

An Analysis of Revenue Receipts and Expenditures of Firozabad Municipal Corporation of Uttar Pradesh

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ABSTRACT

India recently adopted a three-tier governance architecture to achieve effective and efficient management. Municipal Corporations are one of them, and they play a significant role in city growth. The goal of this study was to look at the revenue and spending sources of the Firozabad Municipal Corporations in Maharashtra. This study is based on the financial statements of Firozabad Municipal Corporation. Based on an analysis of Firozabad Municipal Corporation's four-year financial records, researchers determined that operations and maintenance expenditures have consistently grown, while Municipal Corporation total earnings have not increased in the same proportion. Municipal Corporations must diversify their revenue streams while reducing operating and maintenance costs in order to maximize profitability.

Keywords: *Firozabad Municipal Corporation, Revenue Receipt, Expenditure*

Municipal Corporations have a direct impact on people's well-being since they provide civic services and amenities in both urban and rural locations. The Constitution 73rd and 74th Amendment Acts of 1992 offer new functions, authorities, and resources to Municipal Corporation in providing services in the hierarchy and comprise a three-tier structure of government. Municipal Corporations' roles and obligations have recently risen, but their sources of money have not increased in proportion, hence the majority of Municipal Corporations are in financial distress. Municipal Corporations may play a significant role in country empowerment by making optimal use of local financial resources. According to Article 243Q of the 74 Amendment acts a municipal corporation exists for a bigger urban area, a municipality exists for a smaller urban area, and a nagar panchayat exists for a transitional area, i.e. where a region transitions from rural to urban. India has experienced substantial urbanization expansion during the last 30 years.

Municipal Corporations get income from the government through taxation, fees, charges, penalties, recoveries, subsidies, grants, and loans. House tax, entertainment tax, hoardings tax, advertisement tax, open land tax, water tax, and education tax are all sources of Tax - revenue. Non-tax revenues include fees, charges, recoveries, and penalties such as birth and death certificate fees, registration costs, power and sewer rates, and shopkeeper licence fees. Grants-in-aid, loans, and subsidies are provided by the federal and state governments for a

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variety of development and infrastructure programme and projects. Municipal Corporations can obtain low-interest loans from financial institutions to fund development initiatives. Municipal Corporations' financial applications include formation expense, administration expenditure, maintenance expenditure, and capital expenditure.

REVIEW OF LITERATURE

Thanga, J. L.T., et.al (2023), “*Assessment of the Municipal Finances in the North Eastern Indian State of Mizoram*” The primary goal of this study was to evaluate the financial statements of the Aizawl Municipal Corporation (AMC), Mizoram sole municipality. This analysis was conducted using secondary data from 2015-16 to 2021-22. The analysis discovered that the AMC's finances are significantly reliant on financial transfers from the Central and State governments, as well as the average contribution of revenue from own sources to total revenue receipt (TRR).

Yuvrajbhai, B. V. & Dr. Sabhaya, R., (2018), “*A Study on Financial Performance of Selected Municipal Corporation in Gujarat State: A Comparative Study*” The primary goal of this study was to compare per capita income and expenditure in three Municipal Corporations: Ahmadabad Municipal Corporation (AMC), Surat Municipal Corporation (SMC), and Vadodara Municipal Corporation (VMC). The analysis was based on secondary data gathered from a report released by the Gujarat Government's Director of Economics and Statistics. This research lasted from 2007-08 to 2016-17. ANOVA was used to assess the data. According to the findings of this study, per capita income and per capita expenditure grew generally over the study period. The per capita revenue in all chosen Municipal Corporations was not equal, although the per capita cost in all selected Municipal Corporations was equal. It is also discovered that throughout the research time, VMC had the greatest per capita income and cost.

Sharma, L. M., et.al (2016), “*Analysis of financial performance of Municipal Corporation: a case study*” The purpose of this research was to investigate the sources of revenue and expenditure of the Municipal Corporations in Maharashtra. This research was based on secondary data from the Municipal Corporation. Researchers concluded from a review of Municipal Corporation's four-year financial statements that the Municipal Corporation has to improve its sources of revenue and minimize its administrative expenditures in order to maximize its profit from operations.

