied in relation to the volume of collections made by persons so engaged. It was known as 'earning based wages! Collection agents besides carrying out normal collection activities were also engaged for surprise raids on godowns or cycle and rickshaw license, by posting themselves at certain crossing. In popular language these were known as 'gherao' or 'nakabandi!'

Expenditure on collection charges has been relatively large and increased more sharply, as might be expected, averaging about one third of total general administration.

In general expenditure, miscellaneous item has been largest throughout the years. In the initial years 1965-'66 it stood at Rs.2.6 lakhs which was 17 per cent of the total expenditure and more than half of the general expenditure. During the year 1966-67 to 1969-70 it was ranging from 10 per cent to 17. Each time more than half of the general expenditure. During later years, it tended to decrease 5.5 per cent, 3.7 per cent, in 1971-'72 and 1972-'73. During the years 1973-'74, it rose in absolute terms but its percentage to total general expenditure had been one-third.
In the succeeding years, it increased in absolute terms, eventhough the percentage to total expenditure and relative share to general expenditure had not increased significantly, being 8.9 %, 8.7%, 10% and again 8.7% in the year 1974-'75, 1975-'76, 1976-'77, 1976-'77 and 1977-'78.

Development Expenditure :-

(1) Public safety

This head included the provision for fire extinguishing and street lighting.

Expenditure on the sub-head for keeping the fire-fighting agencies in complete readiness at all times and providing additional sophisticated equipment from time to time. It was an essentially and emergency services. When necessary, the city board also ask similar facilities adjoining cantonment board.

Extension of lighting facilities during reveiw period consisted largely of replacing the old lamp posts by electric bulbs. The city board has to provide the bulbs, tubes make recommendations for installing new poles for illuminating streets or lanes. The maintenance tasks are, however, also excluded from the scope of the board's responsibilities. A separate state control board of U.P. State Electric Supply Board (UPSEB) has been formed for this purpose.
Expenditure on lighting had increased from Rs. 0.8 lakhs in 1965-'66 to as much as Rs. 4.7 lakhs by 1977-'78. Electricity as a sub-head achieved hundred per cent electrification during this period mostly by (fluorescent tubes in replacement of bulbs fixed in 1965-'66. Lighting accounted for about 5 per cent of the total expenditure and remained more or less at this level for some time until it increased sharply to over 8 per cent in 1973-'74 when a major step toward hundred per cent electrification, replacement of old poles and wiring was undertaken.

(2) Public Health

Public Health and Public Convenience serves as an important index of board's performance. Provision of civic amenities has been reckoned as an essential and obligatory function.

Expenditure on public health (and convenience) had markedly increased during the period under review, rising from about Rs. 6 lakhs in 1965-'66 to Rs. 33 lakhs in 1977-'78. However, expenditure during individual years tended to fluctuate though public convenience such as water supply, sewage, conservancy etc. were of the nature of continuing amenities and demand steady increase in their provision considering the normal growth of population, migration into
the city from the rural areas and extension of these services which were to begin with extremely inadequate.

In 1970-71 an important stage had been reached in the supply of portable water for domestic purposes. The number of meter connections rapidly reached to about 2,000. Extension there after had somewhat slowed down.

Prior to 1970-'71, inadequate attention had been paid to the provision of public taps and specially drainage clearance. In the mid-city dirty water from nallahs had spilled into the adjoining slums and the streets of the neighbourhood.

In 1965-'66, there had been only one vaccination centre (teeka station) with a single vaccinator. The city board ran one Homeopathic dispensary with a single doctor. House disposals were carried in open carts. There was a single tractor for the removing of wastages from markets and slum areas. This lack of amenities aroused public discontent and in responding to public sentiments plans were made and provision of other amenities improved or extended.

In financial outlays accordingly increased markedly, particularly in relation to the board's total expenditure.
In 1971-'72, about 57.7 per cent of total expenditure was accounted for by public health (and convenience). New apparatus for slum clearance and wastages on street corners had been aquired. In 1972-'73 new hand pumps were added and old nallhas were repaired, broadened and deepened. The tempo was kep up in the following years with generally increasing financial outlays. The expenditure touched a peak in 1977-'78, the final year of the period under review. In other directions too outlays had been increased. Hence while in absolute terms more money was spent on public health its proportion to total expenditure became obviously lower but this was by no means any indication of any decline in the importance of these conveniences or a set back in physical terms of these amenities.

(3) Public Works:-

The city board of Shahjahanpur is among those city boards which had not undertaken any remunerative enterprises. It confines its activities in this field to road construction provision of public latrines and urinals, and their proper and hygenic maintenance. More recently it undertook the responsibility of constructing employees' residences.
The city board had been originally a city of old styled khapril roof houses, and unmetalled kankar roads brick pavements and narrow lanes. Some of these old feature still prevail. With the enlargement of public works programme considerable improvement has taken place. Roads had become largely metalled, and where needed over-bridges were provided. The look of Shahjahanpur has certainly changed but much remains still to be done. A feature of the review period was the occasional suspension of the city board, when it failed to meet the needs of the public adequately.

In 1965-66, expenditure on public works was only 0.4 per cent to the total expenditure. It improved successfully in 1966-'67, 1967-'68 and 1968-'69 being 6.5 per cent, 19.9 per cent and 22.3 per cent to the total expenditure respectively. The kankar roads were replaced by metalled roads and new brick pavements (kharanja) were extended to the interior areas. One market and some shops of the other market of the city board were repaired. In the succeeding years the trend of expenditure on this item had been irregular except during the three years 1975-'76, 1976-'77, 1977-'78, when outlays had markedly increased. During this period, the development of roads, lanes and public latrines and urinals was conspicuous. The city board also took steps to make all roads metalled, broadened, new line roads provided, replacement of bricks pavements by metalled
roads and lanes, except in the some cases of far off areas. The office building posts had been renovated and extended. The city had been joined by metalled roads and brick pavements aggregating 1.2 kilo metres.

(4) Public Instructions:-

Education was a primary concern of the city board in the initial years and relatively large outlays were earmarked for it. It provided basic primary education upto class fifth. Most of the buildings of the primary schools were hired. Now and then extension were added to meet the growing needs. An outlays of about ₹4 lakhs was incurred in 1965-'66, being more than 25 per cent of the total expenditure. It increased annually until 1972-'73 in absolute terms, though not necessarily proportionately. From 1973, primary education became a concern of state control. Upto Junior High School i.e. class VIII, all schools were brought under control of Basic Shiksha Adhikari (BSA). With the shifting of responsibility, outlay on public instruction became negligible in the succeeding years.
### TABLE 4.12

Statement showing Budget Difference of City Board Shahjahanpur

(Figures in lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue</th>
<th>Total expenditure</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-66</td>
<td>14.5</td>
<td>15.1</td>
<td>0.4</td>
</tr>
<tr>
<td>1966-67</td>
<td>19.1</td>
<td>15.9</td>
<td>+ 3.2</td>
</tr>
<tr>
<td>1967-68</td>
<td>23.0</td>
<td>23.4</td>
<td>0.4</td>
</tr>
<tr>
<td>1968-69</td>
<td>29.7</td>
<td>27.1</td>
<td>+ 2.6</td>
</tr>
<tr>
<td>1969-70</td>
<td>33.6</td>
<td>33.1</td>
<td>+ 0.5</td>
</tr>
<tr>
<td>1970-71</td>
<td>27.8</td>
<td>33.8</td>
<td>-8.0</td>
</tr>
<tr>
<td>1971-72</td>
<td>37.5</td>
<td>37.2</td>
<td>+ 0.3</td>
</tr>
<tr>
<td>1972-73</td>
<td>26.1</td>
<td>31.7</td>
<td>-5.6</td>
</tr>
<tr>
<td>1973-74</td>
<td>28.4</td>
<td>35.4</td>
<td>-7.0</td>
</tr>
<tr>
<td>1974-75</td>
<td>41.3</td>
<td>54.0</td>
<td>-12.7</td>
</tr>
<tr>
<td>1975-76</td>
<td>54.4</td>
<td>64.3</td>
<td>-9.9</td>
</tr>
<tr>
<td>1976-77</td>
<td>63.1</td>
<td>59.2</td>
<td>+ 3.9</td>
</tr>
<tr>
<td>1977-78</td>
<td>79.4</td>
<td>72.1</td>
<td>+ 7.3</td>
</tr>
</tbody>
</table>

**Source:** Data collected from the different Annual Budgets of the City Board Shahjahanpur
Budget Position:- Comparing the volume of annual expenditure with the volume of annual revenues year by year, it was observed that the number of years of surplus is about the same as the number of years of deficit. Other noticeable features are that the magnitude of the deficits have tended to increase during the period which was not surprisingly in a developing economy. The surpluses do not reveal any clear tendency except that in the final years 1976-'77 surpluses occurred. In the later of the two years the surplus was the largest for the period.

As mentioned earlier, the city board's Annual Budget Reports' gave per capita figures of revenue yield using 1961 Census data for the period 1965-'66 to 1970-'71 and 1971 Census figures for the years 1971-'72 to 1977-'78. This gave us an idea of the incidence of taxation. But a better picture would have been obtained if annual population figures had been available for the inter census years and utilised. For comparative purposes we had used the technique of enterpolation of estimating the population during these years in determining the trend of per capita expenditure. The information was given in the Table 4.13. The Table 4.13 however, presented a somewhat distinct picture. During sixtees the per capita expenditure increased annually, figures. On the other
**TABLE 4.13**

Statement Showing Tax per head and Expenditure per head of the City Board, Shahjahanpur

(Figures in lakh Rupees)

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (in lakhs)</th>
<th>Tax per-capita (₹)</th>
<th>Expenditure per head (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-’66</td>
<td>1.22</td>
<td>11.9</td>
<td>12.9</td>
</tr>
<tr>
<td>1966-’67</td>
<td>1.24</td>
<td>15.4</td>
<td>15.3</td>
</tr>
<tr>
<td>1967-’68</td>
<td>1.27</td>
<td>18.1</td>
<td>18.4</td>
</tr>
<tr>
<td>1968-’69</td>
<td>1.29</td>
<td>23.0</td>
<td>21.0</td>
</tr>
<tr>
<td>1969-’70</td>
<td>1.32</td>
<td>25.45</td>
<td>25.1</td>
</tr>
<tr>
<td>1970-’71</td>
<td>1.36</td>
<td>20.4</td>
<td>Not available</td>
</tr>
<tr>
<td>1971-’72</td>
<td>1.39</td>
<td>26.9</td>
<td>26.8</td>
</tr>
<tr>
<td>1972-’73</td>
<td>1.44</td>
<td>18.1</td>
<td>22.0</td>
</tr>
<tr>
<td>1973-’74</td>
<td>1.49</td>
<td>19.1</td>
<td>23.7</td>
</tr>
<tr>
<td>1974-’75</td>
<td>1.54</td>
<td>26.81</td>
<td>35.1</td>
</tr>
<tr>
<td>1975-’76</td>
<td>1.58</td>
<td>34.4</td>
<td>40.7</td>
</tr>
<tr>
<td>1976-’77</td>
<td>1.63</td>
<td>38.7</td>
<td>36.3</td>
</tr>
<tr>
<td>1977-’78</td>
<td>1.68</td>
<td>47.7</td>
<td>42.9</td>
</tr>
</tbody>
</table>

**Source:** Based on Table 4.5 for tax per head calculation. Expenditure per head has been calculated on the Expenditure Table -4.10
hand, in the seventees the per capita expenditure tended to decline after an initial rise. The lower per capita expenditure in the second half of the period may be explainedly the increase in population.

