

## Own Resource Mobilization of Howrah Zilla Parishad of West Bengal in India

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### Abstract

Generally own source revenue is the summation of tax and non-tax revenue but own source revenue of Zilla Parishad comes from only non-tax revenue. Section 181 of the West Bengal Panchayat Act, 1973, empowered the ZPs to raise revenue from certain sources like levy of tolls on persons, vehicles and animals and roads established by it, levy of tolls on ferry established by it under its jurisdiction, fees on registration of boats or vehicles, fees for providing sanitary arrangements at public places, license fees for fair and mela, water rate for the supply of drinking water, irrigation, lighting rate for the street light. Under Section 182 the ZP may raise loans under any law relating to local authorities for the “purpose of the Act” and create a sinking fund for the repayment of such loans. The Entropy measure indicated an increasing trend of own revenue diversification during 2005-06 to 2010-11. Utilization rate of own fund was high enough in Howrah Zilla Parishad. The rate of utilization of fund available to Panchayats is an indicator that measures the efficiency of panchayat functionaries in utilization of resources. It is observed that revenue autonomy was not encouraging but varied significantly during the study period from 2005-06 to 2010-11. Entropy measure of diversification of OSR shows an increasing diversification of OSR of the Zilla Parishad during 2005-06 to 2010-11.

**KEYWORDS:** Own Source Revenue (OSR), Entropy diversification Index, Revenue Autonomy, Utilization Ratio.

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### Introduction:

Zilla Parishads (ZPs) in West Bengal have no obligatory power of taxation. They have been empowered to earn revenue by levying fees etc. on a few services only. Section 181 of the West Bengal Panchayat Act, 1973, empowered the ZPs to raise revenue from certain sources like levy of tolls on persons, vehicles and animals and roads established by it, levy of tolls on ferry established by it under its jurisdiction, fees on registration of boats or vehicles, fees for providing sanitary arrangements at public places, license fees for fair and mela, water rate for the supply of drinking water, irrigation, lighting rate for the street light. Under Section 182 the ZP may raise loans under any law relating to local authorities for the “purpose of the Act” and create a sinking fund for the repayment of such loans. ZPs may borrow money from state government, banks and other financial institutions on the basis of specific schemes (Section 182A). Apart from levies of rates and fees, ZPs are also entitled for certain assigned revenues like five per cent share of land revenue and road cess of public works cess which is levied at the rate of 60 paise per rupee of land revenue (Sections 179 and Section 180).

Against this brief backdrop our objective is to analyze the pattern of own source revenue of Howrah Zilla Parishad during 2005-06 to 2010-11.

The plan of this section is as follows. Section 1.1 discusses pattern of growth of own source revenue and total revenue of Howrah Zilla Parishad during 2005-06 to 2010-11. Section 1.2 examines the issue of diversification of own source revenue of Howrah Zilla Parishad during the study period. Section 1.3 deals with the variation of per capita own source revenue and per capita total revenue during 2005-06 to 2010-11. Section 1.4 examines utilization ratio of own source revenue and total revenue. Sub section 1.5 analyses the pattern of growth of own fund expenditure and total fund expenditure of Howrah Zilla Parishad during 2005-06 to 2010-11. Section 1.6 looks into the variation of per capita own fund expenditure and per capita total fund expenditure during 2005-06 to 2010-11. Section 1.7 examines the extent of revenue autonomy and fiscal autonomy of Howrah Zilla Parishad during 2005-06 to 2010-11. Section 1.8 summarizes the study.

### **1.1 Own Source Revenue and Total Revenue of Howrah Zilla Parishad during 2005-06 to 2010-11**

#### **Own source revenue**

It is revealed that during 2005-06 Howrah Zilla Parishad mobilised own source revenue to the tune of Rs 1.00 crores which increased to Rs 3.8 crores during 2007-08 and to decline to Rs 3.53 crores during 2008-09. It again increased to Rs 6.78 crores during 2009-10 to decrease again to Rs 5.4 crores during 2010-11. The average own source revenue for the entire period was Rs 3.8 crore. Thus, there was no smooth increase in own source revenue of Howrah ZP during the period under study period from 2005-06 to 2010-11. The compound annual growth rate of own source revenue was 15.4 per cent and it was statistically significant at 1% level during the period from 2005-06 to 2010-11 (Table 1.2).

