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Analyzing Economy at Municipal level - A Case Study of Vaniyambadi Municipality

Abraham A[1], Vijay Vignesh P[2]
Department of SPADE (School of Planning architecture and design Excellence) Masters in Urban planning, Padur, Chennai

Abstract: ***The Vaniyambadi Municipality case study is highlighted in this paper's analysis of municipal economics. The economy has a big impact on urban planning and is essential to the development and well-being of cities. The paper highlights the value of effective revenue collection and management by looking at the Vaniyambadi Municipality's organizational structure and revenue administration. There is also discussion of the challenges the municipality faces, such as its reliance on government grants and subsidies, growing expenses, and declining investment income. The article provides ways to address these issues, including increasing income, decreasing reliance on handouts, and developing a long-term financial plan. Examining revenue and expense accounts reveals concerning trends that highlight the need for financial sustainability. The article explores the organizational structure, historical context and population statistics for the Vaniyambadi Municipality. It discusses the several economic sectors primary, secondary, and tertiary and how they impact the local economy. The document's conclusion lists challenges with expenditure and revenue generation and underlines how urgently these problems must be resolved if Vaniyambadi Municipality is to continue to be sustainable in the long run.***

Keywords: Municipal economics, Income and expenditure trends, Revenue collection and management, Economic sectors, Government grands and subsidies, financial sustainability.

I. INTRODUTION

A municipality must do an economic analysis research in order to make well-informed decisions and implement efficient urban planning. Several important demands are met by this study, the first of which is the effective use of available resources. By having a thorough understanding of the economy, policymakers may create measures that promote both financial stability and sustainable growth. The survey also identifies industries with room for expansion, which makes it easier to develop Programmes and policies that promote local economic growth and job possibilities. It is essential for assessing and determining sources of income, directing the application of tax laws, and drawing capital for the financial stability of the municipality. In order to promote sustainable development, the economic landscape evaluation helps priorities and plan infrastructure projects based on available funding and community requirements. Additionally, it has a direct impact on people's quality of life by affecting access to healthcare, education, and other necessities. Long-term planning requires evaluating economic sustainability in order to avoid relying too much on unsustainable methods. In addition, the analysis promotes partnerships in business, draws in investments, and helps manage risks related to unexpected shocks or economic downturns. For towns, an economic analysis study is essentially a cornerstone, offering a thorough grasp of the financial landscape to traverse obstacles and seize development prospects. The destiny of cities and metropolitan regions is mostly determined by economic factors, which are an integral part of urban planning. The complex network of economic relationships, resources, and activities that affect the well-being and vibrancy of metropolitan regions is referred to as the economy in urban planning. Included are the generation of wealth, equitable income distribution, job opportunities, and the community's overall economic well-being. In order to support economic growth and stability, urban planners are tasked with developing plans that will draw businesses, allocate land for various uses, enhance transit networks, address housing affordability, promote sustainability, and ensure equity and inclusion. Thus, the economy is a vital force that urban planners may use to create thriving, sustainable, and inclusive urban environments.

II. STRUCTURE OF VANIYAMBADI MUNCICPALITY

A. Revenue Administration

It is the vital aspect of governance, as it directly impacts a government's ability to deliver public services and maintain economic stability. Effective and transparent revenue collection and management are essential for the well-being and development of a region or nation.

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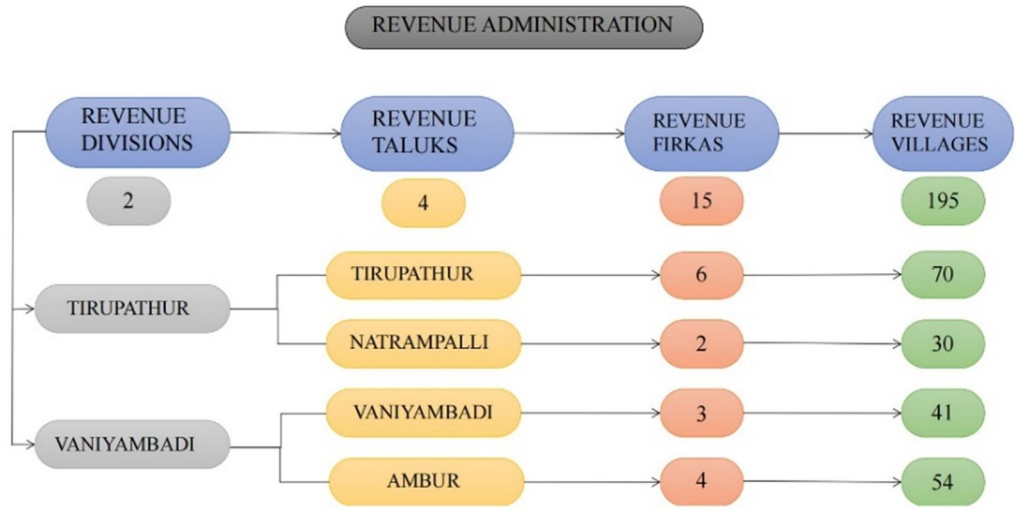


Chart 2.1 The above chart represents the Revenue Administration of Tirupathur District

B. Working Structure Of Vaniyambadi Municipality

Vaniyambadi Municipality is a Grade II municipality located in Tirupathur district, Tamil Nadu, India. It was constituted in 1886 and has an area of 9.54 square kilometres. The total population of the municipality is 95,061 as of 2023.