The table 4.13 however, presented a somewhat distinct picture. During sixtees the revenue per head and per capita expenditure increased annually. On the other hand, in the seventees the revenue per head declined from Rs. 26 to Rs. 19 and Rs. 19 during the years 1972-'73 and 1973-'74 respectively. Afterwards, it tended to rise sharply. The per capita expenditure, fluctuated comparatively less during these years i.e. 1972-'77 and 1973-'74 as Rs. 22 and Rs. 24 respectively. Then, it began to improve in the succeeding years. Although, per capita expenditure during seventees had maintained upkeep trend, but in the latter years, 1976-'77 and 1977-'78 it had been comparatively less Rs. 36.3 and Rs. 42.9 than the revenue per head Rs. 38.7 and Rs. 47.7 during these years.

Since, surplus budget shows stagnation of the development activities of the city board Shahjahanpur, an upkeep of revenue per head over per capita expenditure would be reluctance of excenting development schemes and less social services to its citizens.
References


3. N.W.P. Act and Oudh Act XXVI of 1850, p. 181

4. N.W.P. Act and Oudh Municipal Improvement Act (Act VI)

   Kitab Mahal, Allahabad.

6. Census of India, 1971, Series 21, Uttar Pradesh
   Part X-B, District Census Hand Book, District Shahjahanpur,
   Census Director, U.P. Lucknow, p. 178-196.


8. Annual Reports of Municipal Committee Shahjahanpur, 1892

9. Op.Cit. p. 372 Table 4.1, in the beginning of this Chapter

10. Table-4.1

11. Table-4.1


14. Census Report of India, Series I-India, Part II-B (i)
   Registrar General and Commissioner of India, New Delhi, p.5
CHAPTER 5

CITY BOARD BAREILLY

- General Features
  (a) Population (Sex-ratio, Density, Decade Variation)
  (b) Occupational Distribution of the Population

- Revenue Sources
  (a) Total Revenue Trend
  (b) Tax Revenue from different sources (Octroi, water tax etc.)
  (c) Non-tax Revenue
    (i) Loans (Borrowing)
    (ii) Grants

- Expenditure
  (a) Total Expenditure Trend
    (i) General Expenditure
    (ii) Development Expenditure
  (b) Budget Position
CHAPTER -5

CITY BOARD BAREILLY

GENERAL FEATURES:

The city of Bareilly has an ancient origin. It was founded in the kingdom of Ahichhatra Kings. The present form of the city traces back to 1537. The city is known by many names such as Bareli or Bans Bareilly. According to the prevailing legend about the history of the city it was founded early in the sixteenth century by Bans Deo and Barel Deo, the two sons of Jagat Singh Katchtriya who initially founded the village Jagatpur. Even now a locality in the old city is known as Jagatpur. Another version is that Jagat Singh was a Borhella Rajput. One of his sons built a fort in 1550 known as Kot which still exists and is known as the Qila which is located on the outskirts of the city. The prefix 'Bans' might have been added because of the bamboo growth near the city.

In geographical terms the city lies between 28° 1' and 28°54' latitude and 78°58' and 79° 49' longitude in the east. The northern boundary of the city is contiguous with that of Nainital District. Pilibhit is located on the
eastern side and on the southeast of the district of Shahjahanpur. On the south and south west it is bound by Badayun district. The Ramganga river forms a natural boundary of about 19 miles between the two districts of Bareilly and Shahjahanpur and on the west lies Rampur district.

Bareilly city board is so located that it is not possible for it to enroach in any direction. The expansion of the city is restricted by Ramganga in south-west and west side of cantonment a regional headquarters.

It is a major junction of Northern Railways. The broad-gauge railway line lies on the Delhi-Banaras, Amritsar-Mughalsarai, Saharanpur-Allahabad sections and a branch line also joins it with Agra via Aligarh. Lately, North-Eastern Railway extends to Nainital, Pilibhit, Badaun, Agra Fort and Lucknow too. Similarly by roads it is well connected with Meerut, Hardwar, Rishikesh, Chandausi, Balrampur, and Nainital.

Internal Transport is facilitated by city bus service. Under the U.P.S.R.T.C. city bus services was started in 1950 by covering the Kutubkhana, Railway Junction route. By 1963-64 the services had been extended to more routes from Kulharapur to Bhojipura and Kulharapir to Fatehgunj with an average of
Graph 5.1

Population of city Bonda basically
- 1966-67 — 2.8 lakhs
- 1977-78 — 3.55 lakhs
5,000 commuters being served daily. Six private buses are now serving under the U.P.S.R.T.C. control.

The business of banking was practised as far back as 1882. Three branches of the State Bank of India (formerly Imperial Bank of India) were opened in 1923. The city owned bank, the 'Bareilly Corporation Bank' was established in 1928 and opened branches in nearby cities like Shahjahanpur, Pilibhit and Agra. Allahabad Bank, Bank of Baroda and Punjab National Bank came into the picture later.

**Population**

Population within the present city board limits has been increasing at a slow rate (unlike in the neighbouring cities having growth rates higher than Bareilly), which has touched 3.55 lakhs and is still growing. It would be interesting to study the comparative growth rate of some large cities of U.P.

According to the 1961 Census of India the population of the city board was 2.54 lakhs. The 1971 Census shows an increase to 2.96 lakhs. The relevant data, percentage growth rate and sex-ratio are given in the following table 5.1
### TABLE -5.1

Population of City Board Bareilly

<table>
<thead>
<tr>
<th>Year</th>
<th>Population in lakh</th>
<th>Area in Sq.Km.</th>
<th>Density per Sq.Km</th>
<th>Sex-ratio 1,000 male</th>
<th>Decade variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-'67</td>
<td>2.80</td>
<td>21.34</td>
<td>13,122</td>
<td>851</td>
<td>-</td>
</tr>
<tr>
<td>1977-'78</td>
<td>3.55</td>
<td>25.1</td>
<td>13,745</td>
<td>863</td>
<td>40%</td>
</tr>
</tbody>
</table>

Source: Census of India, 1961 (U.P.) Part-II-B(i)

In 1961, the population of the city board Bareilly was 2.54 lakh persons. It grew 2.96 lakhs persons in 1971. For inter-Censual years (1966-'67 and 1977-'78), population we have used the technique of interpolation.

From the table 5.1 we find that during the decade 1966-'67 the population grew by one lakh persons, an increase of 40 per cent. This is above the growth of population of 20.8 per cent for the state as a whole. During the same
preceeded by Mussorie in 1842, Nainital in 1848 then Dehra Dun in 1857. The municipal board of Bareilly was constituted on June 24th 1858 under the North-West Provinces and Oudh Act XXVI of 1850. Formerly, it was a 'municipal committee' consisting of nominated members under the ex-officio chairmanship of District Magistrate. Of the nine nominated members seven were British. The District Magistrate was also an Englishman. Later, North-west provinces and Oudh Municipal Improvement Act of 1868 (Act VI of '68) recommended the elective principle. This was duly implemented. However, the District Magistrate continued to be the Chairman of this committee.

The members were nominated by the Govt. till the year 1868 when the elective principle was partially adopted, 27 members being returned by election and 9 continued to be nominated. This system continued till 1900 when under Act of 1900, the number of nominated members became 6 and that of elected members 18. By the Municipalities Act of 1916 further change was effected, the nominated members being reduced to 3 and the elected being increased to 19. In 1963 the position changed again when the Board's strength became 48. All the members being elected and the system of nomination was abolished. Normally the term of the Board is 4 years.
period Meerut recorded an increase of 35.2 per cent and
the city board of Shahjahanpur 22.8 per cent, both
higher than the state average. The annual growth rate of
the city board of Bareilly worked out at 3.3 per cent.

Sex-ratio: In economic sphere a higher proportion
of men signified a larger number of male workers were
available for greater production. In the city board of
Bareilly almost a balanced sex-ratio showed on the one hand
less urbanisation and on the other hand healthy society.
There were 851 females per 1000 males and this ratio was
363 in 1977-78, more than State average of 821 female
per 1000. The decline in the proportion of male population
substantiated the assumption that the male working population
had tended to migrate to more lucrative locations such as
Meerut.

Density: The density per square Km. in the city board
Bareilly area was recorded as 13,122 persons in 1966-67.
It swelled to 13,745 in 1977-78. Even though Census Report
of 1971, pointed out a decline of 11, 802 persons per
square kilometres

The city board of Bareilly was one of the early
municipal boards established in the State. It was however,
**TABLE 5.2**

Occupational Distribution of Population of the City Board Bareilly

(Figures in ,000)

<table>
<thead>
<tr>
<th>Year</th>
<th>total</th>
<th>%to Pri-</th>
<th>%to Secon-</th>
<th>%to Ter-</th>
<th>%to total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>workers</td>
<td>total mary</td>
<td>total dary</td>
<td>total tiary</td>
<td>total</td>
</tr>
<tr>
<td></td>
<td></td>
<td>workers</td>
<td>sector workers</td>
<td>Sector workers</td>
<td>workers</td>
</tr>
<tr>
<td>1966-'67</td>
<td>80.3</td>
<td>27.9%</td>
<td>12.7</td>
<td>3.7%</td>
<td>43.1</td>
</tr>
<tr>
<td>1977-'78</td>
<td>93.0</td>
<td>26.2%</td>
<td>3.1</td>
<td>3.3%</td>
<td>47.9</td>
</tr>
</tbody>
</table>

Source: Census of India, 1961

Census of India, Uttar Pradesh, Series 21, Part-II-(A)

General Population Tables.