#### **Total revenue**

Total receipt is the sum of own source revenue, development receipt, welfare receipt and establishment receipt. It is revealed that during 2005-06 total receipt of Howrah ZP was Rs 52.34 crores, which declined to Rs 38.38 crores during 2006-07 to increase again in 2007-08 and 2008-09 to Rs 87.88 crores & Rs 89.41 crores respectively. But in the next years, i.e., 2009-10 & 2010-11 it declined to Rs 87.53 crores & Rs 87.04 crores respectively. The average total receipt of Howrah ZP was Rs 73.76 crores during the entire study period from 2005-06 to 2010-11. We observe that like own source revenue the total revenue fluctuated during 2005-06 to 2010-11. The compound annual growth rate of total receipt was 6.5 per cent and it was statistically significant at 5% level (Table 1.1).

**Table 1.1 Own Fund and Total Fund of Howrah Zilla Parishad, 2005-06 to 2010-11**

(Rs in crore)

Year	Own Fund	Total Fund
2005-06	1	52.3
2006-07	2.3	38.38
2007-08	3.8	87.88
2008-09	3.5	89.41
2009-10	6.7	87.04
2010-11	5.4	87.53
Mean	3.8	73.76
SD	2.1	22.45
%CV	54.45	30.44

Notes: SD=Standard Deviation, CV=Coefficient of Variation.

Sources: Howrah Zilla Parishad Office Documents.

**1.2 Diversification of own source revenue of Howrah Zilla Parishad**

Own source revenue comes from permission fee for Hat and Mela, share of land registration fee, ferry ghat, rent from hall, tourist spot, park, advances, sale of old parts, building materials, lease of ponds and others.

**Table 1.2 Percentage of Own Fund of Zilla Parishad by Source, 2005-06 to 2010-11**

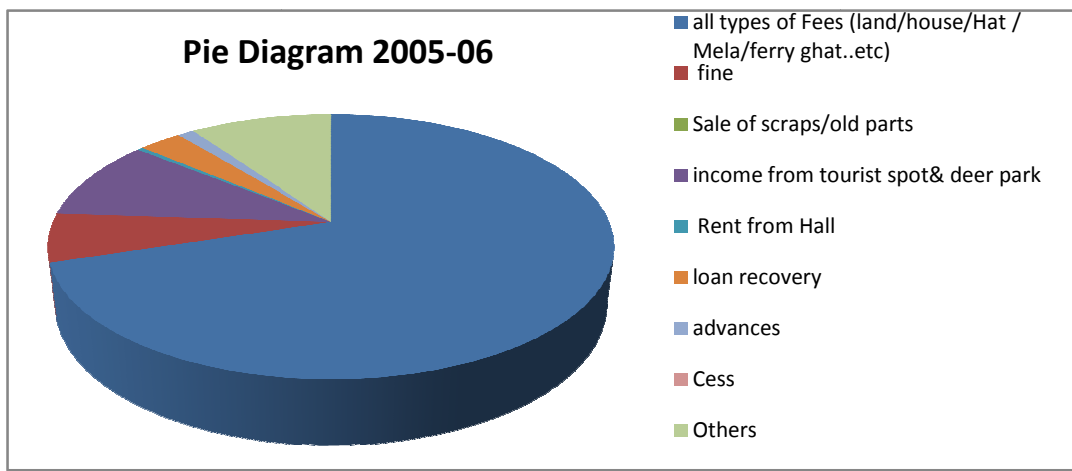
Sources /Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Average
All types of Fees (land/house/Hat / Mela/ferry ghat..etc)	70.13	76.04	58.56	57.85	47	51.74	60.22
Fine	5.92	4.22	26.9	23.42	14.92	8.38	13.96
Sale of scraps/old parts	0	0	0	0	0	0	0
Income from tourist spot& deer park	9.8	4.15	3.52	4.58	2.1	3.26	4.57
Rent from Hall	0.39	0.2	0.06	0	0.04	0.05	0.12
Loan recovery	2.94	1.2	0	0	0	0	0.69
Advances	1.12	0	0	0	0	0	0.19
Cess	0	0	0	0	0	17.4	2.9
Others	9.69	14.19	10.96	14.15	35.95	19.18	17.35
Total	100	100	100	100	100	100	100

Source: Howrah Zilla Parishad Office Documents.

