SHORT TERM LIQUIDITY POSITION OF SELECTED MUNICIPALTIES IN TAMIL NADU

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ABSTRACT

Municipalities and Municipal Corporations, as institutions of local government, are constituents of the third tier that play an important role in local economic development; they have a sizeable proportion of overall public financial resources but are nevertheless subject to the scrutiny in terms of physical and financial performance. Normally, an analysis of municipal finance begins with taking stock of their revenue and expenditure in terms of composition, trends and balance. To ensure transparency and give a correct picture of assets and liabilities, Municipalities and Municipal Corporation has introduced the accrual based accounting system; presently, is being followed. The system involves the revenue function (receipt of taxes, charges, loan and grants) and the expenditure function (release of funds against establishment, works and supplies). The ULB’s Maintains its accounts in the form of funds; the income and expenditure items are indicated under each fund account. There is a municipal general fund under which the normal income and expenditure (revenue and capital) items are listed. The analysis of municipal is made and presented thereafter successively in terms of the identified parameters and their measures of short term liquidity position.