For inter-Censual years, the technique of interpolation has been employed.
which may be extended by the State Govt. in exceptional cases or circumstances. The city board of Bareilly is has been superseded, since 1975.

**Occupational Distribution of the Population:**

According to 1971 Census of India, Bareilly occupied the 32nd position in area and 38th position in population in the state. The city board is a 1st Class city board and has been ranked 9th in importance. It is an Industrial-cum-service city board in its nature. A large number of workers are engaged in those activities which are closely related to the industry and tertiary sector. The table.5.2 presents the distribution of workers and their relative percentage to total workers.
The growth of working population and its relative share to industrial workers (or in key industries) is indicative of the direction of development in 1966-'67. The total population of the city board Bareilly had been 2.80 lakh persons and the relative share to total workers was registered 80,3 thousand workers. It percentage to total population accounted for 27.9 per cent.

It means that only 28 per cent workers had been engaged in economic activities. The classification of different categories of workers (primary, secondary and tertiary sectors) indicates the highest percentage of industrial workers being 53.6 per cent in 1966-'67 and 50.8 per cent in 1977-'78 of the total population followed by 42.9 per cent, 44.9 per cent in the years 1966-'67 and 1977-'78 respectively, involved in tertiary sector.

Agricultural workers constituted 2.7 thousand which formed 3.7 per cent only of the total workers. The secondary sector or industrial sector recorded the highest.

1977-'78 puts another picture of the working population. Though population of the city board Bareilly increased from 2.80 lakh persons in 1966-'67 to 3.55 lakh persons in 1977-'78. The decade variation was 40 per cent.
The proportional share of total workers to total population fell 26.2 per cent and it was 2 per cent less compared to 1966-'67 share. In the same way the percentage in agricultural sector to total workers decreased to 3.3 per cent. The decline was also observed in industrial sector which decreased to 50.8 per cent. An increase of 2 per cent over 1966-'67, the tertiary sector's relative share to total workers rose 44.9 per cent.

Urban economic development is characterized by growth of the working population in industrial sector and tertiary sector. This was not the case in respect of city board Bareilly. The percentage of total workers fell by 2 per cent and the industrial sector also observed more than 2 per cent down fall.
### TABLE 5.3

Statement Showing Income of City Board Bareilly (1966-67 to 1977-78)

(Fig. in lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Opening Balance</td>
<td>4.2</td>
<td>3.4</td>
<td>7.2</td>
<td>5.8</td>
<td>6.0</td>
<td>34.1</td>
<td>14.1</td>
<td>1.2</td>
<td>7.6</td>
<td>12.9</td>
<td>12.1</td>
<td>14.5</td>
</tr>
<tr>
<td>2. Octroi</td>
<td>20.2</td>
<td>22.2</td>
<td>30.5</td>
<td>29.2</td>
<td>30.5</td>
<td>32.0</td>
<td>31.6</td>
<td>29.7</td>
<td>31.0</td>
<td>65.7</td>
<td>67.3</td>
<td>75.9</td>
</tr>
<tr>
<td>3. Water Tax</td>
<td>4.9</td>
<td>6.6</td>
<td>7.1</td>
<td>6.9</td>
<td>9.2</td>
<td>10.0</td>
<td>11.0</td>
<td>10.7</td>
<td>12.2</td>
<td>15.3</td>
<td>17.7</td>
<td>41.9</td>
</tr>
<tr>
<td>4. House Tax</td>
<td>1.0</td>
<td>1.1</td>
<td>1.1</td>
<td>1.3</td>
<td>1.1</td>
<td>1.5</td>
<td>1.2</td>
<td>1.7</td>
<td>2.0</td>
<td>2.7</td>
<td>3.6</td>
<td>20.4</td>
</tr>
<tr>
<td>5. Sugar Tax</td>
<td>0.2</td>
<td>0.1</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
</tr>
<tr>
<td>6. Licence</td>
<td>0.3</td>
<td>0.1</td>
<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.2</td>
<td>0.3</td>
<td>0.4</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>7. Income under special Act</td>
<td>0.7</td>
<td>0.8</td>
<td>0.9</td>
<td>0.9</td>
<td>1.10</td>
<td>0.7</td>
<td>0.6</td>
<td>0.3</td>
<td>0.4</td>
<td>0.7</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>8. Revenue from Municipal land</td>
<td>4.2</td>
<td>7.7</td>
<td>6.0</td>
<td>7.8</td>
<td>5.4</td>
<td>4.7</td>
<td>6.0</td>
<td>6.7</td>
<td>9.2</td>
<td>10.5</td>
<td>7.2</td>
<td>8.8</td>
</tr>
<tr>
<td>9. Interest on Investment</td>
<td>0.2</td>
<td>0.08</td>
<td>0.6</td>
<td>0.4</td>
<td>0.02</td>
<td>1.0</td>
<td>14.3</td>
<td>0.7</td>
<td>0.7</td>
<td>0.5</td>
<td>0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>10. Grants</td>
<td>11.6</td>
<td>12.4</td>
<td>16.7</td>
<td>20.6</td>
<td>23.2</td>
<td>25.0</td>
<td>20.0</td>
<td>21.4</td>
<td>31.5</td>
<td>27.2</td>
<td>22.3</td>
<td>24.6</td>
</tr>
<tr>
<td>11. Miscellaneous</td>
<td>2.4</td>
<td>3.2</td>
<td>4.0</td>
<td>4.6</td>
<td>6.6</td>
<td>5.0</td>
<td>2.0</td>
<td>5.2</td>
<td>4.0</td>
<td>5.0</td>
<td>11.9</td>
<td>2.9</td>
</tr>
<tr>
<td>12. Extra-ordinary debt</td>
<td>15.4</td>
<td>19.3</td>
<td>16.2</td>
<td>13.6</td>
<td>56.9</td>
<td>34.4</td>
<td>7.0</td>
<td>7.0</td>
<td>2.0</td>
<td>1.9</td>
<td>5.0</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59.1</strong></td>
<td><strong>69.7</strong></td>
<td><strong>83.5</strong></td>
<td><strong>85.6</strong></td>
<td><strong>13.4</strong></td>
<td><strong>15.4</strong></td>
<td><strong>93.6</strong></td>
<td><strong>84.4</strong></td>
<td><strong>1.03.3</strong></td>
<td><strong>1.42.7</strong></td>
<td><strong>1.59.7</strong></td>
<td><strong>1.90.7</strong></td>
</tr>
</tbody>
</table>

Source: Based on annual budgets of City Board Bareilly for respective years.
REVENUE SOURCES:

Total Revenue Trend :-

Since the city Board of Bareilly is not empowered to introduce many additional source of revenue, the financial resources of the board are more or less the same as those of the city board of Shahjahanpur. Instead of the nomenclature of Rab-tax that of Khandari tax appears in the revenue list.

Total revenue of the city board Bareilly increased throughout the years under review, 1966-'67 to 1977-'78. Though during some years, e.g. 1972-'73 and 1973-'74, it had recorded relatively smaller rate of increase while appreciating in absolute figures.

In the year 1966-'67, the total revenue of the board of Bareilly stood at Rs. 59.1 lakhs followed by Rs. 69.7 lakhs in 1968-'69, which represented an increase of 19.7 per cent. It increased to Rs. 83.5 lakhs by the same percentage. During 1969-'70 it rose only 0.3 per cent. It continued its upward swing till it registered an increased of 56.3 per cent in 1970-'71. In the succeeding years 1971-'72 and 1972-'73 and 1973-'74 the growth rate declined to 15.8 per cent and then dropped to 10.9 per cent in 1973-'74.
<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>59.1</td>
<td>69.7</td>
<td>85.5</td>
<td>85.6</td>
<td>113.4</td>
<td>115.4</td>
<td>93.6</td>
<td>84.4</td>
<td>103.3</td>
<td>142.7</td>
<td>150.7</td>
<td>190.7</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>26.3</td>
<td>30.2</td>
<td>39.0</td>
<td>37.7</td>
<td>41.0</td>
<td>44.0</td>
<td>45.0</td>
<td>41.8</td>
<td>46.4</td>
<td>83.2</td>
<td>99.6</td>
<td>139.7</td>
</tr>
<tr>
<td>% share to total revenue</td>
<td>44.5%</td>
<td>43.3%</td>
<td>46.7%</td>
<td>44%</td>
<td>36.2%</td>
<td>39.1%</td>
<td>49.1%</td>
<td>42.6%</td>
<td>44.8%</td>
<td>98.3%</td>
<td>59.7%</td>
<td>61.4%</td>
</tr>
<tr>
<td>Non-tax revenue</td>
<td>7.8</td>
<td>7.8</td>
<td>11.6</td>
<td>13.6</td>
<td>13.2</td>
<td>12.1</td>
<td>20.0</td>
<td>14.2</td>
<td>22.0</td>
<td>29.5</td>
<td>34.8</td>
<td>56.2</td>
</tr>
<tr>
<td>% share to total revenue</td>
<td>13.2%</td>
<td>11.2%</td>
<td>13.9%</td>
<td>15.8%</td>
<td>11.7%</td>
<td>20.5%</td>
<td>21.4%</td>
<td>16.9%</td>
<td>21.4%</td>
<td>21.8%</td>
<td>23.2%</td>
<td>31.0%</td>
</tr>
<tr>
<td>Loans(ordinary debts)</td>
<td>13.4</td>
<td>19.5</td>
<td>16.2</td>
<td>13.6</td>
<td>36.0</td>
<td>34.2</td>
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<td>7.0</td>
<td>2.0</td>
<td>1.9</td>
<td>5.0</td>
<td>3.9</td>
</tr>
<tr>
<td>% share to total revenue</td>
<td>22.7%</td>
<td>27.7%</td>
<td>19.4%</td>
<td>16.0%</td>
<td>31.7%</td>
<td>29.6%</td>
<td>8.4%</td>
<td>9.3%</td>
<td>1.9%</td>
<td>1.3%</td>
<td>3.3%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Grants</td>
<td>11.6</td>
<td>12.4</td>
<td>16.7</td>
<td>20.6</td>
<td>23.2</td>
<td>25.0</td>
<td>20.0</td>
<td>21.4</td>
<td>31.5</td>
<td>27.2</td>
<td>22.3</td>
<td>24.6</td>
</tr>
<tr>
<td>% share to total revenue</td>
<td>19.6%</td>
<td>17.9%</td>
<td>20%</td>
<td>24%</td>
<td>20.5%</td>
<td>25.3%</td>
<td>30.5%</td>
<td>19.2%</td>
<td>14.8%</td>
<td>13.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: - Based on Table - 5.3
### TABLE - 5.4