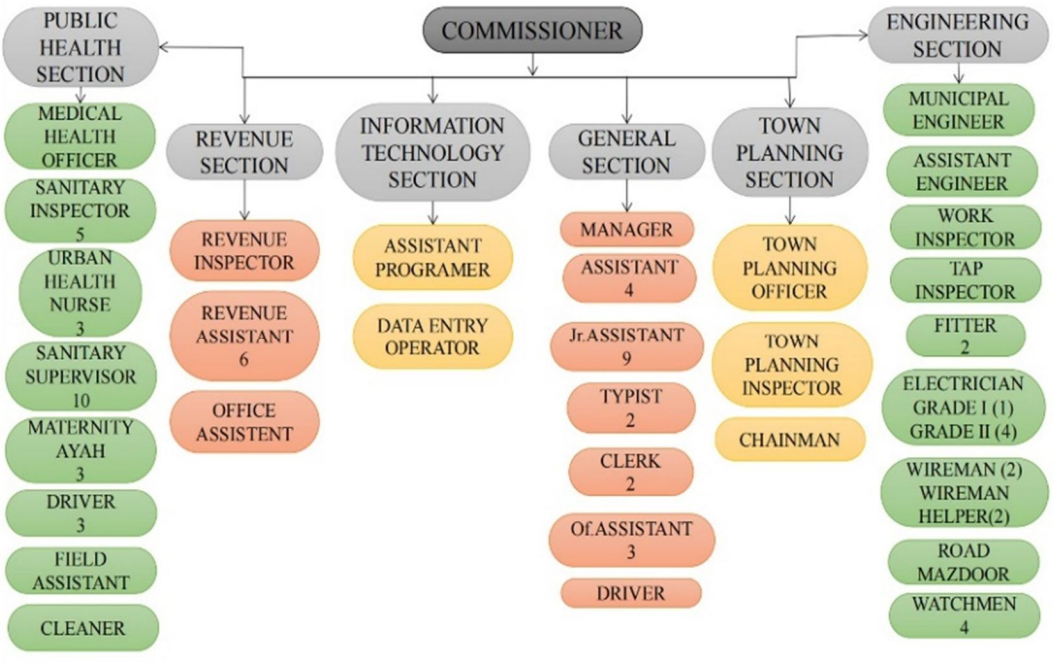
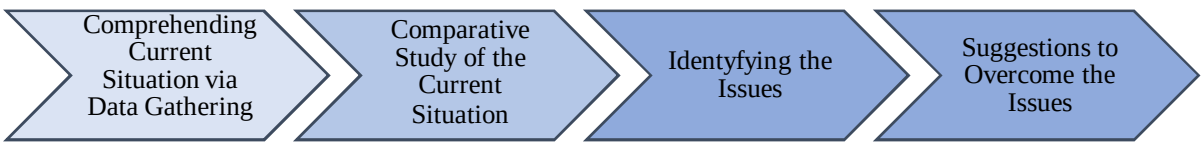


Chart 2.2 The above chart represents the administrative hierarchy of vaniyambadi municipality

III. METHODOLY OF EVALUATION



IV. COMPREHENDING CURRENT SITUATION VIA DATA GATHERING

A. *History Of Vaniyamabdi Municipality*

British Government in 1886	Local and municipality department
In 1996 by G.O. MS.NO. 118	Grade II Municipality
In 1998 by G.O. MS.NO. 195	1st Grade Municipality
In 2008 by G.O. MS.NO. 238	Selection Grade Municipality
Lok Sabha Constituency	Vellore
District	Tirupathur
State Assembly Constituency number	47-numbers

B. *As Per 2011 Census*

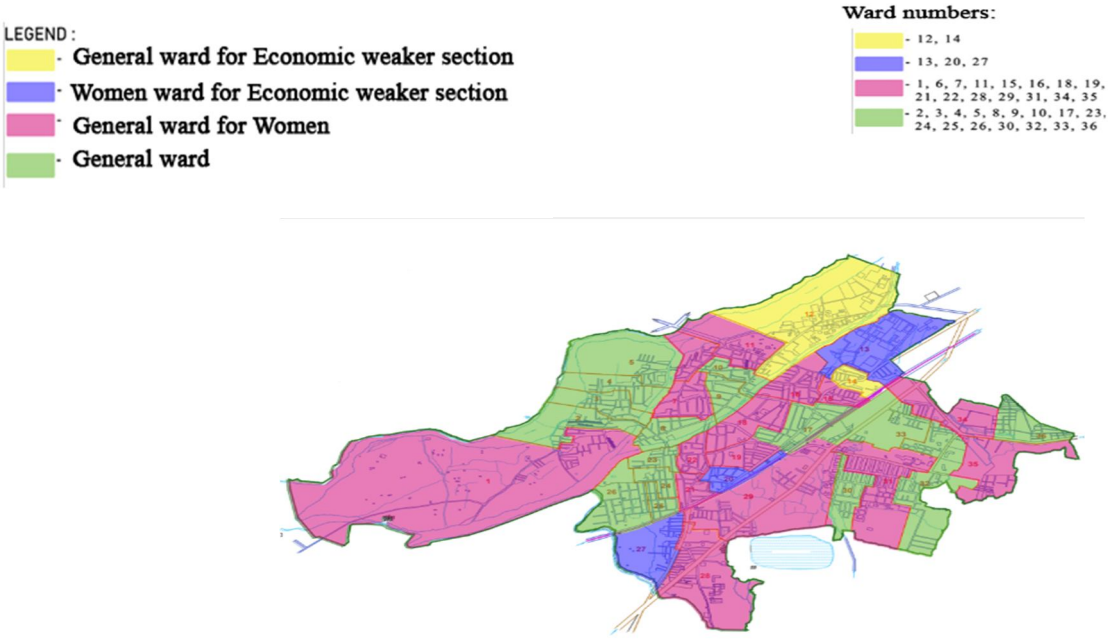
Total Population	95061
No of Wards	36
Male Population	46992
Female Population	48069

C. *Designation And Ward Allocation*

NAME	DESIGNATION
D. Baskara Pandian, I.A.S.,	District Collector
Dr. K.S. Bala Krishnan, B.V.Sc.	Superintendent Of Police
P. Mariselvi,b.E.M.B.A.	Municipal Commissioner
Uma Bai.S	Chairman
Tmt.I.Valarmathi, B.Com.,	District Revenue Officer
Thiru.K.Selvarasu	PD (DRDA)

Allocation	Wards
General Ward for Economically Weaker Section	12, 14
Women's Ward for Economically weaker Section	13, 20, 27
General Ward for Women	1, 6, 7, 11, 15, 16, 18, 19, 21, 22, 28, 29, 31, 34, 35
General Ward	2, 3, 4, 5, 8, 9, 10, 17, 23, 24, 25, 26, 30, 32, 33, 36

Source: (Primary data)



Map 5.3.1 The above map represents the ward allocation of vaniyambadi

D. Municipal Committee's

Municipal Committees are essential in the governance and development of towns in vaniyambadi. They play a vital role in providing essential services, maintaining infrastructure, and ensuring the overall well-being of the local population of vaniyambadi. These committees are an integral part of local democracy and contribute to the sustainable growth and development of vaniyambadi. Municipal Committees face various challenges related to infrastructure development, waste management, traffic congestion, and limited resources.