Kumari, R., (2015), “*Financial Performance of Punjab's Urban Local Bodies: A Case Study of Selected Municipal Corporations*” The following article investigates the revenue and expenditures of Punjab Municipal Corporations, as well as the sources of their money. According to the report, the majority of Municipal Corporations in Punjab have surplus budgets since the Municipal administration always follows safe practise because they are unsure of the quantity of government grants and loans. The majority of municipal revenues in Punjab are spent on establishment and other non-developmental initiatives. Despite the fact that some businesses have boosted their expenditure in recent years and turned it into development initiatives. Uncertainty about the quantity of grants and loans puts pressure on enterprises to meet their committed expenses, which include establishment.

Katyal, H. and Kumari, R., (2014), “*Financial analysis of urban local bodies of India-A study of selected Municipal Corporations of Punjab*” The purpose of this research was to conduct a comparative analysis of the financial performance of the Municipal Corporations

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of Ludhiana, Amritsar, and Patiala in order to identify effective measures to preserve and improve their financial position.

Nena, S., (2014), “*An Empirical Study on Financial Performance of Corporations of Gujarat State*” from 1996-97 to 2005-06, compared total revenue income, total revenue expenditure, total capital income, and total capital expenditure of six Municipal Corporations in Gujarat, namely Ahmadabad, Vadodara, Bhavnagar, Jamnagar, Rajkot, and Surat, and recommended that this entire Municipal Corporation follow and maintain uniform accounting practices, more efforts, controlling measures, efficiency, and transparency while preparing budgets, and preparing uniform formats.

Makandar, N. M., (2013), “*Financial performance of selected city Municipal Corporations in Karnataka*” The purpose of this research is to assess the financial health of selected city Municipal Corporations in Karnataka over a five-year period. The present article utilizes per capita income, per capita expenditure, and income and expenditure ratios to measure the financial health of a Municipal Corporation in Karnataka. Municipal governments must grow their revenue streams in order to provide services.

Statement of Problem

Recently, significant urbanization in India has resulted in increased demand for basic services such as water, sanitation, and public spaces. Municipal Corporations play an important role in delivering greater facilities to inhabitants, but money is becoming a major impediment to generating and sustaining quality services. Municipal Corporations collect different taxes and levies from residents and get grants, subsidies, and concessional loans from the state and federal governments; thus, Municipal Corporations must spend these monies efficiently for the benefit of citizens. As a result, studying the financial performance of Municipal companies has become critical.

Objective of Study

1. To examine the financial performance of the Firozabad Municipal Corporation over a certain time period.
2. To examine the trends of Firozabad Municipal Corporation's primary revenue streams and expenditures.
3. To examine the growth rate of Firozabad Municipal Corporation's income and spending.

RESEARCH METHODOLOGY

The present study based on the secondary data. Data collected through research paper, financial statement of Municipal Corporation. The period of this study four year 2016-17 to 2019-20. Tabulation and graphs are used to illustrate the obtained data. This study's conclusions only apply to relevant Municipal Corporations. For the examination of the Municipal Corporation's financial performance, the following parameters are chosen: sources of receipt, applications of spending, and cash balance availability.

Corporation Profile

Firozabad Municipal Corporation was established in 2015 to provide Municipal services and facilities to a population of 603797 people. The Firozabad Municipal Corporation is divided into several departments, including public relations, health care, finance and audit, construction work, street lighting, parking, establishment, public space developments, legal

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services, waterworks, education, and welfare services. The Municipal Commissioner and Mayor lead the company. The city of Firozabad is split into 70 wards.