Trend of Total Revenue of City Board Bareilly

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue (in Lakhs Rs.)</th>
<th>Time deviation of each year from middle of year.</th>
<th>Square of x deviation</th>
<th>Product</th>
<th>Trend (in lakhs Rs. Amount)</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>Y</td>
<td>x</td>
<td>x^2</td>
<td>xy</td>
<td></td>
</tr>
<tr>
<td>1966-67</td>
<td>59.1</td>
<td>-5</td>
<td>25</td>
<td>-295.5</td>
<td>42.8</td>
</tr>
<tr>
<td>1967-68</td>
<td>69.7</td>
<td>-4</td>
<td>16</td>
<td>-278.8</td>
<td>55.6</td>
</tr>
<tr>
<td>1968-69</td>
<td>83.5</td>
<td>-3</td>
<td>9</td>
<td>-250.5</td>
<td>68.4</td>
</tr>
<tr>
<td>1969-70</td>
<td>85.6</td>
<td>-2</td>
<td>4</td>
<td>-171.2</td>
<td>81.2</td>
</tr>
<tr>
<td>1970-71</td>
<td>113.4</td>
<td>-1</td>
<td>1</td>
<td>-113.4</td>
<td>94.0</td>
</tr>
<tr>
<td>1971-72</td>
<td>115.4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>106.8</td>
</tr>
<tr>
<td>1972-73</td>
<td>93.6</td>
<td>+1</td>
<td>1</td>
<td>93.6</td>
<td>118.8</td>
</tr>
<tr>
<td>1973-74</td>
<td>84.4</td>
<td>+2</td>
<td>4</td>
<td>168.8</td>
<td>131.2</td>
</tr>
<tr>
<td>1974-75</td>
<td>103.3</td>
<td>+3</td>
<td>9</td>
<td>309.9</td>
<td>144.4</td>
</tr>
<tr>
<td>1975-76</td>
<td>142.7</td>
<td>+4</td>
<td>16</td>
<td>570.8</td>
<td>157.2</td>
</tr>
<tr>
<td>1976-77</td>
<td>150.7</td>
<td>+5</td>
<td>25</td>
<td>753.5</td>
<td>170.0</td>
</tr>
<tr>
<td>1977-78</td>
<td>180.7</td>
<td>+6</td>
<td>36</td>
<td>1084.2</td>
<td>182.8</td>
</tr>
<tr>
<td>Total</td>
<td>$\sum y = 1282.1$</td>
<td>$\sum x^2 = 146$</td>
<td></td>
<td>$\sum xy = 1871.4$</td>
<td>$\sum x = 1109.$</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>= 106.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[
\text{Trend} = \frac{\sum xy}{\sum x^2} = \frac{1871.4}{146} = 12.8
\]

Source:- Based on Table - 5.3
It again rose in 1974-'75 to 45.6 per cent and increased more than one and half time in 1977-'78. During the period under review, the revenues of the city board registered an increase of about three times.

To show the total revenue trend, a . graph would bring out the actual growth pattern. In graph -I, during two initial years it moved upward at a higher rate in the pace slackened in the two succeeding years namely, 1968-'69 and 1969-'70. The curve then moved upward at much faster rate continuing highest rise during the year. Next three years depict a proportionately less increment in comparison with preceeding two years 1970-'71 and 1971-'72. It further recovered the steady upward trend w till it reaches more than two crore rupees. The trend of total revenue of the city board Bareilly has been 12.8.

Let us now consider in greater detail the constituents of total revenue and examine the relative improtance of each one and its individual behaviour.

(a) Tax revenues; (b) Non-tax revenues and (c)Grants  

Tax revenues:- It constitutes the largest single source of the total revenue. It accounts for almost half of the total revenue. Table 5.5 gives the description of the components of total revenue and its relative share to total revenue.
Graph-5.2

R: Total Revenue

BAREILLY

Rs in lakhs

Years
A comparative study of the tax revenue during the years 1966-'67 to 1977-'78 indicated variations in the absolute amount and its relative share. For example in 1966-'67 the tax revenue had been Rs. 26.3 lakhs or 44.9 per cent of the total revenue. It constantly went upward till 1969-70 and accounted for 43.5 per cent. During 1969-'70 and 1970-'71 it declined in relative importance for total revenue increased at a faster rate whereas tax revenue could not acquire the same tempo and remained at 30.9 per cent and 38.4 per cent respectively. From 1972-'73 it tended to increase together with total revenue and stood at 49.6 per cent and 49.8 per cent in 1972-'73 and 1973-'74 respectively. Tax revenues during succeeding years increased to 52.5 per cent in 1975-'76 and 54.8 per cent in 1976-'77. By the year 1977-'78 it touched a new high of 58.5 per cent of the total revenue.

This trend is indicated in the graph^2.

In the diagram, RR' represents total revenue, TR' tax revenue, NR' non-tax and Go' shows grants and contributions of the city board Bareilly during the years 1966-67 to 1977-'78.
The diagram illustrates that a sizeable amount of total revenue constitutes tax revenue as TR' curve is closest to RR' curve. It fluctuates around the 50 per cent figures. Next comes NR' curve on the basis of amount collected. It fluctuates more rapidly as some components of non-tax revenue tended to vary much in some years. GG' curve or grants have been least in the total revenue constitution.

**Tax Revenue from Different Sources**

The substantially greater part of the afore-mentioned increase in tax revenue should be accounted for by increase in yields from revenues, like octroi, water tax, house tax and khandasari tax. Hence, it is advisable to discuss these items separately.

**Octroi** - The first and foremost item in the tax revenue is octroi. It accounts for a sizeable portion of tax revenue as well as total revenue. It has accounted for 30 to 40 per cent of the total revenue and 75 per cent of tax revenue.

As already mentioned in the beginning of this chapter, the city board links all important business centres of U.P. either by road or railways. The major collection of octroi is calculated from the octroi posts on National Highways 24 joining Hapur, Delhi, Pilibhit, Lucknow, Meerut, Nainital and Saharanpur and other routes.
Components of Tax revenue and their relative share to it

<table>
<thead>
<tr>
<th>Year</th>
<th>Octroi</th>
<th>% share to Octroi</th>
<th>Water Tax</th>
<th>% share to water Tax</th>
<th>House Tax</th>
<th>% share to House Tax</th>
<th>Sugar Tax</th>
<th>% share to sugar Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-67</td>
<td>20.2</td>
<td>76.8%</td>
<td>4.9</td>
<td>8.3%</td>
<td>1.0</td>
<td>1.7%</td>
<td>0.2</td>
<td>--</td>
</tr>
<tr>
<td>1967-68</td>
<td>21.2</td>
<td>69.5%</td>
<td>6.6</td>
<td>9.5%</td>
<td>1.1</td>
<td>1.6%</td>
<td>0.1</td>
<td>--</td>
</tr>
<tr>
<td>1968-69</td>
<td>30.5</td>
<td>78.2%</td>
<td>7.7</td>
<td>9.2%</td>
<td>1.1</td>
<td>1.3%</td>
<td>0.3</td>
<td>--</td>
</tr>
<tr>
<td>1969-70</td>
<td>29.2</td>
<td>77.4%</td>
<td>6.9</td>
<td>8.1%</td>
<td>1.3</td>
<td>1.5%</td>
<td>0.3</td>
<td>--</td>
</tr>
<tr>
<td>1970-71</td>
<td>30.5</td>
<td>74.4%</td>
<td>9.2</td>
<td>8.1%</td>
<td>1.1</td>
<td>0.97%</td>
<td>0.3</td>
<td>--</td>
</tr>
<tr>
<td>1971-72</td>
<td>32.1</td>
<td>72.9%</td>
<td>10.0</td>
<td>8.7%</td>
<td>1.5</td>
<td>1.3%</td>
<td>0.4</td>
<td>--</td>
</tr>
<tr>
<td>1972-73</td>
<td>31.0</td>
<td>68.9%</td>
<td>12.8</td>
<td>13.6%</td>
<td>1.4</td>
<td>1.5%</td>
<td>0.3</td>
<td>--</td>
</tr>
<tr>
<td>1973-74</td>
<td>29.8</td>
<td>71.3%</td>
<td>10.8</td>
<td>12.8%</td>
<td>1.7</td>
<td>2.0%</td>
<td>0.3</td>
<td>--</td>
</tr>
<tr>
<td>1974-75</td>
<td>31.8</td>
<td>68.9%</td>
<td>12.2</td>
<td>11.8%</td>
<td>2.1</td>
<td>--</td>
<td>0.4</td>
<td>--</td>
</tr>
<tr>
<td>1975-76</td>
<td>65.2</td>
<td>78.4%</td>
<td>15.3</td>
<td>10.7%</td>
<td>2.8</td>
<td>--</td>
<td>0.6</td>
<td>--</td>
</tr>
<tr>
<td>1976-77</td>
<td>67.3</td>
<td>75.9%</td>
<td>17.7</td>
<td>11.7%</td>
<td>3.6</td>
<td>--</td>
<td>0.6</td>
<td>--</td>
</tr>
<tr>
<td>1977-78</td>
<td>95.0</td>
<td>98.7%</td>
<td>41.7</td>
<td>23.1%</td>
<td>20.3</td>
<td>--</td>
<td>0.6</td>
<td>--</td>
</tr>
</tbody>
</table>

Source:- Based on table-5.3
In 1966-67 the octroi receipts contributed Rs.20.2 lakhs or 34.13 per cent of the total revenue and 76.7 per cent of tax revenue. It swung upward to Rs.21.2 lakhs and Rs.30.6 lakhs in 1967-'68 and 1968-'69 respectively. With a relative share of 36.58 per cent in total revenue and 78.33 per cent in tax revenue, it registered a slight change in relative share to total revenue of 34.18 per cent in 1969-'70. In the succeeding three years viz. 1975-'76, 1976-'77 and 1977-'78 it registered a marked rate of growth and the relative share to total revenue jumped to 45.7 percent, 44.6 and 43.6 per cent respectively. The same trend has been indicated in the graph-3.