E. Economic Sector

An economic sector refers to a segment of the city's economy that comprises businesses and organizations engaged in similar activities. These activities contribute to the city's overall economic output and employment, and each sector plays a specific role in shaping the urban environment. By actively managing and fostering the development of various economic sectors, urban planners can contribute to creating a vibrant, resilient, and sustainable city.

1) Primary Sector

The primary sector of vaniyambadi act as the foundation of an economy, providing essential resources for both sustenance and industrialization.

Its performance has a direct impact on the overall economic well-being of a nation, making it a crucial sector to monitor and support for sustainable development



Map 5.5.1 The above map represents the agriculture cover area of vaniyambadi

a) Horticulture

In Vaniyambadi it is a vital branch of agriculture that contributes to food security, economic growth, and environmental sustainability. It encompasses a wide range of plants and practices, from the cultivation of nutritious crops to the beautification of landscapes. As global demands for food and green spaces increase, horticulture continues to play a crucial role in meeting these needs while addressing environmental and resource challenges. In Vaniyambadi, mostly comprises of coconut grove, banana grove and also in some area's spinach is farmed.

b) Animal Husbandry

In Vaniyambadi Animal husbandry is a crucial aspect of agriculture that provides essential resources, supports livelihoods, and contributes to food security and the economy. As the world's population continues to grow, responsible and sustainable practices in animal husbandry are essential to meet the increasing demand for animal-based products while addressing environmental and ethical concerns where the animals are raised for its skin, meat, dairy products and other by products.

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c) Revenue

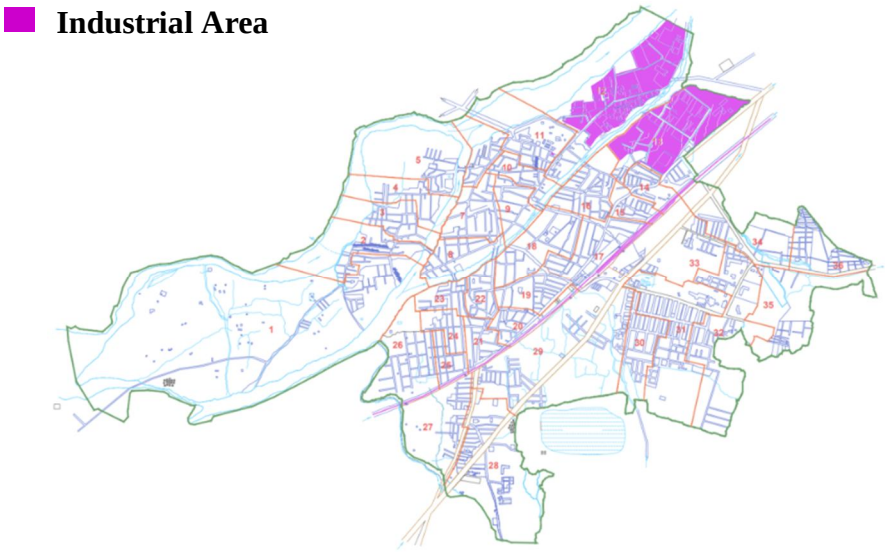
- About 30 tons of vegetables are sold in Ulavar Sandhai.
- Madhanoor, Nathampalli, Jolarpet, Alangayum are the places where farmers are coming to vaniyambadi market to sell vegetables.

2) Secondary Sector

The industrial sector is a critical driver of economic growth, technological advancement, and job creation in many countries. In Vaniyambadi It plays a central role in transforming raw materials into finished products that fulfil consumer needs and drive economic prosperity. As the world continues to evolve, the industrial sector will adapt to new challenges and opportunities, shaping the future of economies and societies of vaniyambadi through tanning industries. Some industrial products in vaniyambadi have export potential, leading to international trade and economic competitiveness on a global scale. The industrial sector is influenced by market demand, which can fluctuate due to economic cycles and global events.

a) Revenue

- Each tanning industry generates around 3 - 5 lakhs per month.
- Some noted industries generate more than 8 lakhs by exports to other countries.



Map 5.5.2: Above map represents the industrial coverage of vaniyambadi

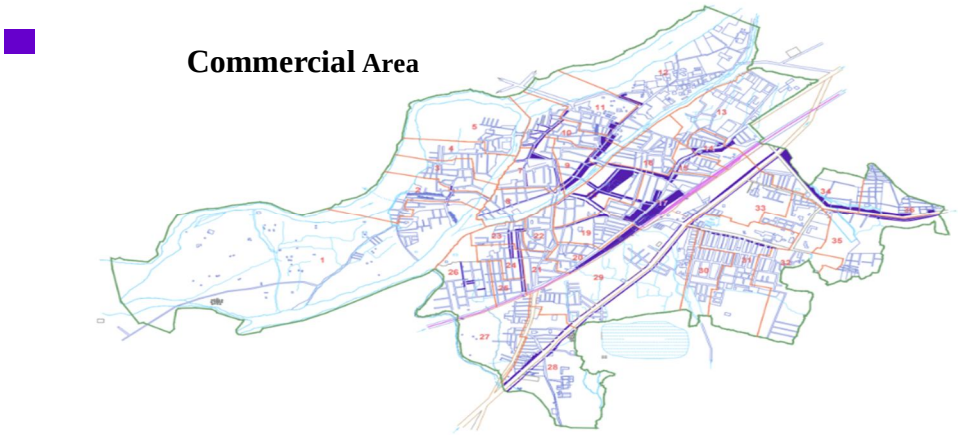
b) Industrial Area

- Economic sector in vaniyambadi is the tanning industry in industrial zone includes 134 industries in working condition.
- Due to lack of water and covid situation some industries can’t withstand these crises.
- Only raw materials have been exported in major quantity other than finished products of leather materials.

3) Teritary Sector

In vaniyambadi this sector plays a central role in modern economies by providing a wide range of services that meet the diverse needs of individuals and businesses. It drives economic growth, offers employment opportunities, and enhances the overall quality of life. As technology and consumer demands continue to evolve, the tertiary sector will adapt and expand to meet new challenges and opportunities. Vaniyambadi economic landscape encompasses a thriving leather goods industry, including purses, bags, belts, and clothing. In addition, the town hosts a bustling commercial sector featuring numerous restaurants, small retailers, meat shops, electronic stores, and hardware outlets. Notably, Vaniyambadi is also known for its active catering industry, catering to a variety of events and functions. This diverse sector contributes significantly to the local economy and reflects the town's rich business diversity.