Data Analysis and Interpretation

Table-1

Analysis of the Main Source of Receipt					
Receipt / Year	2020-21	2021-22	2022-23	2023-24	Average
Tax Revenue & Charges	121872199	96242087	84155701	93390254	98915060.25
Grants	971839979	839622159	846343126	813350550	867788953.5
Others	46059205	45221329	39256833	58492546	47257478.25

Source: Website of Firozabad Municipal Corporation, Firozabad

Figure- 1

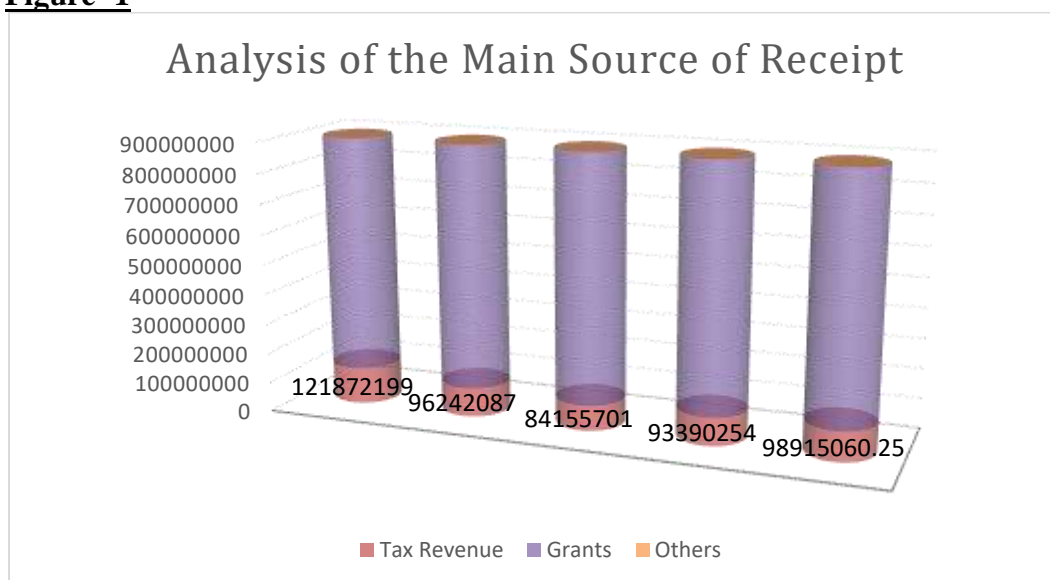


Table-2

Analysis of the Primary Purposes of Expenditure					
Expenditure/ Year	2020-21	2021-22	2022-23	2023-24	Average
Establishment Expenses	871441363	732155571	656405700	549436530	702359791
Administrative Expenses	9001276	5686147	13497656	14528036	10678278.75
Operations & Maintenance	175617797	127044211	188826864	249467151	185239005.8
Other Expenses	61420213	13216880	18708402	46967404	35078224.75