In the graph-3, O0' curve represents octroi; RR' curve and TR' curves stand for total revenue and tax revenue respectively. O0' curve moves side by side with TR' curves and it is close to it. The minor gap between TR' curve and O0' curve is the share of other components of tax revenue like water tax, house tax and khandsari tax.

Water tax:— The second important item in the tax revenue is water tax. This tax is comparatively a new item in the list of tax revenue. The water works at Bareilly came into
existence in 1957. The city is divided into five zones; each having an overhead tank with a capacity of 75,000 gallons of water, a pumping plant and a chlorination apparatus. All zones are connected to each other. The source of water is the tube-wells in each zone. In 1976-77 the consumption of filtered water was 10730.28 kiloliter daily. The number of connections with metre were 14,487. To facilitate free supply of public water there were placed 295 public taps. Out of total connections with metre above one thousand were for commercial purposes.

From the Table 5.5, it is evident that formerly people utilized this amenity to a lesser extent but gradually changed over to it in a big way. This is the reason why such a low income originated from this head in the beginning.

The revenue received from water tax during the period under study accounted for 9 per cent but rose to 10 per cent of total revenue. Its share in tax revenue rose from 18 per cent to 30 per cent and exhibited a steady rising trend.

By 1966-'67 the total receipts from water tax were Rs. 4.9 lakhs and relative share of 8.4 per cent to total and
<table>
<thead>
<tr>
<th>Year</th>
<th>Non-tax Revenues (in lakhs Rs.)</th>
<th>Time deviation of each year from middle of the year</th>
<th>Square of x deviation</th>
<th>Product xy</th>
<th>Trend (in lakhs Rs.) in Amount.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-67</td>
<td>21.2</td>
<td>-5</td>
<td>25</td>
<td>106.0</td>
<td>19.1</td>
</tr>
<tr>
<td>1967-68</td>
<td>27.1</td>
<td>-4</td>
<td>16</td>
<td>108.4</td>
<td>22.0</td>
</tr>
<tr>
<td>1968-69</td>
<td>27.8</td>
<td>-3</td>
<td>4</td>
<td>83.4</td>
<td>24.9</td>
</tr>
<tr>
<td>1969-70</td>
<td>27.2</td>
<td>-2</td>
<td>4</td>
<td>54.4</td>
<td>27.8</td>
</tr>
<tr>
<td>1970-71</td>
<td>49.2</td>
<td>-1</td>
<td>1</td>
<td>49.2</td>
<td>30.7</td>
</tr>
<tr>
<td>1971-72</td>
<td>46.3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>33.6</td>
</tr>
<tr>
<td>1972-73</td>
<td>27.9</td>
<td>+1</td>
<td>1</td>
<td>27.9</td>
<td>36.5</td>
</tr>
<tr>
<td>1973-74</td>
<td>21.2</td>
<td>+2</td>
<td>4</td>
<td>42.4</td>
<td>39.4</td>
</tr>
<tr>
<td>1974-75</td>
<td>24.0</td>
<td>+3</td>
<td>9</td>
<td>72.0</td>
<td>42.3</td>
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<td>31.4</td>
<td>+4</td>
<td>16</td>
<td>125.6</td>
<td>45.2</td>
</tr>
<tr>
<td>1976-77</td>
<td>39.8</td>
<td>+5</td>
<td>25</td>
<td>199.0</td>
<td>48.1</td>
</tr>
<tr>
<td>1977-78</td>
<td>60.1</td>
<td>+6</td>
<td>36</td>
<td>360.6</td>
<td>51.0</td>
</tr>
</tbody>
</table>

Total $\sum y = 403.1$

$\sum x^2 = 146$

$\sum xy = 425.5$

Average $= 33.6$

$Trend = \frac{\sum xy}{\sum x^2}$

$= \frac{425.5}{146.0} = 2.9$

Source: Based on Table-5.3
18.6 per cent to tax revenues. The next year it jumped to $Rs.6.6$ lakhs with a relative share of 9.5 per cent of total revenue. From 1968-'69 to 1971-'72 it continued to rise and from 1972-'73 it claimed a substantial increase. In 1972-'73 it further rose to 13.7 per cent and in the succeeding years 1973-'74 to 1977-'78 rose from 12.8 per cent to 19.14 per cent of total revenue and 33.2 per cent of tax revenue.

The remaining two items under tax revenue contributed a negligible share to total revenue. They have not affected this rising trend significantly.

**Non-tax Revenue:** Under second major head of non-tax revenue items included are Income under special act; revenue from the sale of land and on hire; interest on investment; miscellaneous. They are similar to non-tax revenue items of other city board of U.P.

In general, non-tax revenue averaged about 35 per cent of the total revenue. The table-5.7 exhibits its fluctuating share of total revenue throughout the period under review. Nevertheless, the general trend was upward except during 1972-'73 and 1973-'74 when it declined. It increased from $Rs.21.2$ lakhs in the initial years to
Rs. 27.1 lakhs in 1967-'68. Its share in the revenue increased by 3 per cent. It decreased slightly during 1968-'69 and 1969-'70. In the following year it increased at the substantial rate of 46 per cent. It thereafter tended to fall in the succeeding two years 1972-'73 and 1973-'74 to 29 per cent and 24.9 per cent respectively. In 1974-'75 it increased to 35.5 per cent and touched the level of 45.2 per cent (of total revenue) in 1977-'78.

Among all the components of non-tax revenue the two viz, revenue from the sale of the city board property and its hire; and extraordinary debt accounted for bulk of non-tax revenue almost 80 per cent and 30 per cent of non-tax revenue and total revenue respectively.

The first components in the list of non-tax revenue income under special act accounted for a small proportion of total revenue and non-tax revenue. In some years it has dropped down to only Rs. 0.28 lakhs, and contributed only 0.05 per cent to total revenue. Thus its relative share to total revenue as well as non-tax revenue is negligible throughout the whole period. Of course it has never been more than 3 per cent in any case.
Revenue from the sale and hire of the city board's land:

It is the most lucrative component of non-tax revenue and stands third in total revenue collection. Though in Table-5,7 extraordinary debt accounts for highest yield but being loans which city board raises from time to time it cannot be called a permanent source of revenues. This item stood at Rs.4.1 lakhs in 1966-'67 and accounted for 19.2 per cent of non-tax revenue and 6.9 per cent of total revenue. The following year 1967-'68, it reached the highest level at 24.8 per cent of non-tax revenue. During succeeding years it fluctuated but as a whole it increased from 7.2 per cent to 9 per cent of total revenue and 21.6 per cent and 28.5 per cent of non-tax revenue in the year 1968-'69 and 1969-'70 respectively. Later during two succeeding years 1970-'71 and 1971-'72 it fell to 4 per cent of total revenue and 7.8 per cent and 10 per cent of non-tax revenue. It went up to 6 per cent to 9 per cent of total revenue during four succeeding years and from 14 per cent to 31 per cent of non-tax revenue. During two final years 1976-'77 and 1977-'78 it displayed a rising tendency accounting for Rs.7.03 lakhs and 87.4 lakh rupees but the proportional share of total revenue declined to 4.6 per cent and 4 per cent respectively.
Interest on Investment: Interest has been charged for planning new scheme, new projects, provision of maintaining park etc. This item denotes the increasing rate but slightly decreasing ratio keeps itself between Rs. 0.25 lakhs to Rs. 0.4 lakhs. In order to get percent growth in 1977-'78 over the year 1966-'67 we estimated it 31 per cent.

Extra Ordinary debt or loans: Extra ordinary debts were floated only four times during the period under review. In the case of city board Bareilly they constituted a sizeable portion of non-tax revenue and the largest sum (after octroi) was collected under this item. At first in 1966-'67 it totalled Rs. 13.2, that is 23 per cent of total revenue and 63 per cent of non-tax revenue. It rose to 27.7 per cent in 1967-'68 and declined by 7 per cent and 16 per cent during 1968-'68 and 1969-'70 respectively accounting for 59 per cent and 50 per cent to non-tax revenue. It further rose to a new high of 42.5 per cent of total revenue and more than 81 per cent of non-tax revenue during the year. Similarly, in the next year it amounted to 30 per cent of total revenue and 75 per cent of non-tax revenue. In the year 1977-'78 it indicated a slight decline as a percentage of 29 to total revenue.
TABLE 5.8

Trend of Grants Bareilly City Board

<table>
<thead>
<tr>
<th>Year</th>
<th>Grants (in lakhs Rs.)</th>
<th>Time deviation of each year from middle of year</th>
<th>Square of x deviation</th>
<th>Product</th>
<th>Trend (in lakhs Rs) Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>Y</td>
<td>X</td>
<td></td>
<td>X^2</td>
<td></td>
</tr>
<tr>
<td>1966-67</td>
<td>11.6</td>
<td>-5</td>
<td>25</td>
<td>-58.0</td>
<td>-5.4</td>
</tr>
<tr>
<td>1967-68</td>
<td>12.4</td>
<td>-4</td>
<td>16</td>
<td>-49.6</td>
<td>-0.7</td>
</tr>
<tr>
<td>1968-69</td>
<td>16.7</td>
<td>-3</td>
<td>9</td>
<td>-50.1</td>
<td>3.9</td>
</tr>
<tr>
<td>1969.70</td>
<td>20.6</td>
<td>-2</td>
<td>4</td>
<td>-41.2</td>
<td>8.6</td>
</tr>
<tr>
<td>1970.71</td>
<td>23.2</td>
<td>-1</td>
<td>1</td>
<td>-23.2</td>
<td>13.3</td>
</tr>
<tr>
<td>1971-72</td>
<td>25.1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>18.05</td>
</tr>
<tr>
<td>1972-73</td>
<td>20.7</td>
<td>1</td>
<td>1</td>
<td>20.7</td>
<td>22.7</td>
</tr>
<tr>
<td>1973-74</td>
<td>21.4</td>
<td>2</td>
<td>4</td>
<td>42.8</td>
<td>27.4</td>
</tr>
<tr>
<td>1974-75</td>
<td>32.9</td>
<td>3</td>
<td>9</td>
<td>98.7</td>
<td>32.1</td>
</tr>
<tr>
<td>1975-76</td>
<td>27.4</td>
<td>4</td>
<td>16</td>
<td>109.6</td>
<td>36.8</td>
</tr>
<tr>
<td>1976-77</td>
<td>22.3</td>
<td>5</td>
<td>25</td>
<td>111.5</td>
<td>41.5</td>
</tr>
<tr>
<td>1977-78</td>
<td>24.4</td>
<td>6</td>
<td>36</td>
<td>146.4</td>
<td>46.2</td>
</tr>
<tr>
<td>Total</td>
<td>216.6</td>
<td></td>
<td>Ex^2=146</td>
<td>Exy=692.8</td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>18.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Trend = \( \frac{\sum xy}{\sum x^2} \)

= \( \frac{692.8}{146} = 4.7 \)

Source: based on table 5.3
Grants— Having discussed the two chief sources of revenue, namely tax revenue and non-tax revenue we turn to the remaining source— viz grants. Grants accounted for a large amount during all concerned years. Although there is an inverse relationship between real development of the city board and the grants sanctioned at increasing rates.