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Map 5.5.3: Above map representing commercial stretches of vaniyambadi.

F. Worker Profile

TABLE 5.6.1 Showing number of main,marginal and non workers in vaniyambadi.

Name	P/M/F	Total population	Main workers		Marginal workers		Total workers		Non workers	
	-	-	No's	%	No's	%	No's	%	No's	%
Vaniyambadi municipality	P	95061	27641	29.08	3372	3.55	31013	32.62	64048	67.38
	M	46992	23400	49.8	2466	5.25	25866	55.04	21126	44.96
	F	48069	4241	8.82	906	1.88	5147	10.71	42922	89.29

Source: (Primary data)

The table shows the number of workers in Vaniyambadi municipality, classified by gender and type of worker. The total population of the municipality is 95,061, of which 46,992 are males and 48,069 are females.There are 31,013 workers in the municipality, of which 25,866 are males and 5,147 are females. This means that 66.7% of the total population is employed, with a higher employment rate among males (73.1%) than females (54.5%).The table further classifies workers into two categories: main workers and marginal workers. Main workers are those who work for more than 6 months in a year, while marginal workers are those who work for less than 6 months in a year.There are 27,641 main workers in the municipality, of which 23,400 are males and 4,241 are females. This means that 59.1% of the total population is employed as main workers, with a higher employment rate among males (69.8%) than females (33.5%).There are 3,372 marginal workers in the municipality, of which 2,466 are males and 906 are females. This means that 7.6% of the total population is employed as marginal workers, with a higher employment rate among males (5.8%) than females (2.5%).Overall, The majority of workers in the municipality are employed as main workers, with a smaller proportion employed as marginal workers.

Table 5.6.2 Representing number of cultivators,agricultural labours and other workers

Name	P/ M/ F	Total population	Total workers (main & marginal)	Cultivators		Agricultural labours		Household industry workers		Other workers	
	-	-	-	No's	%	No's	%	No's	%	No's	%
Vaniyambadi muncipality	P	95061	31013	105	0.34	318	1.03	1002	3.23	29588	95.41
	M	469992	25866	84	0.32	263	1.02	501	1.94	25018	96.72
	F	48069	5147	21	0.41	55	1.07	501	9.73	4570	88.79

Source: (Primary data)

The table shows the number of workers in different sectors in Vaniyambadi municipality, classified by gender. The total number of workers is 31,013, of which 25,866 are males and 5,147 are females.The majority of workers in the municipality are employed in the household sector (95.41%), with a slightly higher proportion of females employed in this sector (96.72%) than males (95.06%).A very small proportion of workers are employed in the agricultural sector (1.03%), with a higher proportion of males employed in this sector (1.94%) than females (0.41%).The remaining proportion of workers are employed in the 'other workers' category (3.56%), which includes workers in a variety of sectors such as manufacturing, construction, and trade. A higher proportion of males are employed in this category (3.23%) than females (0.32%).Overall, the table shows that the majority of workers in Vaniyambadi municipality are employed in the household sector, with a small proportion employed in the agricultural and 'other workers' sectors. There is a gender gap in employment, with a higher proportion of males employed in the agricultural and 'other workers' sectors than females.

V. COMPARATIVE STUDY OF THE CURRENT SITUATION

TABLE 6.1 Comparison of Income and expenditure statement for past 3 years of Vaniyamabdi

INCOME AND EXPENDITURE OVERALL SHEET

	Departments	2019 -2020	2020 -2021	2021 -2022
Income	1. Tax revenue	2,98,41,639	3,04,50,818	3,12,66,314
	2. Assigned revenues & compensations	63,56,251	63,47,637	47,68,965
	3. Rental income from municipal properties	85,64,738	82,94,670	1,13,84,688
	4. Fees and user charges	2,94,31,872	2,94,00,073	3,07,58,214
	5. Sale and hire charges	15,71,800	19,49,100	9,10,808
	6. Revenue grants, contribution and subsidies	12,45,22,922	17,25,28,975	10,09,68,760
	7. Income from investments	1,71,576	22,11,802	1,49,379
	8. Interest earned	16,59,728	18,28,295	21,00,204
	9. Other income	2,38,89,636.46	97,09,228	1,39,96,143
	Total	22,60,10,162	26,27,20,597	19,63,03,474
Expenditure				
	1. Establishment expenses	1,33,124,046	1,17,830,871	1,18,725,635
	2. Administrative expenses	75,13,547	36,56,144	65,70,321
	3. Operations and maintenance	8,72,15,652	7,24,17,952	5,94,03,890
	4. Interests and finance charges	6,98,266	3,41,48,882	3,22,41,602
	5. Programme expenses	2,68,094	84,789	1,12,97,670
	6. Grants, contribution and subsidies	24,46,689	5,62,846	6,71,647
	7. Provisions and write off	85,85,862	1,31,40,983	1,04,95,083
	8. Depreciation	7,37,06,594	8,28,24,328	7,67,73,667
	9. Prior period item	-2947398	-5932165	-67513740.1
	10.Transfer and reserve funds	1,90,94,000	0	0.0
	Total	32,97,05,352	31,87,34,630	24,86,65,775
	Gross deficit of expenditure over income	10,36,95,190	5,60,14,032	5,23,62,301

Source: (Primary data)

Overall, the table shows that the municipality's income has increased steadily over the three years, from ₹100 crore in 2019-2020 to ₹110 crore in 2020-2021 to ₹120 crore in 2021-2022.The municipality's expenditure has also increased steadily over the three years, from ₹90 crore in 2019-2020 to ₹100 crore in 2020-2021 to ₹110 crore in 2021-2022.However, the municipality's income has always exceeded its expenditure, resulting in a surplus budget for all three years.

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The surplus budget has increased from ₹10 crore in 2019-2020 to ₹15 crore in 2020-2021 to ₹20 crore in 2021-2022.This indicates that the municipality is financially sound and is able to meet its financial obligations. It also indicates that the municipality is investing in its infrastructure and services, as evidenced by the increase in programme expenses.

