

COMMUNE COUNCILS' MANAGEMENT AND THEIR CONTRIBUTION TO THE RURAL ECONOMY OF THE NORTH WEST DEVELOPMENT REGION OF ROUMANIA

Lucica Armanca

**Assist. Prof., PhD, University of Agricultural Sciences and Veterinarian
Medicine, Cluj-Napoca**

Abstract: The development of the rural economy by the contribution of the commune councils in the North West development region of Romania should result in competitive and sustainable economies in the rural areas. It should be noted that the development of the rural areas require quality transformations of the economic, political and social structures, measures of improving the quality of life and providing economic welfare of the population, as well as measures of environment and patrimony protection. Our research from a standpoint of the mentioned objectives has been conducted on a batch of 403 commune councils, from 2011 to 2015, namely the economic reflected by the annual income and expenditure budgets of the commune councils. By the mutual conditioning between Roumanian rural and national economies, strengths and weaknesses should be identified not only in terms of performance indicators of the researched government institutions, but also of the actually obtained product-quality indicators, mainly those with no connection to the services for which they were made. The investment projects conducted should ensure during their operation the actual accomplishment of targets, including own funds for the commune councils.

Keywords: budget, rural development, commune council, economy, economic indicators.

Communes as administrative territorial units, often including at least two villages as administrative subdivisions and other public institutions, with no legal personality, are meant to ensure the functioning of such public entities, to manage the public patrimony, namely the public-private one. The legal instrument by which this management is ensured is the Income and Expense Budget, with income details according to types of income, and details of expenses according to types of expenses.

“The general framework and the procedures related to the creation, management, resourcing to and use of local public funds, as well as to the responsibilities of the local public administration and public authorities in the field of local public funds” is presented by Law 273/2006- on local public funds. In addition, “the public expenses express the economic and social relations in monetary form, manifested between the state on the one hand and the natural persons or the legal entities on the occasion of using and distributing the government financial resources, for the performance of its functions” (I. Vacarel).

Material and method

The studied material include the information comprised in the Income and Expense Budgets of the 403 commune halls, situated in the rural environment of the six counties in the North West development area of Romania. Investigation and analysis cover the 2011-2015 period. The applicable legislative material on local public funds and public and private assets has also been referred to. (Law 213/1998 on public property and its legal regime, Government Decision 113/1992 on inventory and evaluation of the Romanian public and private assets)

The research method is the indicators method, based on basic indicators: income, expenses, level indicators, structure, dynamics and performance indicators.

Structure indicator

$$\text{Specific weight } g_s = \frac{ch_i}{ch_t} \times 100$$

Dynamics indicator

$$D = x_1 - x_0$$

Performance indicators

Effect/ Effect, Effort / effect respectively

Results and discussions

1. The dispersion of the local administrative units – communes – in the North West development area of Romania

The North West development area of Romania is represented by the six counties, and within such counties by the 403 communes or local administrative units.

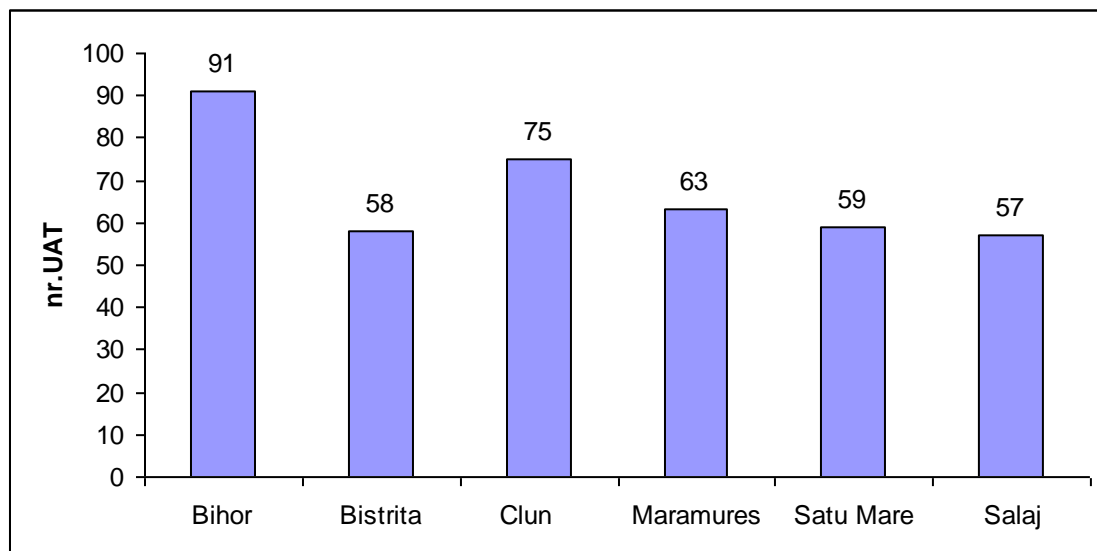


Fig.1 Structure of the local administrative and territorial units – communes

The most important number of territorial administrative units such as communes, including the rural areas of the studied geographical area, is to be found in Bihor County, with 91 rural areas, followed by Cluj County with 75 communes, and on third position is Maramures County with 63 commune halls. The counties of Satu Mare, Bistrita and Salaj follow at an interval of one commune, namely local commune hall.