Source: Website of Firozabad Municipal Corporation, Firozabad

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Figure-2

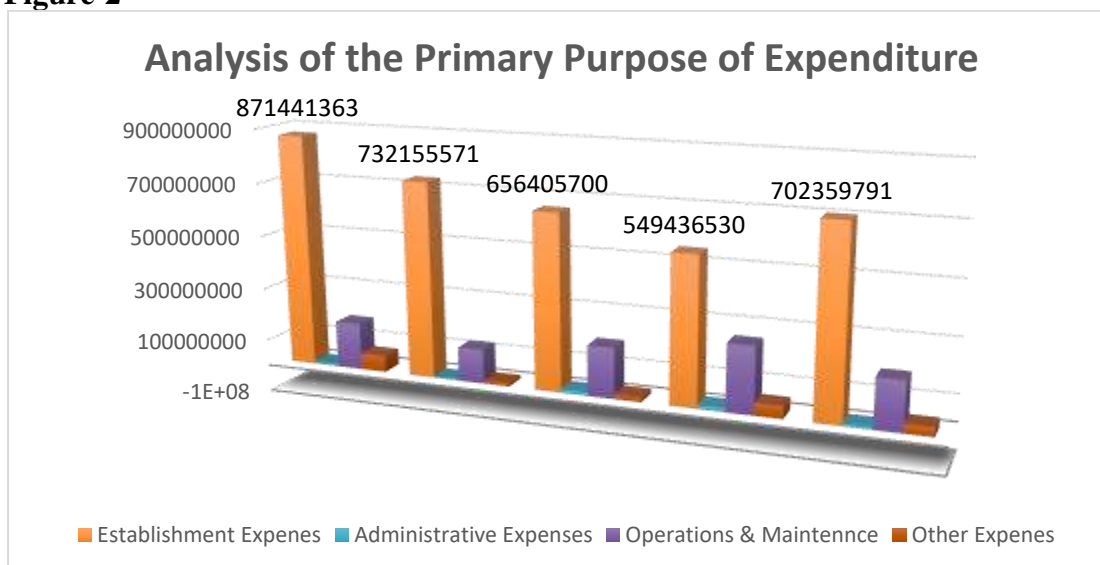
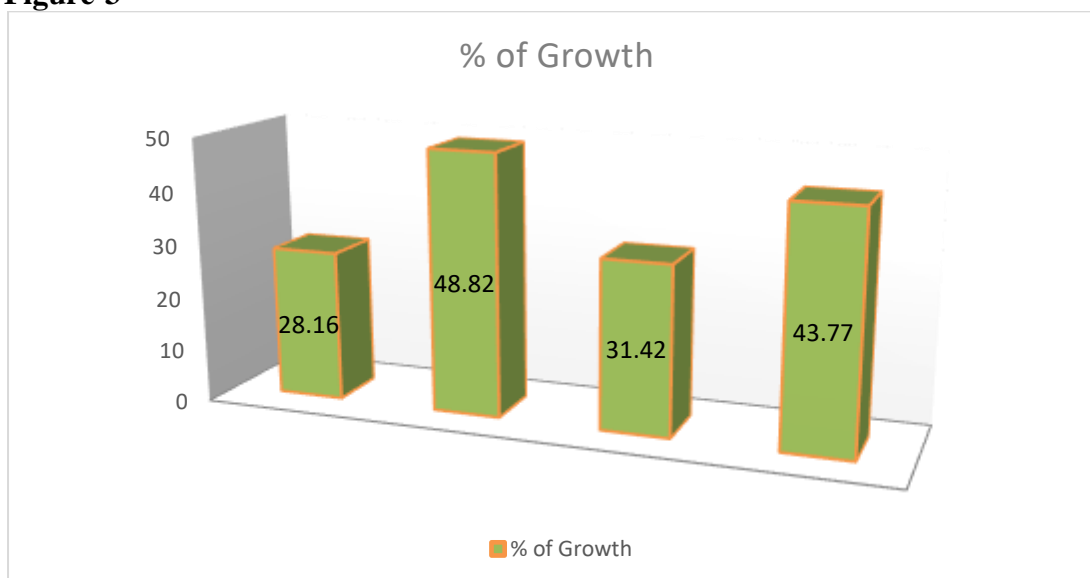


Table-3

Analysis of the cash balance availability				
Balance/ Year	2020-21	2021-2022	2022-23	2023-24
Opening Balance	668118722	479960128	714321847	938806650
Closing Balance	479960128	714321847	938806650	1349730792
% of Growth	28.16	48.82	31.42	43.77

Source: Website of Firozabad Municipal Corporation, Firozabad

Figure-3



After analyzing four years of Firozabad Municipal Corporation financial accounts, researchers concluded that the main sources of receipts are Municipal taxes and levies, as well as grants from the federal and state governments. According to a financial study of four years of annual reports, Firozabad Municipal Corporation received the lowest grant in aid in 2019-20. Firozabad Municipal Corporation's cash balance surged dramatically in 2017-18, rising from Rs. 479960128 to Rs. 714321847. In this time, the Firozabad Municipal

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Corporation achieved the lowest positive difference among cash balances in 2016-17. An examination of the spending side reveals that while operations and maintenance expenditures have consistently grown, Municipal Corporation total receipts have not increased in the same proportion. Municipal Corporations must increase revenue streams while decreasing operating and maintenance costs in order to maximize profits.

CONCLUSION

The major goal of this research is to investigate the financial performance of the Firozabad Municipal Corporation in order to understand the trends of principal revenue streams and expenditures, as well as to examine the rate of growth of the Corporation's income and spending over a specific time period. According to the findings of this study, while operations and maintenance costs have continually increased, Municipal Corporation total earnings have not increased in the same proportion. To maximize profitability, Municipal Corporations must expand income streams while minimizing operating and maintenance expenditures.

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Conflict of Interest

The author(s) declared no conflict of interest.

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