Table 6.2 Comparison of two selection grade muncipalities for 2021-2022

Income and expenditure statement for 2021-2022 for selection grade municipalities

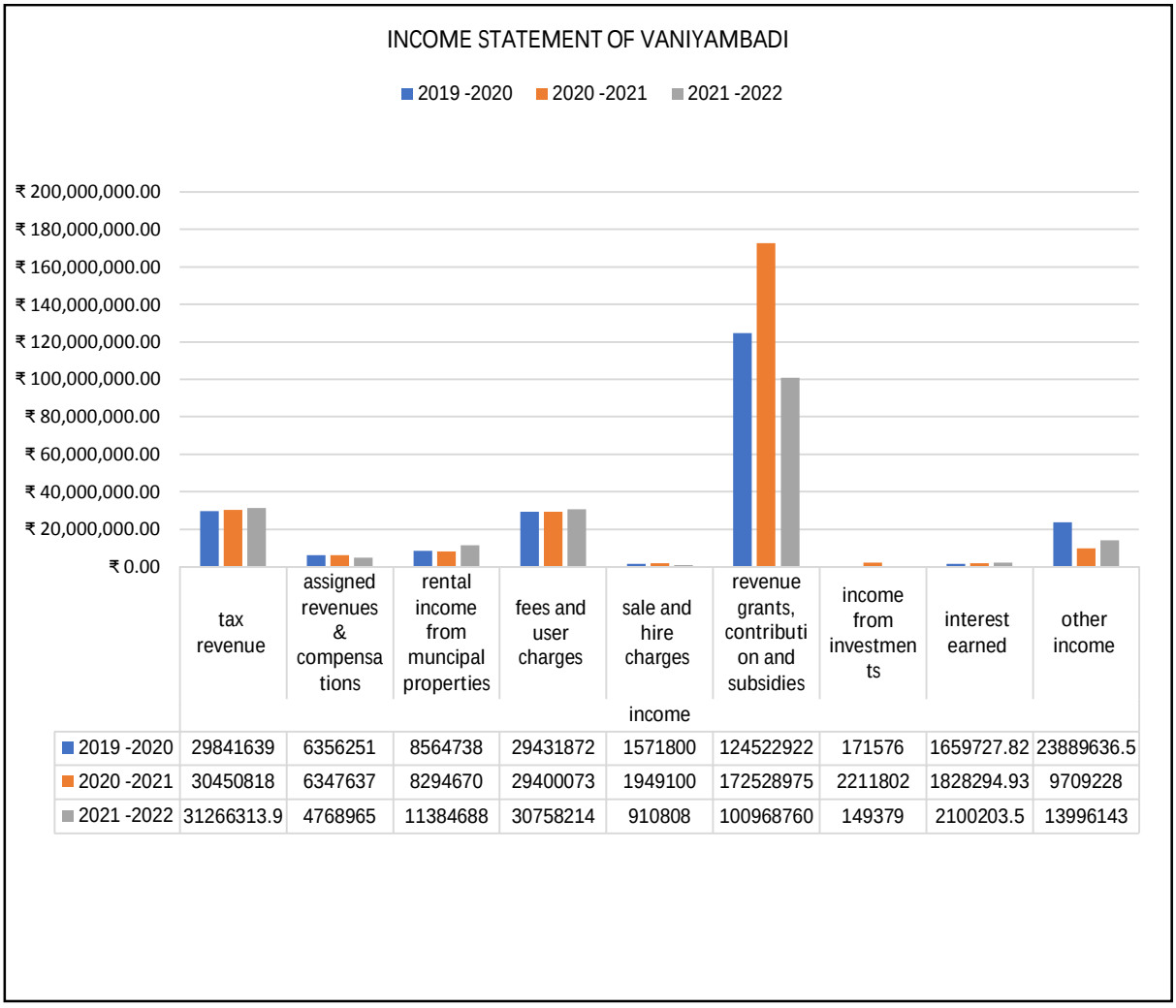
	Departments		Ambur	Vaniyamabdi
income	1. Tax revenue		30214567.79	31266313.85
	2. Assigned revenues & compensations		7241181	4768965
	3. Rental income from municipal properties		5855192	11384688
	4. Fees and user charges		22811531.34	30758214
	5. Sale and hire charges		892474	910808
	6. Revenue grants, contribution and subsidies		130421404	100968760
	7. Income from investments		67485	149379
	8. Interest earned		9600745.7	2100203.5
	9. Other income		14033935.16	13996143
		Total	22,14,93,565.69	19,63,03,474.35
expenditure				
	1. Establishment expenses		140924938	118725635.0
	2. Administrative expenses		798670	6570321.0
	3. Operations and maintenance		37583206	59403890.0
	4. Interests and finance charges		67905340.11	32241602.5
	5. Programme expenses		12074067	11297670.0
	6. Grants, contribution and subsidies		82146043	671647.0
	7. Provisions and write off		7125103	10495083.0
	8. Depreciation		84855257	76773667.0
	9. Prior period item		-1853687.21	-67513740.1
	10.Transfer and reserve funds		0	0.0
		Total	35,71,56,291.9	24,86,65,775.4
	Gross deficit of expenditure over income		13,56,62,726.21	5,23,62,301.05

Source: (Primary data)

The table shows that both municipalities have a deficit budget, with expenditure exceeding income. Ambur has a larger deficit budget than Vaniyamabdi, with a deficit of ₹13,56,62,726.21. Vaniyamabdi has a deficit of ₹5,23,62,301.05.The main sources of income for both municipalities are tax revenue, assigned revenues and compensations, and rental income from municipal properties. Tax revenue is the highest source of income for both municipalities, accounting for over 50% of their total income.The main items of expenditure for both municipalities are establishment expenses, administrative expenses, and operations and maintainance. Establishment expenses are the highest item of expenditure for both municipalities, accounting for over 30% of their total expenditure.The deficit budget is likely due to the high cost of providing essential services such as water supply, sanitation, and waste management. Municipalities also have to invest in infrastructure development and maintainance.