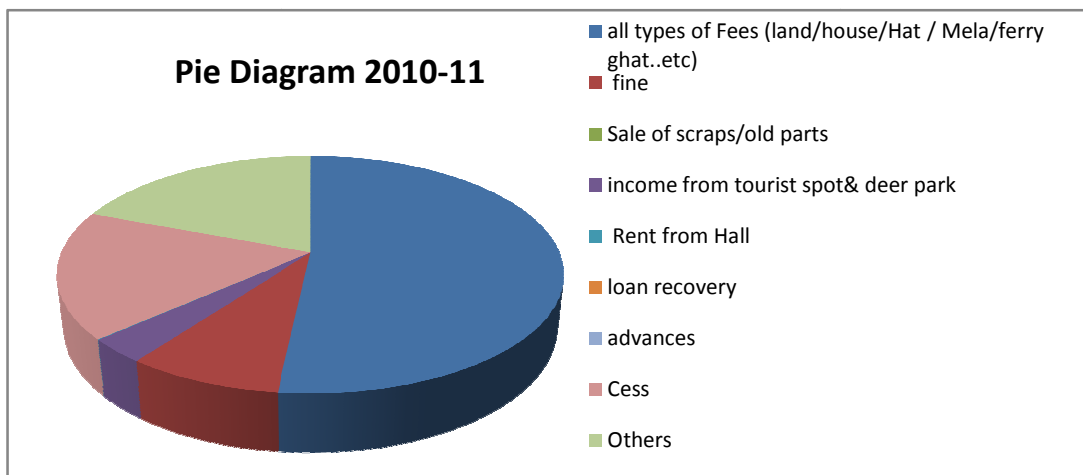
It is revealed that about 60 per cent of own source revenue was mobilized from fees. In 2005-06 the percentage of fees to the total own source revenue was 70, which increased 76 in 2006-07. But it sharply declined to 47 during 2009-10 to increase during 2010-11 to 51.74.

The percentage of fine to own source revenue on an average was 14. During 2005-06 it was 5.92 very next year to decline to 4. It increased to 26 in the year of 2007-08. During 2010-11 it was 8.38.

**Figure A Pie Diagram involving Own Fund of Howrah Zilla Parishad, 2005-06**



**Figure B Pie Diagram involving Own Fund of Howrah Zilla Parishad, 2010-11**



The ZP mobilized other resources to the tune of 17 per cent on an average during the period from 2005-06 to 2010-11.

In 2009-10 it was maximum 36 per cent. During 2010-11, 17 per cent of total own receipts was contributed from cess. Income from tourist spot and deer park (located at

Garchumuk) contributed 10% of OSR in the year of 2005-06 and 3.26% during 2010-11 (Table 1.1 and Figure A and Figure B).

#### Own Source Revenue Diversification

We examine the extent of diversification of own source revenue (OSR) of Howrah Zilla Parishad during 2005-06 to 2010-11. It is revealed that Entropy measure of diversification of OSR shows an increasing diversification of OSR of the Zilla Parishad. During 2005-06 the value of diversification index was 0.45, which increased to 0.56 during 2010-11.