It reveals the inadequacy of the internal resources of the city board. It also indicates that obligations far exceed the resources.

The general trend reveals upward tendency as in the case of total revenue. The table 5.5 shows that in the year 1966-'67 grants stood at Rs. 11.6 lakhs or 19.6 per cent of total revenue followed by 17.8 per cent in the next year 1967-'68. From 1968-'69 it steadily increased to 20 per cent in 1968-'69 and 24 per cent in 1969-'70. It declined to 17.3 per cent in 1970-'71 but again rose to 21 per cent and 25.4 per cent in the succeeding years, 1972-'73 and 1973-'74 years respectively.

By the year 1974-'75 grants touched a new high of Rs. 31.5 lakhs on account of substantial grants for the provision of three parks and broadening of the main road of
the city board and beautifying them. During the succeeding years 1975-'76, 1976-'77 and 1977-'78 the relative share of grants to total revenue decreased to 19.2 per cent, 14.8 per cent and 11.8 per cent respectively. It may be pointed out, however, that total revenue during these years increased at a much faster rate than grants.

The trend of grants during concerned years has been Rs.4.7 lakhs per year. The diagram Graph 4 depicts the relative position of grants to total revenue.

GG' curves stands for grants and P.R' curve for total revenue. This GG' curve is upward indicating increasing tendency but in 1974-'75 it reached at Rs.332.97 lakhs rupees as a per-cent age of 32 to total revenue curve is at peak.

Fluctuations in grants may be attributed in the amount sanctioned for specific plan schemes by way of assistance to the city board in the state plan budgets. This amount is then distributed to the city board on general considerations or relative bargaining strength of different types of local bodies.
TABLE -5.9

Expenditure Trend of the City Board Bareilly

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-'67</td>
<td>55.9</td>
</tr>
<tr>
<td>1967-'68</td>
<td>64.5</td>
</tr>
<tr>
<td>1968-'69</td>
<td>81.8</td>
</tr>
<tr>
<td>1969-'70</td>
<td>85.5</td>
</tr>
<tr>
<td>1970-'71</td>
<td>105.6</td>
</tr>
<tr>
<td>1971-'72</td>
<td>134.5</td>
</tr>
<tr>
<td>1972-'73</td>
<td>93.7</td>
</tr>
<tr>
<td>1973-'74</td>
<td>91.9</td>
</tr>
<tr>
<td>1974-'75</td>
<td>113.1</td>
</tr>
<tr>
<td>1975-'76</td>
<td>144.1</td>
</tr>
<tr>
<td>1976-'77</td>
<td>143.0</td>
</tr>
<tr>
<td>1977-'78</td>
<td>193.0</td>
</tr>
</tbody>
</table>

Source: Based on Annual Budgets of the City Board Bareilly for respective years.
### Table 5.10

Break-up of Expenditure (General and Development) of City Board Bareilly

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I- General Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Administration</td>
<td>2.61</td>
<td>2.90</td>
<td>3.24</td>
<td>3.37</td>
<td>3.10</td>
<td>3.48</td>
<td>4.13</td>
<td>9.96</td>
<td>9.31</td>
<td>9.00</td>
<td>7.44</td>
<td>8.97</td>
</tr>
<tr>
<td>(i) Collection charges</td>
<td>0.86</td>
<td>0.91</td>
<td>0.96</td>
<td>1.00</td>
<td>0.99</td>
<td>0.11</td>
<td>1.15</td>
<td>1.57</td>
<td>1.90</td>
<td>2.30</td>
<td>2.25</td>
<td>2.60</td>
</tr>
<tr>
<td>(ii) Miscellaneous percentage to total expenditure</td>
<td>3.22</td>
<td>3.90</td>
<td>5.85</td>
<td>4.40</td>
<td>4.02</td>
<td>4.99</td>
<td>3.70</td>
<td>3.74</td>
<td>3.82</td>
<td>10.11</td>
<td>6.76</td>
<td>8.22</td>
</tr>
<tr>
<td>(iv) Ordinary debt</td>
<td>15.35</td>
<td>16.32</td>
<td>5.49</td>
<td>6.19</td>
<td>7.51</td>
<td>7.83</td>
<td>5.73</td>
<td>4.79</td>
<td>7.01</td>
<td>8.74</td>
<td>7.78</td>
<td>17.82</td>
</tr>
<tr>
<td><strong>Percentage to Total Expenditure</strong></td>
<td>(38.05%)</td>
<td>(37.24%)</td>
<td>(18.98%)</td>
<td>(19.82%)</td>
<td>(14.79%)</td>
<td>(12.23%)</td>
<td>(15.7%)</td>
<td>(21.83%)</td>
<td>(19.48%)</td>
<td>(20.22%)</td>
<td>(16.87%)</td>
<td>(19.47%)</td>
</tr>
<tr>
<td><strong>II- Development Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Public Safety</td>
<td>3.45</td>
<td>4.00</td>
<td>5.65</td>
<td>9.96</td>
<td>21.0</td>
<td>38.3</td>
<td>5.37</td>
<td>5.45</td>
<td>4.83</td>
<td>7.29</td>
<td>15.64</td>
<td>17.70</td>
</tr>
<tr>
<td><strong>Percentage to Total Expenditure</strong></td>
<td>(5.9%)</td>
<td>(6.2%)</td>
<td>(6.8%)</td>
<td>(11.6%)</td>
<td>(19.8%)</td>
<td>(28.5%)</td>
<td>(5.8%)</td>
<td>(5.9%)</td>
<td>(4.2%)</td>
<td>(5%)</td>
<td>(9.6%)</td>
<td>(9.2%)</td>
</tr>
<tr>
<td>(i) Public Health (water, supply, drainage, conservancy, medical activities)</td>
<td>16.39</td>
<td>18.40</td>
<td>31.42</td>
<td>32.08</td>
<td>38.94</td>
<td>51.11</td>
<td>43.57</td>
<td>51.08</td>
<td>69.11</td>
<td>73.28</td>
<td>75.0</td>
<td>78.41</td>
</tr>
<tr>
<td><strong>Percentage to Total Expenditure</strong></td>
<td>(28.3%)</td>
<td>(28.5%)</td>
<td>(38.4%)</td>
<td>(37.5%)</td>
<td>(36.8%)</td>
<td>(38.1%)</td>
<td>(46.5%)</td>
<td>(55.6%)</td>
<td>(61%)</td>
<td>(50.9%)</td>
<td>(51%)</td>
<td>(40.7%)</td>
</tr>
<tr>
<td>(ii) Public Works</td>
<td>2.55</td>
<td>3.90</td>
<td>13.45</td>
<td>9.10</td>
<td>13.16</td>
<td>18.23</td>
<td>17.42</td>
<td>8.85</td>
<td>9.79</td>
<td>33.73</td>
<td>29.75</td>
<td>38.36</td>
</tr>
<tr>
<td><strong>Percentage to Total Expenditure</strong></td>
<td>(4.4%)</td>
<td>(6.2%)</td>
<td>(16.4%)</td>
<td>(10.6%)</td>
<td>(12.5%)</td>
<td>(7.7%)</td>
<td>(18.6%)</td>
<td>(9.7%)</td>
<td>(8.7%)</td>
<td>(23.4%)</td>
<td>(20.8%)</td>
<td>(19.9%)</td>
</tr>
<tr>
<td>(iv) Public Instruction (education)</td>
<td>13.48</td>
<td>14.20</td>
<td>15.79</td>
<td>17.4</td>
<td>16.85</td>
<td>18.24</td>
<td>13.51</td>
<td>6.45</td>
<td>7.33</td>
<td>0.69</td>
<td>7.99</td>
<td>21.09</td>
</tr>
<tr>
<td><strong>Percentage to Total Expenditure</strong></td>
<td>(23.28%)</td>
<td>(21.7%)</td>
<td>(19.3%)</td>
<td>(20.3%)</td>
<td>(16.1%)</td>
<td>(13.4%)</td>
<td>(14.4%)</td>
<td>(7.9%)</td>
<td>(6.5%)</td>
<td>(0.5%)</td>
<td>(0.8%)</td>
<td>(10.9%)</td>
</tr>
<tr>
<td><strong>Total of Development Expenditure</strong></td>
<td>35.87</td>
<td>40.50</td>
<td>66.31</td>
<td>68.58</td>
<td>89.95</td>
<td>117.69</td>
<td>78.97</td>
<td>71.83</td>
<td>91.06</td>
<td>115.01</td>
<td>118.88</td>
<td>155.56</td>
</tr>
<tr>
<td><strong>Percentage to Total Expenditure</strong></td>
<td>(61.35%)</td>
<td>(62.76%)</td>
<td>(81.02%)</td>
<td>(80.18%)</td>
<td>(85.21%)</td>
<td>(83.59%)</td>
<td>(85.29%)</td>
<td>(78.17%)</td>
<td>(80.52%)</td>
<td>(79.78%)</td>
<td>(83.13%)</td>
<td>(80.53%)</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>57.91</td>
<td>64.53</td>
<td>81.85</td>
<td>85.54</td>
<td>105.57</td>
<td>134.1</td>
<td>93.68</td>
<td>91.99</td>
<td>113.10</td>
<td>144.16</td>
<td>143.01</td>
<td>193.17</td>
</tr>
</tbody>
</table>

Source: Based on annual budgets of City Board Bareilly for respective years.
EXPENDITURE:

With growing industrialization, as well as the popular awareness of the need for civic amenities, municipal functions have achieved a degree of importance which is not yet consonant with the actual order performance. Municipalities will have to gear themselves for assuming greater responsibilities both in the scope of their activities and the quantum of each service provided.