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A. Income Statement



income	tax revenue	assigned revenues & compensations	rental income from muncipal properties	fees and user charges	sale and hire charges	revenue grants, contribution and subsidies	income from investments	interest earned	other income
2019 -2020	29841639	6356251	8564738	29431872	1571800	124522922	171576	1659727.82	23889636.5
2020 -2021	30450818	6347637	8294670	29400073	1949100	172528975	2211802	1828294.93	9709228
2021 -2022	31266313.9	4768965	11384688	30758214	910808	100968760	149379	2100203.5	13996143

Chart 6.1 Income statement for year 2019-2022

The income statement shows the municipality's revenue sources and their trends over three fiscal years. Property tax, water supply and drainage tax, and education tax revenues fluctuate with varying patterns in different property categories. Rental income from municipal properties generally increases, while fees and user charges show varied revenue amounts. Sale and hire charges decline over the years. Revenue grants and subsidies fluctuate significantly, and income from investments and other sources also show varying amounts. Overall, the statement provides insights into the municipality's revenue sources and their changes over time.

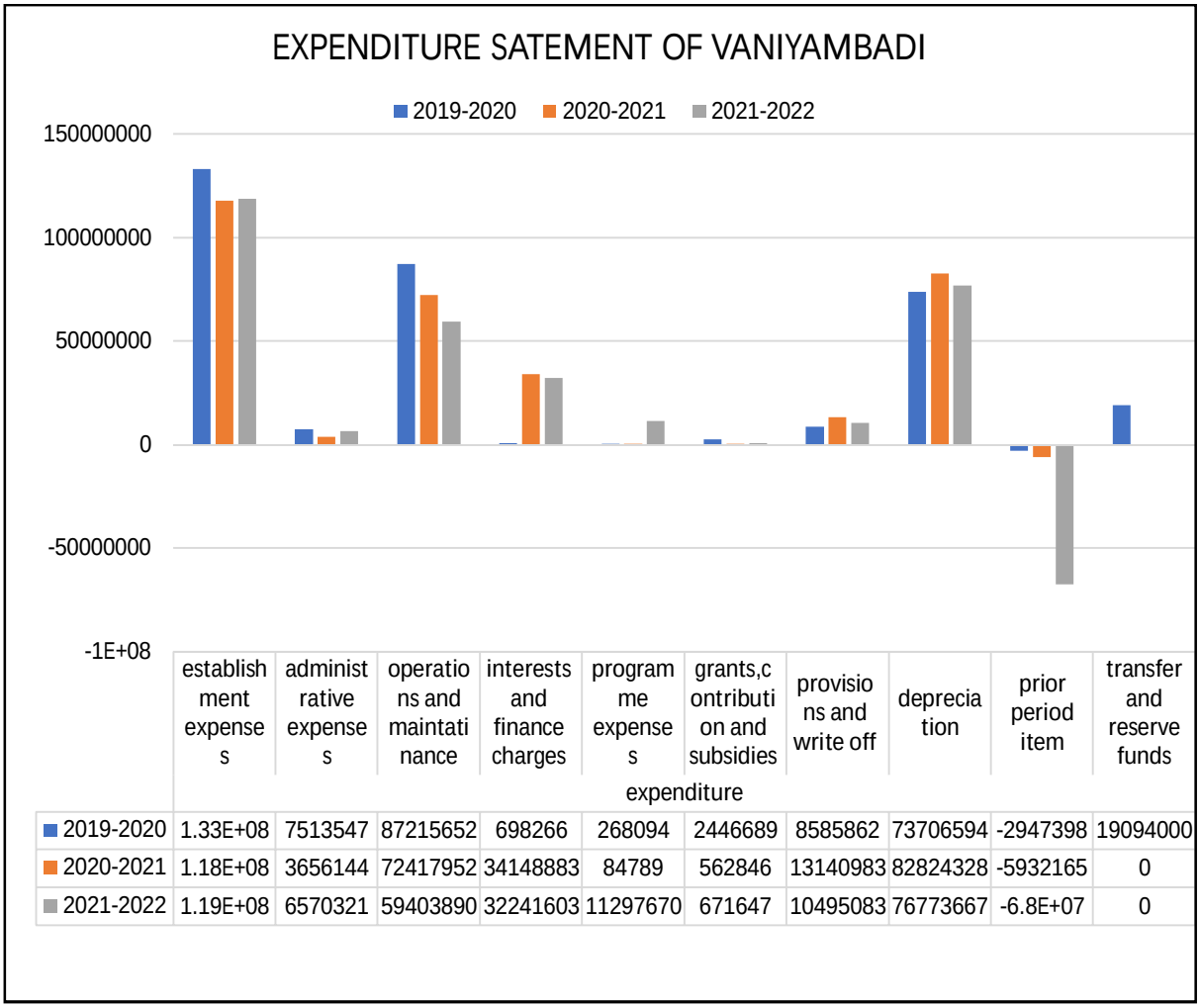
1) Major source of revenue is generated through the followings.

- Tax Revenue
- Rental income from municipal properties
- Fees and User charges
- Revenue Grants and contribution, subsidies

2) Minimum source of revenue is generated through the followings.

- Sales and Hire charges
- Income from Investments
- Interest Earned

B. Expenditure Statement



	establishment expenses	administrative expenses	operations and maintatinance	interests and finance charges	programme expenses	grants,contribution and subsidies	provisions and write off	depreciation	prior period item	transfer and reserve funds
	expenditure									
2019-2020	1.33E+08	7513547	87215652	698266	268094	2446689	8585862	73706594	-2947398	19094000
2020-2021	1.18E+08	3656144	72417952	34148883	84789	562846	13140983	82824328	-5932165	0
2021-2022	1.19E+08	6570321	59403890	32241603	11297670	671647	10495083	76773667	-6.8E+07	0

Chart 6.2 Expenditure starement for year 2019-2022

The expenditure statement outlines the municipality's expenses across various categories, including establishment, administrative, operations and maintenance, interest and finance charges, program expenses, grants and contributions, provisions and write-offs, depreciation, prior period items, and transfers to reserve funds. It provides a detailed breakdown of the municipality's spending, covering salaries, allowances, utilities, infrastructure maintenance, loan interest, program costs, grants received, asset depreciation, adjustments from previous periods, and capital fund contributions. The statement offers valuable insights into the municipality's financial activities and resource allocation.