#### 1.3 Variation in Per Capita Own Source Revenue and Per Capita Total Revenue during 2005-06 to 2010-11

It is observed that per capita own source revenue of Howrah Z.P. was Rs 2.34 during 2005-06, which increased sharply to Rs 8.92 during 2007-08 and marginally declined to Rs 8.25 during 2008-09. During 2009-10 it was highest (Rs 15.84) but again it declined to Rs 12.56 during 2010-11. The average per capita own source revenue during 2005-06 to 2010-11 was Rs 8.89 with coefficient of variation of 54.45%. The per capita own source revenue varied substantially over years

**Table 1.3 Per Capita Own Revenue and Per Capita Total Revenue of Howrah Zilla Parishad , 2005-06 to 2010-11**  
(Rs)

Year	PCOR	PCTR
2005-06	2.34	122.48
2006-07	5.42	89.81
2007-08	8.92	205.61
2008-09	8.26	209.2
2009-10	15.84	203.65
2010-11	12.56	204.8
Mean	8.89	172.59
SD	4.84	52.53
%CV	54.45	30.44

Notes: SD=Standard Deviation, CV=Coefficient of variation

Source: Howrah Zilla Parishad Office Documents.

Per capita total revenue of Howrah Z.P witnessed fluctuation over years. During 2005-06 it was Rs 122.47, which declined sharply to Rs 89.81 during 2006-07 and again it increased sharply to Rs 205.61 in 2008-09. During 2009-10 it declined to Rs 203.64 and again it increased marginally to Rs 204.80 during 2010-11. The average per capita total receipt was Rs 172.59 during the period from 2005-06 to 2010-11, having coefficient of variation 30.43 % (Table 1.3).

### 1.4 Utilization Ratio of Own Source Revenue

This Section examines whether Howrah Zilla Parishad is efficient in utilizing the funds available to them. The rate of utilization of fund available to Panchayats is an indicator that measures the efficiency of panchayat functionaries in utilization of resources.

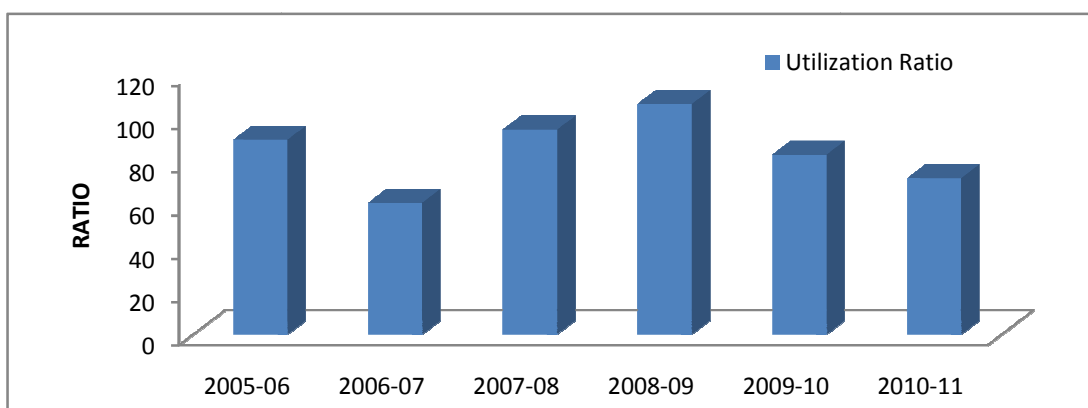
It is revealed that rate of utilization of own fund varied during the study period from 2005-06 to 2010-11. During 2008-09 the percentage of own fund utilized was more than cent per cent (105.59%) on account of utilization of arrear fund. The average rate of own fund utilization during 2005-06 to 2010-11 was 84.65% during this period (Table 1.4 and Figure C).

**Table 1.4 Percentage of Utilization of Own Fund of Howrah Zilla Parishad, 2005-06 to 2012-13**  
(%)

Year	Utilization Ratio (%)
2005-06	90
2006-07	60.87
2007-08	94.74
2008-09	106.57
2009-10	83.13
2010-11	72.22
Mean	84.59
SD	16.33
CV %	19.3

Notes: CV=Coefficient of Variation. SD= Standard Deviation

**Figure C. Percentage of Utilization of Own Fund of Howrah Zilla Parishad, 2005-06 to 2012-13**  
(%)



### 1.5 Expenditure of Own Fund of Howrah Zilla Parishad during 2005-06 to 2010-11

It is revealed that during 2005-06 expenditure out of own fund of Howrah Zilla Parishad was Rs 90.78 lakhs, which increased to Rs 3.56 crores during 2007-08 and to 5.56 crores during 2009-10. But during 2010-11 it declined to Rs 3.94 crores. During the whole period the expenditure of own fund increased from Rs 90.78 lakhs to Rs 3.94 crores. The average of own fund expenditure was Rs 3.19 crores. The compound annual growth rate of own fund expenditure was 15.26 per cent and it was statistically significant at 1% level during the period from 2005-06 to 2010-11 (Table 1.5 and Figure D).