For more fruitful analysis let us divide expenditure items into two broad categories, namely, (i) General expenditure and (ii) development expenditure.

In general group we put all routine and incidental expenditure increased in connection with the functioning of the city board as such. Collection costs in respect of taxes levied by the city board are also reckoned as routine administration expenditure.

Under development expenditure the items included are on public safety, public convenience, public works and public instructions taken together.

As was to be expected expenditure of the city board Bareilly during the years under review had increased significantly from initial Rs. 55.9 lakhs to Rs. 193 lakhs in 1977-'78, a more than three fold increase. Two phases are observed. Corresponding to the two phases, expenditure
fluctuated namely, 1966-'67 to 1970-'71 and 1971-'72 and 1971-'72 to 1977-'78. The two phases were characterised by a rising cresendo followed by a sudden perceptive drop in the level of expenditure. The second phase or cycle reached new peaks. For the period as a whole, rising trend is clearly discernable. The trend figure being

The board's expenditure has been classified under two broad categories, namely general administration and development expenditure.

General Expenditure:-

General administration or administrative expenditure; though showing an increased over the period was small in magnitude ranging from less than one lakh rupees in 1966-'67 to Rs.2.6 lakhs in 1977-'78. The percentage to total outlay varied between slightly less than one per cent to a maximum 1.7 per cent in 1973-'74 and 1974-'75. Thereafter the proportion of administrative expenditure tended to decline.

Under development expenditure the items included are on public safety, public convenience, public works and public instructions taken together.
Heads of Expenditure: -

We proceed to the analysis of expenditure by main sub-heads and also assess their relative position and expenditure pattern. From the Table- , it is seen that expenditure on public safety, public convenience, public works and public instructions taken together accounts for the bulk of the city board's disbursements, as it should be, being not less than 80 per cent in any year. The remaining expenditure is on general administration, collection and miscellaneous items.

Development Expenditure:

Public Safety: - It comprises two items of expenditure, namely fire protection and lighting of the streets. The latter involved much more expenditure than the former. The city board is only responsible for providing bulbs, fluorescent tubes and mercury bulbs but the financial liability of the city board is 'fairly large.

Total expenditure on this item has exhibited a wide variations from year to year. This may be explained partly in term of the nature of expenditure -bulbs, and poles need only periodical replacement or repair.
During Emergency expenditure was incurred in Harijan Bastis for the provision of light. New poles were fixed and this increased the total expenditure substantially.

Table 5.10 gives the details of expenditure. It is seen that in the beginning, i.e. 1965-'66, Rs. 3.4 lakhs were earmarked for the purpose of lighting the streets. The relative share to the total expenditure was 6.17 per cent. During succeeding years 1968-'69 and 1969-'70 its relative rose becoming 6.23 per cent and 6.9 per cent respectively. In the next three years it rose at a faster rate, and accounted for 11.6 per cent of the total expenditure in 1969-'70, 19.9 per cent in 1970-'71 and 28.5 per cent in 1971-'72. By the 1971-'72 a new plan of replacement was chalked out which involved substantial expenses that year. Later, it fell to 5.7 per cent in 1976-'77, moved up a little to 9.2 per cent in 1977-'78. Nevertheless, the absolute amount of money spent in 1977-'78 was much more than in 1966-'67.

Public Convenience:

Public convenience is the most important function of the city board. In view of its importance the Bareilly city board appears to have devoted sufficient attention to
it. Table 5.10 illustrates an upward trend with fast growth rate throughout the years under review. It importance may also be gauged from its share to total expenditure which accounted for about 40 per cent throughout the latter part of the period under review.

At first in 1966-'67 it stood at Rs.14.8 lakhs with a proportional share of 26.6 per cent followed by 25.7 per cent in the next year 1967-'68. From then onward it has been increasing at a much faster rate. It amounted to 35 per cent between 1968-'69 to 1971-'72. In succeeding years it increased sharply and had accounted for 44 per cent in 1972-'73 and 58 per cent in 1974-'75.

Public Health:

The city board maintains one Ayurvedic dispensary and sanctions aid to one eye hospital as well. Sanitary requirements i.e. scavenging and slum clearance received more attention. The average share of expenditure on public health stood at about 2 per cent. There had indeed been an increasing trend but at a rather slow rate. During last three years 1975-'76 1976-'77 and 1977-'78 the activities under this item expanded either on account of small-pox eradication campaign or on vaccination programmes.
During these years its relative share rose i.e. 3.2 per cent and 3.4 per cent respectively.

In 1977-'78, the city board established an communicable diseases hospital, three other dispensaries -Unani, Ayurvedic and Homeopathic, spending nearly Rs.20,000 annually on running these institutions.

The sanitation of the city was looked after by three chief sanitary inspectors and ten sanitary inspectors. The city board has three vaccinators for prevention of epidemics. Over and above this expenditure, the city board sanctioned annual grants to the Helen Stubbs Maternity Centre and District Hospital. It employed a medical officer or health to look after these activities. Though school health service in the city board is under the charge of a school health officer but he worked under the supervision of the city board's officer of health.

Public Works:-

Public works generally refer to construction and repair of roads, lanes, drainage and slum clearance. The city board undertook the construction of pavements, broadening the main roads and repair of all the roads joining streets to the city board's office.
The general trend of expenditure on public works indicates an upward movement at a fast rate. Whenever, roads required repair and replacement of kankar roads by metalled roads expenses naturally occurred. In the initial years only a small part manner 4.6 per cent of the total expenditure was incurred on this account in 1966-'67. Table-5.10 shows that it remained at the same level in the year 1967-'68. Grants sanctioned for road construction were converted for general purposes.

During the succeeding years it rose to more than two and half times in comparison with preceding years. It grew to 10.7 per cent of total expenditure in 1969-'70 and 10.8 per cent in 1970-'71. After a slight decline in 1971-72 it further rose to 18.6 per cent then again dropped to 9.7 per cent and then to 3 per cent in succeeding years 1973-'74 and 1974-'75 respectively. The year 1975-'76 was the peak year of this item when it increased from 24 per cent to 29.8 per cent. It was 20 per cent in 1977-'78, the last year of the review period.

Improvement Trust Bareilly

In this connection a brief account of Improvement Trust of Bareilly will not be out of place. This body was
created in March 1963 under the U.P. Town Improvement Act 1919 as amended in 1948. District Magistrate was the chairman of the trust. Other trustees included the president of the city board Bareilly and the executive engineer of the P.W.D. The trust was as corporation body and functioned independently. Its main powers and functions were to develop the town, improve housing facilities and remove the slums. Actually it was an agency of the urban local body which could assist the city board in the task of urban development.

**Public Instruction:**

Expenditure on Public instruction in Bareilly has always been lower than that on public conveniences and public health. However this expenditure had been in excess of the outlay for public works and public safety during the initial years. From 1973-'74, when primary education was taken over by state government, the expenditure on this item ultimately dropped to a negligible figure.

So we may review it in two separate phases, one from 1966-'67 to 1972-'73 and second after state take over from 1973-'74 till 1977-'78.
In 1966-'67 it amounted to 24.13 per cent with a total expenditure Rs.13.5 followed by lower percentage outlays of 21.7 per cent, 19.3 per cent and 20.39 per cent during succeeding years 1967-'68, 1968-'69 and 1969-'70. It dropped thereafter in later years. It stood at 16 per cent in 1970-'71 and to 13.6 per cent and 14.5 per cent in 1971-'72 and 1972-'73.

After the state take over of primary education the outlay dropped sharply. In 1973-874, its relative share recorded only 7 per cent, which declined to 6.6 per cent in the year 1974-'75. Later, during the succeeding years 1975-'76 and 1976-'77 it was a base 0.5 per cent and 0.8 per cent respectively. It was only in the final year, 1977-'78 the board again got into the picture in this field with the formulation and administration of a new scheme.

Compulsory education for boys was introduced in 1923. In 1963 there were 109 Junior Basic Schools run on aided by the city board Bareilly, there being 12,971 pupils and 348 teachers; The city board spent Rs.2.64 lakhs on this head. In 1973..

Education in the areas falling under the Bareilly Board is organized by the Education Department. There was
a superintendent of education who with the assistance
some officers looked after matters relating to boy's education. Girl's education is organized by a women superintendent who
with the help of women supervisor looked after matters relating to the girls schools.

Budget Position:

From table-5, giving the annual revenue and expenditure reveals that in the early years of the period under consideration, surpluses were recorded but in subsequent years successive deficit budgets were followed except in 1976-'77. The deficit in the year 1977-'78 was the greatest on record, being as much as Rs.24 lakh. Only other double digit deficit was in 1971-72.

Taking revenue side first, we find that the period under review reveals two distinct phases. In the first phase revenues increased from Rs.59 lakhs to Rs.1,15 lakhs in 1971-'72. In the second phase revenues increased from Rs.93.6 lakhs in 1972-'73 to Rs.180.7 lakhs in the final year 1977-'78 concerned years. What is however, noteworthy is that in 1972-'73, the first year of the second phase, revenues had declined from the previous high of Rs.1,15 lakhs to Rs.93 lakhs.
After successive rises, the revenues eventually exceeded 1971-'72 figure and amounted to Rs.1,42.7 lakhs in 1975-'76 eventually reaching the unprecedented figure of Rs.1,80.7 lakhs.

More precisely, it is convenient to derive revenue per head and compare it with expenditure incurred per head. This proceeds as in the beginning 1966-'67 the revenue per head was Rs.21.1 and expenditure per head was 19.96, it means remaining gap appeared in the next year as opening balances of the city baord Bareilly.