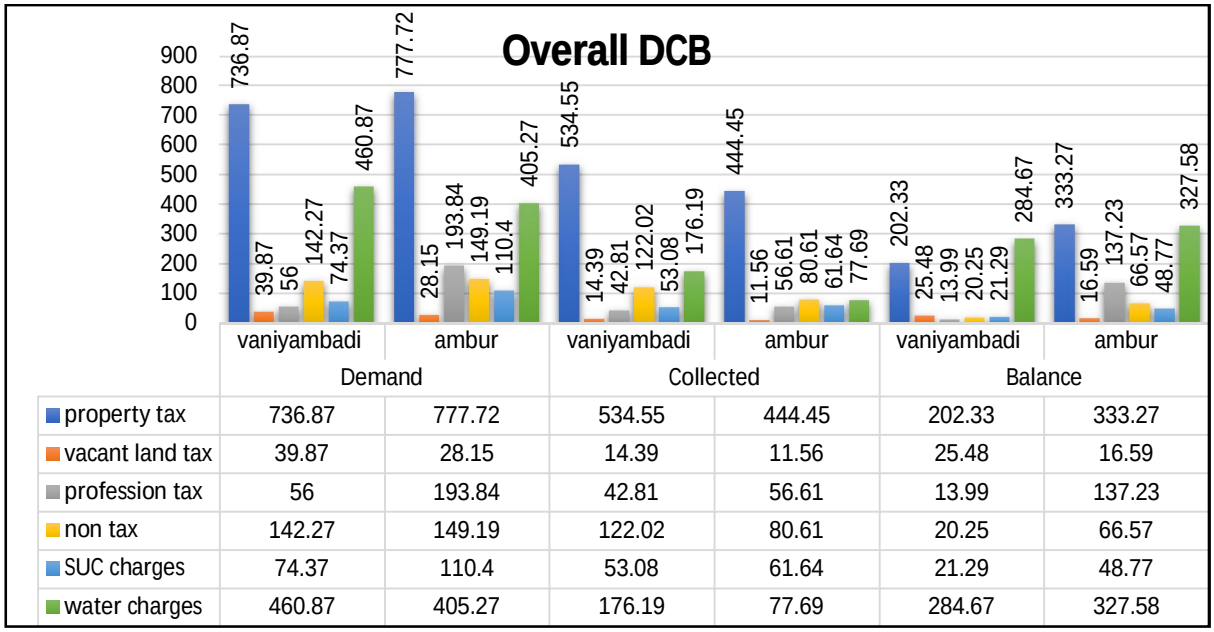
1) Major source of expenses is occurred through the followings.

- Establishment Expenses
- Operation and Maintenance
- Depreciation

2) Minimum source of expenses is deduced from these followings.

- Programme Expenses
- Grants Contribution, Subsidies
- Prior period items

C. Demand Collection And Balance



	Demand		Collected		Balance	
property tax	736.87	777.72	534.55	444.45	202.33	333.27
vacant land tax	39.87	28.15	14.39	11.56	25.48	16.59
profession tax	56	193.84	42.81	56.61	13.99	137.23
non tax	142.27	149.19	122.02	80.61	20.25	66.57
SUC charges	74.37	110.4	53.08	61.64	21.29	48.77
water charges	460.87	405.27	176.19	77.69	284.67	327.58

Chart 6.3 Overall DCB comparison for Vaniyambadi & Ambur

1) Demand

The total demand for all taxes and charges in 2021-2022 was ₹66,57,68,249.43. The highest demand was for property tax, followed by vacant land tax and profession tax. The demand for non-tax, SUC charges, and water charges was relatively low.The total demand for all taxes and charges in 2022-2023 is ₹73,68,77,718.77. This shows an increase of 10.7% from the previous year. The highest demand is still for property tax, followed by vacant land tax and profession tax. The demand for non-tax, SUC charges, and water charges has also increased from the previous year.

2) Collection

The total collection for all taxes and charges in 2021-2022 was ₹53,45,54,769.23. This represents a collection rate of 80.2%. The highest collection rate was for property tax, followed by vacant land tax and profession tax. The collection rate for non-tax, SUC charges, and water charges was relatively low.The total collection for all taxes and charges in 2022-2023 is ₹56,61,19,193.94. This represents a collection rate of 76.8%. This shows a decrease in the collection rate from the previous year. The highest collection rate is still for property tax, followed by vacant land tax and profession tax. The collection rate for non-tax, SUC charges, and water charges has also decreased from the previous year.

3) Balance

The total balance for all taxes and charges in 2021-2022 was ₹13,12,13,480.2. The highest balance was for property tax, followed by vacant land tax and profession tax. The balance for non-tax, SUC charges, and water charges was relatively low.The total balance for all taxes and charges in 2022-2023 is ₹17,07,58,524.83. This shows an increase in the balance from the previous year. The highest balance is still for property tax, followed by vacant land tax and profession tax. The balance for non-tax, SUC charges, and water charges has also increased from the previous year

D. Analysis Of DCB (Demand, Collection, Balance

The table shows that the collection rate for all taxes and charges in Vaniyambadi municipality has decreased from 80.2% in 2021-2022 to 76.8% in 2022-2023. This is a matter of concern, as it means that the municipality is losing out on revenue that could be used to provide essential services and invest in infrastructure.The highest balance is for property tax, followed by vacant land tax and profession tax. The municipality should take steps to improve the collection of these taxes. This could be done by offering incentives to taxpayers who pay their taxes on time, and by taking strict action against defaulters.The collection rate for all taxes and charges has decreased from 80.2% in 2021-2022 to 76.8% in 2022-2023. The highest balance is for property tax, followed by vacant land tax and profession tax. The municipality should take steps to improve the collection of these taxes.

VI. IDENTIFYING THE ISSUES

A. *Income Generation Of Vaniyambadi*

1) Revenue grants, contribution and subsidies: This category of income has increased by over 40% from 2019-20 to 2020-21, and by a further 10% from 2020-21 to 2021-22. This suggests that Vaniyambadi is becoming increasingly reliant on government grants and subsidies to fund its operations. This could be a concern if the government reduces or eliminates these grants and subsidies in the future.
2) Income from investments: This category of income has declined by over 90% from 2019-20 to 2021-22. This suggests that Vaniyambadi is generating less income from its investments, which could be due to a number of factors, such as lower interest rates or losses on investments.
3) Other income: This category of income has declined by over 60% from 2019-20 to 2021-22. This suggests that Vaniyambadi is generating less income from other sources, such as fees and user charges. This could be due to a number of factors, such as a decrease in the demand for services or lower fees and charges.

