

## **Revenue Collections and Local Government: An evaluation of Akkaraipattu Municipal Council of Sri Lanka's Revenue in 2011-2012**

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As the life-wire of every state, revenue refers to the income of government at any level. Revenue is critical as it determines to a large extent how much money will be available for spending. Without income, there will be no budget, and thus no spending. Revenue for government spending is generally raised from taxes, levies, service fees, and licenses. Local governments differ in the extent to which they can raise sufficient funding within the local government area for the services for which they are responsible. Therefore, local government receive a smaller or larger part of their funding from revenue raised at their territory level, Furthermore; the ways in which revenue is raised have implications for equity and economic stimulation. For a number of reasons, local governments have other responsibilities for the development of certain sections of the economy by providing limited range of social services and public amenities. In the recent years, administering revenue generation has transcended all known considerations in importance because the extent to which local government executed its development projects depends, largely on the amount of revenue generated. Each local government body of any state has a number of ways through which it denied revenue required to meet up its public expenditure needs. It is in view of this that the challenge is taken to examine the sources of revenue as well as problems encountered in revenue generation in the Municipal Council of Sri Lanka. This study focuses on the revenue collections and the related issues in Akkaraipattu Municipal Council in Sri Lanka. The prime objective of this study is to evaluate the revenue collections of the Municipal Council from last two years. The fundamental questions of this research are the following: how does the local body generate the income, what are the problems faced by the council during revenue collection and how they can improve their revenue collection at the local level. This study is based on an interpretive approach. The data were collected from both primary and secondary sources. In addition to primary sources, qualitative interviews were conducted with representatives of council and a particular number of voters. Secondary sources such as published and unpublished records, both from different levels of government and from NGOs, were also consulted. Finally this study provides appropriate recommendations to improve revenue collections in the studied area.

**Key Words:** Local Government, Revenue and Local Government, Income and Expenditure in LGs, Local Government in Sri Lanka

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