**Table 1.5 Own Fund Expenditure of Howrah Zilla Parishad, 2005-06 to 2010-11**

(Rs in crore)

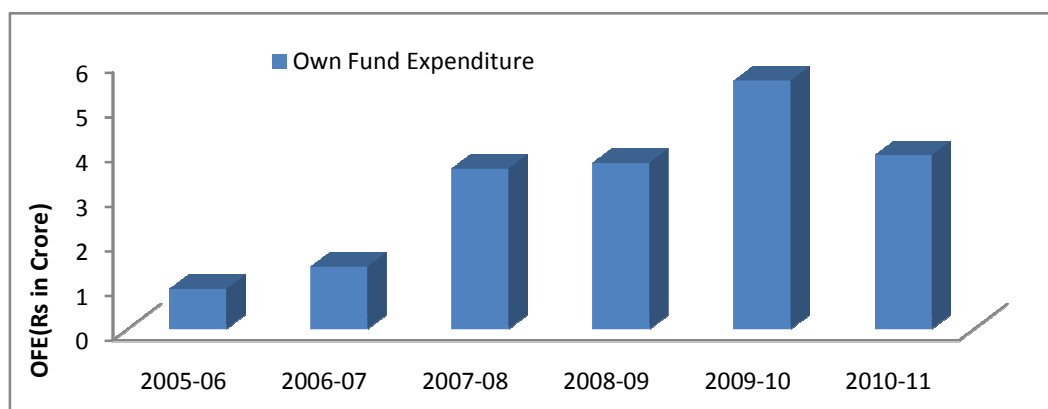
Year	Own Fund Expenditure
2005-06	0.9
2006-07	1.4
2007-08	3.6
2008-09	3.73
2009-10	5.57
2010-11	3.9
Mean	3.2
SD	1.72
%CV	54.04

Notes : SD=Standard Deviation, CV=Coefficient of variation

Source: Howrah Zilla Parishad Office Documents.

**Figure D. Own Fund Expenditure of Howrah Zilla Parishad, 2005-06 to 2010-11**

(Rs in Crore)



### 1.6 Per capita Own Fund Expenditure of Howrah Zilla Parishad, 2005-06 to 2010-11

During 2005-06 per capita own fund expenditure was Rs 2.12, which increased Rs 13.02 during 2009-10. But during 2010-11 it declined sharply to Rs 9.22. The average own

fund expenditure during the whole period was Rs 7.47 having C.V. of 54.04% (Table 1.6 and Figure E).

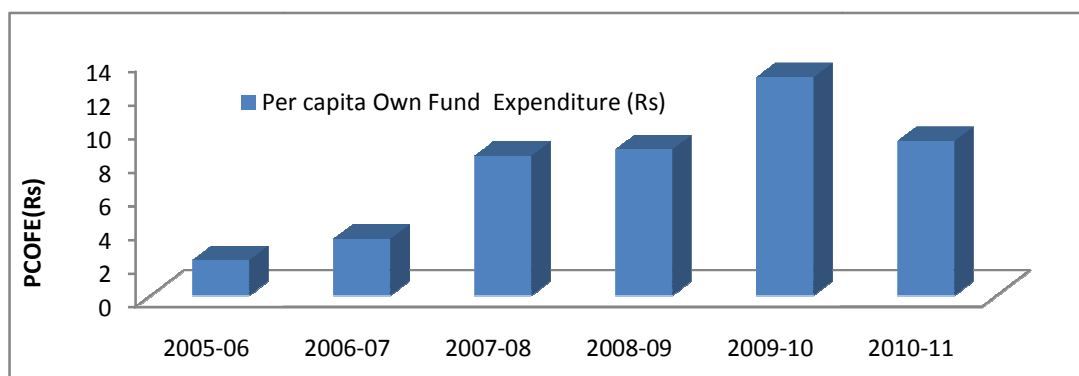
**Table 1.6 Per Capita Own Fund Expenditure of Howrah Zilla Parishad, 2005-06 to 2010-11** (Rs in crore)

Year	Per capita Own Fund Expenditure (Rs)
2005-06	2.12
2006-07	3.39
2007-08	8.33
2008-09	8.72
2009-10	13.02
2010-11	9.22
Mean	7.47
SD	4.04
%CV	54.04

Notes: SD=Standard Deviation, CV=Coefficient of variation.