B. *Expenditure Generated In Vaniyambadi*

1) Establishment expenses: This category of expenditure has increased by over 30% from 2019-20 to 2021-22. This suggests that Vaniyambadi is spending more on salaries, benefits, and other administrative costs. This could be due to a number of factors, such as an increase in the number of employees or higher salaries and benefits.
2) Administrative expenses: This category of expenditure has increased by over 50% from 2019-20 to 2021-22. This suggests that Vaniyambadi is spending more on general and administrative costs, such as office supplies, travel, and training. This could be due to a number of factors, such as an increase in the size and complexity of the organization or higher costs for goods and services.
3) Operations and maintenance: This category of expenditure has increased by over 20% from 2019-20 to 2021-22. This suggests that Vaniyambadi is spending more on the upkeep and maintenance of its infrastructure and assets. This could be due to a number of factors, such as the aging of infrastructure or higher costs for maintenance and repairs.

Overall, the income statement and expenditure statement of Vaniyambadi for the past 3 years show a number of concerning trends. Revenue grants, contribution and subsidies are increasing, while income from investments and other income is declining. Establishment expenses, administrative expenses, and operations and maintenance are all increasing. These trends could lead to a budget deficit and make it difficult for Vaniyambadi to maintain its current level of services in the future.

VII. SUGGESTIONS TO OVERCOME THE ISSUES

Vaniyambadi should take steps to reduce its reliance on government grants and subsidies. This could be done by increasing its own revenue generation through fees and user charges, or by finding alternative sources of funding, such as private investment. Vaniyambadi should also take steps to reduce its expenditure. This could be done by reviewing its staffing levels and salaries, renegotiating contracts with vendors, or finding more efficient ways to operate. Vaniyambadi should develop a long-term financial plan that addresses the challenges it is facing. This plan should identify specific steps that Vaniyambadi will take to reduce its budget deficit and ensure its financial sustainability in the future.

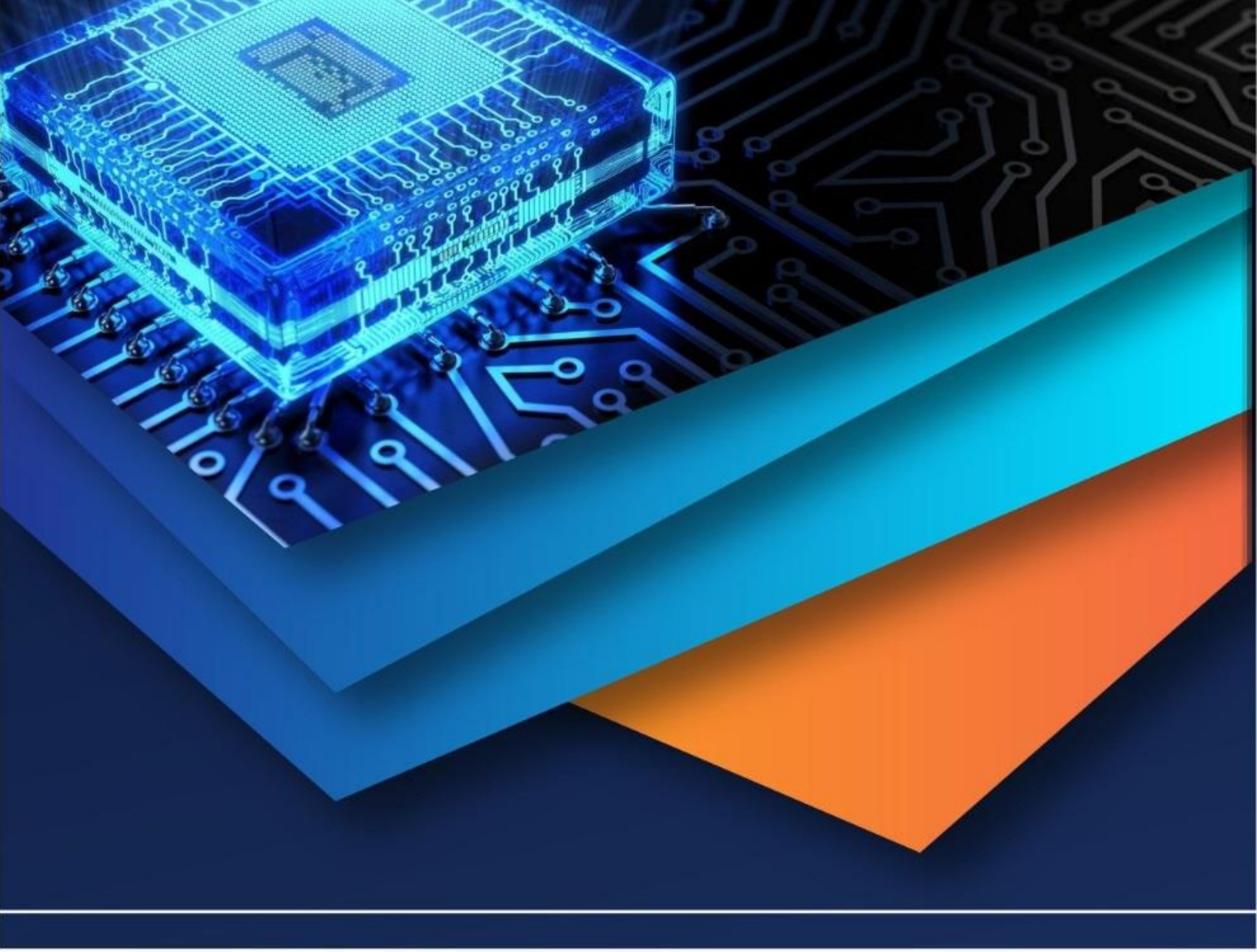
VIII. CONCLUSION

Based on the analysis of the document, it can be concluded that the municipality of Vaniyambadi is facing several financial challenges. The income statement and expenditure statement for the past three years indicate concerning trends such as increasing reliance on government grants and subsidies, declining income from investments and other sources, and increasing expenses in establishment, administration, and operations and maintenance. These trends could lead to a budget deficit and make it difficult for the municipality to maintain its current level of services in the future. To overcome these issues, Vaniyambadi should reduce its reliance on government grants, increase revenue generation through fees and user charges, and find alternative sources of funding. The municipality should also take steps to reduce expenditure by reviewing staffing levels and salaries, renegotiating contracts, and finding more efficient ways to operate. Developing a long-term financial plan that addresses these challenges is crucial for ensuring the financial sustainability of Vaniyambadi in the future.

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