



A Study on Financial Performance of Selected Municipal Corporation in Gujarat State: A Comparative Study

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ABSTRACT

The main objective of the study is compare per capita income and expense among selected Municipal Corporation namely Ahmadabad Municipal Corporation (AMC), Surat Municipal Corporation (SMC) and Vadodara Municipal Corporation (VMC). The study based on secondary data collected form report published by department of Gujarat Government namely Director of Economics and Statistic for the period 2007-08 to 2016-17. The data is tested by ANOVA and found that overall, the per capita income and per capita expense is increased during the study period. The per capita income is not equal in all selected Municipal Corporation whereas the per capita expense is equal in all selected Municipal Corporation. It is also found that the per capita income and expense are highest in VMC during the study period 2007-08 to 2016-17.

KEY WORDS: Per Capita Income, Per Capita Expense, AMC, SMC, VMC

Introduction:

In India a Municipal corporation is a local government body that administers a city of population 300000 or more. According to Census of India, 2011, there are 210 municipal corporations in India in 26 states and 5 municipal corporations in 2 union territories. The largest municipal corporations in India currently are Mumbai, Delhi, Kolkata & Chennai. Under the panchayati raj system, it interacts directly with the state government, though it is administratively part of the district it is located in.

Review of Literature:

Sonal Nena(2014) compared total revenue income, total revenue expenditure, total capital income and total capital expenditure of of 6 Municipal Corporations' i.e. Ahmadabad, Vadodara, Bhavnagar, Jamnagar, Rajkot and Surat Gujarat for the period of 1996-97 to 2005-06 and suggested that this entire municipal corporation should follow & maintain uniform accounting practices, more efforts, controlling measures, efficiency & transparency while preparing budgets and prepared uniform formats of budgets & uniform classification of different heads of revenues & Capitals.

Serageldin, M. et. al. (2008) described the wide range of difficulties in financing urban development and the response of the authorities to the challenges of major shift in the economic base resulting from falling trade barriers and globalization of the

economy and focused on the challenges faced, local financial management and performance, partnership to address pressing urban issues and emerging trends in the financing of capital investment. This study also discussed the emergence of several important new trends: the broadening of locally generated revenue sources, the strengthening of local financial management, the growing reliance on the partnership to finance capital investment and enhancement to promote to access to long term credit for municipalities and suggested that municipalities are hard pressed to find the resources needed to fund urban development policies that foster poverty alleviation and social inclusion. Moreover municipalities must learn to tap in to private resources and access capital markets in order to finance the delivery of urban services and urban development programmed.

Mehta Ketan J. (2013) in his research works entitled “A Comparative Study on Public Expenditure and Income of Rajkot Municipal Corporation” examined economic and social work of Rajkot Municipal Corporation during 2007-08 to 2011-12 and found that revenue income, revenue expenditure, capital income and capital expenditure are increased. But in comparison between income and expenditure, expenditure is 1.91% higher to income.

Research Methodology:

The main objective of study is compare total income and expense of selected Municipal Corporation namely Ahmadabad Municipal Corporation (AMC), Surat Municipal Corporation (SMC) and Vadodara Municipal Corporation (VMC). The research based on secondary data collected form report published by department of Gujarat Government namely Director of Economics and Statistics. The study period is 10 year starting from 2007-08 to 2016-17. The per capita income and per capita expense is used for comparison and tested by ANOVA.

Hypothesis:

H₀: There is no significance deference in per capita income among selected Municipal Corporation

H₁: There is significance deference in per capita income among selected Municipal Corporation

H₀: There is no significance deference in per capita expense among selected Municipal Corporation

H₁: There is significance deference in per capita expense among selected Municipal Corporation

Analysis

Year	Per Capita Income					
	AMC	Growth (%)	SMC	Growth (%)	VMC	Growth (%)
2007-08	3376.66		3427.84		3549.76	
2008-09	3468.27	2.71	3544.53	3.40	4843.77	36.45
2009-10	4136.92	19.28	3542.71	-0.05	5577.21	15.14
2010-11	4422.27	6.90	3574.03	0.88	5171.45	-7.28
2011-12	4995.27	12.96	3703.69	3.63	5839.81	12.92
2012-13	5184	3.78	4025.6	8.69	7079.99	21.24
2013-14	5789.43	11.68	4171.73	3.63	6017.21	-15.01
2014-15	6539.05	12.95	5195.31	24.54	5253.16	-12.70
2015-16	6791.37	3.86	4606.41	-11.34	7855.78	49.54
2016-17	5555.08	-18.20	4829.23	4.84	8604.52	9.53

Average	5025.83		4062.11		5979.27	
SD	1183.04		622.62		1497.37	
F Cal	6.84					
F Crit.	3.35					
p value	0					
Hypothesis	Rejected					