Source: Howrah Zilla Parishad Office Documents.

**Figure E. Per Capita Own Fund Expenditure of Howrah Zilla Parishad, 2005-06 to 2010-11** (Rs)



### 1.7 Extent of Revenue Autonomy

Revenue autonomy is defined as percentage of own source revenue in total receipt. It measures what proportion of total receipt of Panchayats comes from their own source revenue. It is observed that revenue autonomy was low throughout the study period. It was 1.91% during 2005-06, which increased to 6.03% in 2006-07 to decline to 3.95% during 2008-09. Again it increased during 2009-10 to 7.8% to decline again to 6.13% during 2010-11. The average revenue autonomy during the period from 2005-06 to 2010-11 was 5.02% having C.V of 40.94 % (Table 1.7 & Figure F).



**Table 1.7 Revenue Autonomy of Howrah Zilla Parishad, 2005-06 to 2010-11**

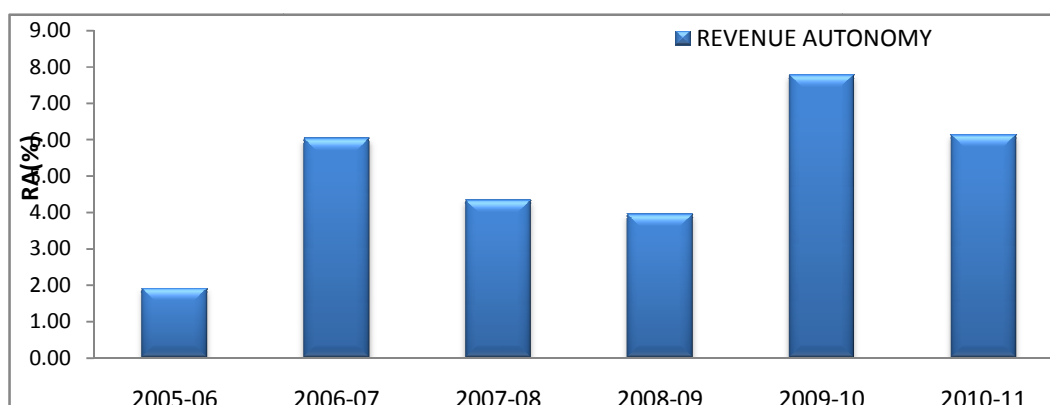
(%)

Year	Revenue Autonomy (%)
2005-06	1.91
2006-07	6.03
2007-08	4.34
2008-09	3.95
2009-10	7.78
2010-11	6.13
Mean	5.02
SD	2.06
%CV	40.94

Notes: SD=Standard Deviation, CV=Coefficient of variation.

Source: Howrah Zilla Parishad Office Documents.

**Figure F. Revenue Autonomy of Howrah Zilla Parishad, 2005-06 to 2010-11 (%)**



### 1.8 Summary

In the study on Howrah Zilla Parishad during 2005-06 to 2010-11 it was observed that revenue and expenditure of Howrah Zilla Parishad varied substantially over the years. The Entropy measure indicated an increasing trend of own revenue diversification during 2005-06 to 2010-11. Own source revenue of Howrah Zilla Parishad came from permission fee for Hat and Mela, share of land registration fee, ferry ghat, rent from hall, tourist spot, park, advances, sale of old parts, building materials, lease of ponds, and others. Utilization rate of own fund was high enough in Howrah Zilla Parishad. The revenue autonomy of Howrah Zilla Parishad varied significantly during the period from 2005-06 to 2010-11.

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