The period, 1966-'67 to 1977-'78, as a whole reveals an upward trend of total revenue for the order of 12.8 lakhs. The aggregate revenue during the period had increased three fold. In per capita terms the increase in revenues was somewhat lower. During the first phase it averaged Rs.30 per head and in the second phase Rs.40 per head.
Reference -

1. Gazeteer of India, U.P. Chapter on Bareilly, p.1
2. Ibid., p.1
3. Census of India, 1961 (U.P.) Part-II-B (i)
CHAPTER -6

CONCLUSION AND SUGGESTIONS

- Conclusion

- Suggestions
CHAPTER 6

CONCLUSION AND SUGGESTIONS

CONCLUSION:

A comparative study of the finances of the city boards of Shahjahanpur and Bareilly for the period under review indicates Rs.4.2 lakhs and Rs.12.8 lakhs growth in total revenues per year respectively.

Taking 1965-'66 year as base year the growth in revenue of city board Shahjahanpur by the end of review period accounted for an increase of more than five times. No doubt, it may be a satisfactorily growth in total revenue in a small town like Shahjahanpur. But keeping in mind that the population had been growing at a faster rate i.e. 3.5 per thousand per year the increase in revenues is not in keeping with the growth of the population. Naturally more civic amenities are required. Total expenditure rose to Rs.4.42 lakhs per year, it has been six and half times more than the beginning year (1965-'66) under consideration.

City Board, Bareilly, being a larger city board in comparision with city board Shahjahanpur accounted for much
greater total revenue throughout the years under consideration.

Total expenditure, being proportionately less than total revenue in the initial years under study, rose five times more than the beginning year 1966-'67.

Industries and business helped the city boards of Shahjahanpur and Bareilly to have more revenues from octroi. But the scope of the civic amenities had been limited; otherwise total expenditure throughout the years have been proportionately more than the total revenue.

Thus, on the basis of the analytic observation of the city boards Shahjahanpur and Bareilly, we can extract that the executive authorities have failed in exercising proper supervision and verification on the collection of receipts. Consequently, frequent embezzlements have occurred. Double payments are also made to persons in whom the employees of the city boards are interested.

Thus we arrive at the following conclusion:

(i) The own resources of the city boards have not been sufficiently elastic to match their expanding financial requirements. As a result, the city boards have tended to depend increasingly on external resources such as grants and loans from the state government for the financing of their increasing expenditure.
(ii) The tax revenues of the city boards have not been sufficiently flexible and the tax on annual value of holding has failed to operate as an effective instrument of resource mobilization. The revision of annual value of holdings is not being done at the interval of every five year as provided in the Act.

(iii) Even at the existing rate, arrears of holdings tax is accumulating every year due to inefficiency of tax collecting machinery.

(iv) Leakages of revenue from various taxes are not only due to inefficiency but also due to corruption prevailing everywhere.

(v) The factors which have hindered the property tax from being an effective instrument of resource mobilization, are the lack of an impartial, independent and effective assessment of the annual value of the property, evasion and avoidance of the property tax and low collection of tax revenue due to administrative inefficiency and laxity and lack of cooperation of the part of tax-payers, recurring loss the due to omission of assessment of holdings and loss due to illegal reduction of assessment.
(vi) Revenue potentials have not be fully tapped by the local bodies of the two cities. Potential, the per capita revenue has increased from Rs.11.9 to Rs 47.7 in the case of Shahjahanpur and from Rs.21.1 to Rs.50.9 in the case of city board Bareilly whereas price, income etc have increased at a much faster rate.

(vii) As a result of the study of the utilization of grants by city boards, it has been observed that because of the weak financial position, the city boards have tendency to divert the specific grants for general purposes. This has defeated the whole purpose of such grants and is clearly contrary to all cannons of sound financial administration.

It has further come to light that the government grants received in a particular year, are not fully utilized in that year. This has been responsible for wasteful utilization of resources.

The reason behind this non-utilization and diversion of grants is that the city boards do not have well formulated and fully worked out schemes of development on which to spend the money received in the form of grants.
(viii) Borrowing by the city boards have become a regular feature. The financing of capital project by loan has the effect of spreading the burden of financing the work over a period of years, so that future generation of tax-payers who will enjoy the benefit of a scheme, will be required to share in its cost as the instalments and the interest on loans are paid each year.

(ix) A complete coordination between the tax department and the law department of the city boards are lacking. The coordination is essential so that demand notices are promptly issued and legal action in case of failure of payments such as issue of certificates and distress warrants, are taken without any hesitation.

(x) The quality of civic amenities are deteriorating as evident in frequent breakdowns in the water supply system, inadequacy of water supply, insanitary condition on roads and pavements, water logging on roads, increase in the number of astray animals and mosquitos, lack of lighting in streets and by-lanes and poor maintenance of roads, to give just a few examples.
(xi) The city boards are performing only very limited duties. It has not taken up as yet many of the duties listed in the Act.

(xii) The city boards are full of copious instances of double and irregular payments of large sums of money, excess payments and payment without proper authorisation and wasteful expenditure. There are, of course, some grave causes of laxity in many items of expenditure which compel the city boards to a hand to mouth existence. Lack of proper control over the expenditure, inordinate extravagance on the part of the authorities, undesirable expenditure over and above what is provided in the budget etc. have become common feature of the city boards.

(xiv) The city boards unfortunately make a static approach of 'no funds no work' and limit their programme to the available needs and mobilizing resources for that.

(xv) The tendency towards urbanization is a universal trend and is the inevitable concomitant of economic
development. There has also been a rapid growth of urban population in the city boards' areas. Streams of migration are constantly flowing from the rural areas. A study of the Censuses in different years reveal an unprecedented growth of population with the city boards.

(xvi) The city boards do not maintain separate budgets for general expenditure and development expenditure. This hinders the achievement of efficiency and economy and due to this a scientific method of budgeting is impossible. The general expenditure should be distinguished from the development expenditure in the sense that the general expenditure is largely for current consumption. Whereas development expenditure is largely for investment. In the city boards' budget, both general and development expenditure are mixed up.

Hence, unsound financial position of the city boards warrant cuttaiiment of expenditure and augmentation of revenue. It needs taking of all steps without further delay. It is also essential to maintain the account strictly in accordance with the rules and the Act. Strict supervision over the maintenance of accounts, especially over receipts, is needed in order to pull the city boards out of chaos and ruins.
SUGGESTIONS:

Sufficient improvements can be brought forth in the existing sources of revenue by adequate interest and zeal.

Octroi— Octroi is the most popular and most remunerative source of revenue of the city boards. Corruption in the system of collection may be avoided by monthly based transfer of collection staff from one out post to another. Guilty should be punished severely. Once a complaint is filed against any collection staff he must not remain in the same department. For this purpose, inter-departmental transfers should be encouraged.

House-tax — The house tax is second important tax in order of collection of revenues. It also amalgamated holdings tax, water tax and latrine tax.

Persons levying these charges do not take into account the fact that holdings are grossly under assessed. It will be better to entrust the work of assessment to a committee consisting of an engineer, a revenue officer, a town planner, one or two local representatives, and an expert in local taxation administration.
The committee should take care of actually visiting the spot and assess the holdings.

Water-tax - Water-tax should be dealt with cost-benefit approach. The present inadequate water supply coupled with waster of water from public taps should be improved by area wise (ward wise) posting of some employees of the city board seeking the cooperation of local people.

Entertainment or theatre tax - There is wide scope of exploiting this important source of revenue. A surcharge on Cinema tickets, Circus, fairs and exhibition can yield a significant revenue to the city boards of Shahjahanpur and Bareilly. Though this tax is included in the revenue list but revenue from this source had been negligible in both the city boards throughout the years under review.

Advertisement tax other than paper - Sizeable amount can be collected from advertisement on walls and road side sign boards. This will be fruitful only when the city boards keep watch and vigil over the publicity media and penalize those failing to make required tax payments.

License Fee - It should not be levied at flat/fixed rate and irrespective of the incomes of persons carrying on offensive trade. This is not only inequitable but also against the
requirements of financial expediency for raising maximum resources. The trade getting small income has to pay the same rate of license fee as the one getting larger incomes from its business. Therefore, in order to obtain a larger volume of resources from this source of revenue and to make the structure of the fee more rational it is suggested to introduce sliding scales of fees which would mean that a rate schedule of fees should be worked out based upon the principle of progression.

Income from Municipal Property and lands - It is clear that the city boards are not able to utilize resources potential from its properties and lands. Potential on this account has increased but it is unfortunate that no advantage is derived out of that by the city boards. Large leakages of revenue on this head is found because of city boards:

1. make irregular collection of rent below the prescribed amount, (ii) remit large amount of rent, (iii) revise settlement made at particular rates later on without adequate cause, and (iv) allow accumulation of arrears of rent for a number of years and no effective steps are taken to realize them.

To raise the resources of the city boards from its properties; it is necessary that rents of city boards' property must be effectively realized. As the price level has been rising; it is necessary that the rents of city boards'
property must be effectively raised. As the price level has been rising; it is necessary that the rents on city boards' lands should also be increased in order to mobilize larger resources. Therefore, the problem is both of revision and effective realization of the amount of rents of the City Boards' stall and lands.

**Borrowings** - In the present existing circumstances the loan policy of the government, in relation to the city boards of Shahjahanpur and Bareilly should also be based on a consistent, logical and rational basis. At the same time, the city boards must be careful to see that loans are fully used for the purpose they have been given and there should be no diversion of funds. Besides, the loans must be used for productive purposes which would enable to pay the interest and to repay the principal sum borrowed.

**Grants** - Grants to the city boards should be conditional on the particular service being maintained at a prescribed level of efficiency, and exploitation of its own resources to the extent indicated by government from time to time.

A better approach would be said that the amount of grants by the state government to the city boards should be related to a policy of planned utilization of resources.
Thus, in order to improve the quality of the city boards of U.P. as a whole, and to revitalize local finance it is most important for the urban local bodies to tap intensively their existing resources of revenue. When the resources are strictly limited and needs have no bounds, it becomes a matter of great importance to exploit fully the resources such as they are, and to avoid all waste due to laxity, lack of prudence and administrative efficiency.
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