In AMC, the per capita income was 3376.66 rupees in the year 2007-08 where it was 3427.84 rupees and 3549.76 rupees in SMC and VMC respectively for the same year. During the study period 2007-08 to 2016-17, the per capita income was continuously increased in AMC with fluctuated growth rate. But the per capita income was reduced by 18.20% in the last year 2016-17 and became 5555.08 rupees in AMC. The per capita income of SMC was increased during the study period 2007-08 to 2015-16 except the year 2009-10 and 2015-16. The per capita income of VMC was also increased during the study period 2007-08 to 2015-16 except the year 2010-11, 2013-14 and 2014-15. During the study period 2007-08 to 2016-17, the per capita income of VMC was highest compare to AMC and SMC. In AMC the highest per capita income was 6791.37 rupees in the year 2015-16. In SMC, the highest per capita income was 5195.31 rupees in the year 2014-15 and the highest per capita income was 8604.52 rupees in the year 2016-17 in VMC.

Year	Per Capita Expense					
	AMC	Growth (%)	SMC	Growth (%)	VMC	Growth (%)
2007-08	2946.34		1267.96		2755.8	
2008-09	10375.5	252.15	3376.07	166.26	3522.31	27.81
2009-10	4582.66	-55.83	4157.3	23.14	5467.01	55.21
2010-11	4648.13	1.43	3200.62	-23.01	5779.83	5.72
2011-12	4752.99	2.26	3131.86	-2.15	5217.4	-9.73
2012-13	5397.35	13.56	9285.46	196.48	6026.87	15.51
2013-14	5771.15	6.93	10567.7	13.81	7288.59	20.93
2014-15	6114.5	5.95	107.59	-98.98	4365.37	-40.11
2015-16	6371.25	4.20	107.42	-0.16	6574.42	50.60
2016-17	6030.87	-5.34	5274.05	4809.75	7395.1	12.48
Average	5699.07		4047.6		5439.27	
SD	1929.97		3531.52		1530.22	
F Cal	1.27					
F Crit.	3.35					
p value	0.3					
Hypothesis	Accepted					

The per capita expense was 2946.34 rupees in the year 2007-08 in AMC. In the same year, it was 1267.96 rupees and 2755.80 rupees in SMC and VMC respectively. In the year 2008-09, the per capita expense was increased with high growth rate by 252.15 in AMC and became 10375.49 rupees. It was increased by 166.26% and 27.81% in SMC and VMC respectively. In all selected Municipal Corporation, the per capita income was increased overall. In the last year 2016-17, the per capita expense of AMC was reduced by 5.34% and became 6030.87 rupees whereas it was increased by 4809.89% and 12.48% in SMC and VMC in the same year. In AMC the highest per capita expense was 10375.49 rupees and the lowest per capita expense was 2946.34 rupees. In SMC, the highest per capita expense was 10567.67 rupees and the lowest per capita expense was 107.42 rupees and the highest per capita expense was 7395.10 rupees and the lowest per capita expense was 2755.80 rupees in VMC.

Conclusion

From the analysis, we conclude that overall the per capita income and per capita expense was increased in all selected Municipal Corporation during the study period 2007-08 to 2016-17. There is significance difference in per capita income among selected Municipal Corporation which means per capita income is not equal all selected Municipal Corporation. But the per capita expense is almost equal in all selected Municipal Corporation. It also found that the expense of selected Municipal Corporation is high compare to their income which means the selected Municipal Corporation highly depends on State Government grant and loan. The per capita income and expense is highest VMC compare to other selected Municipal Corporation.

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Annexure

Year	Total Income (In Lakh)			Total Expenditure (In Lakh)		
	AMC	SMC	VMC	AMC	SMC	VMC
2007-08	161555440	125077772	54637250	140966840	46266326	42416771
2008-09	174646270	138365960	76621780	522463150	131789800	55718090
2009-10	219248880	147950890	90670220	242872620	173617660	88878650
2010-11	246671730	159680460	86404930	259269890	142997390	96569700
2011-12	293255690	177026990	100277500	279031940	149695070	89589910
2012-13	320306660	205848250	124944200	333489020	474809860	106359160
2013-14	376486930	228214770	109133260	375298210	578104880	132191980
2014-15	447550800	304053720	97917610	418493400	6296434	81369420
2015-16	489213090	288411400	150490300	458950090	6725471	125943680
2016-17	421157280	323474060	169404180	457229260	353269060	145593460

Source: Statistics of Municipal Towns and Cities Gujarat 2008-09 to 2015-16, Director of Economics and Statistics, Gandhinagar.

Population			
Year	Ahmadabad	Surat	Vadodara
2007-08	4784468	3648878	1539183
2008-09	5035551	3903648	1581863
2009-10	5299812	4176207	1625726
2010-11	5577940	4467797	1670806
2011-12	5870664	4779746	1717136
2012-13	6178751	5113475	1764750
2013-14	6503005	5470506	1813685
2014-15	6844275	5852466	1863976
2015-16	7203456	6261095	1915663
2016-17	7581485	6698254	1968782

Source: Census of India