Each commune includes in its turn two or more villages, and therefore the commune, by its local government authority, which is the Local Commune Hall, implicitly the mayor and the Local Council, governs the activity of the rural area within the geographic perimeter by the Annual Income and Expense Budget.

Population of the rural area in the North West development area of Romania

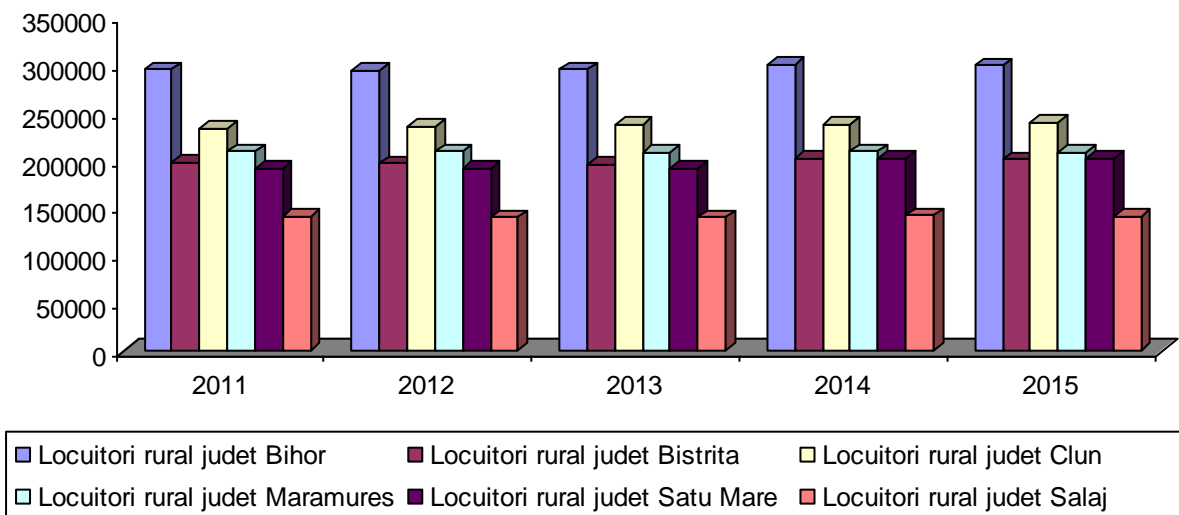


Fig.2 Dynamics of the rural population of the North West development area of Romania

During the entire studied period, no large variations have been recorded in the total rural population, i.e. the inhabitants of the 403 communes subject to the study.

The rural population ranking counts the 91 Bihor County commune at the top of the list, as 23.27% of the total population in the studied rural environment, followed by the 75 communes of Cluj County, as 18.43% of the total population in the studied rural environment, and on third position are the 63 communes of Maramures County, as 16.52% of the total population in the studied rural environment.

The population in the studied rural area is important due to its status as a taxpayer contributing to the local government income (local commune halls), and also as the beneficiary of public services offered by the local commune hall, namely the territorial administrative unit.

2. Income and expenses – indicators of Income and Expense Budgets

Excerpt from the Income and Expense Budgets of counties and communes as county subdivisions, in the North West area of Romania

Table 1

	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015
Bihor County income (thousand lei)	1.210.302	1.249.067	1.301.931	1.534.373	2.014.900
Bihor communes income (thousand lei)	378.005	433.983	461.703	566.785	580.948
Bistrita County income	652.750	790.577	366.582	918.556	1.035.216

(thousand lei)					
Bistrita communes income (thousand lei)	267.054	349.059	761.320	473.045	465.609
Cluj County income (thousand lei)	1.651.314	1.604.789	1.852.314	1.879.341	2.120.657
Cluj communes income (thousand lei)	343.202	393.384	474.788	475.193	542.451
Maramures County income (thousand lei)	831.081	907.181	998.393	1.144.033	1.409.132
Maramures communes income (thousand lei)	244.252	270.011	289.304	384.891	407.207
Satu Mare County income (thousand lei)	692.017	704.530	816.471	902.993	1.016.361
Satu Mare communes income (thousand lei)	256.579	278.305	303.123	311.496	359.801
Salaj County income (thousand lei)	514.076	556.761	617.954	664.183	848.644
Salaj communes income (thousand lei)	178.333	244.649	258.791	301.292	373.032

Source: author's processing from www.dpfb1.mdrap.ro

The levels achieved by communes in the total income level reached in the assessed area are of 30.03% for 2011; 33.87% for 2012; 33.93% for 2013; 35.67% for 2014 and 32.32% for 2015. The highest rate was reached in 2014, with the contributory effort of Bistrita County communes of 473,045 thousand lei, and Salaj County communes of 301.292 thousand lei.

Excerpt from the Income and Expense Budgets of counties and communes as county subdivisions, in the North West area of Romania

Table 2

	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015
Bihor County expenses (thousand lei)	1.220.949	1.271.499	1.265.030	1.490.190	1.953.978
Bihor communes expenses (thousand lei)	377.024	429.427	437.449	534.880	572.795
Bistrita County expenses (thousand lei)	714.627	772.786	360.294	892.780	1.020.235
Bistrita communes expenses (thousand lei)	255.514	340.190	727.335	446.956	470.961
Cluj County expenses (thousand lei)	1.566.115	1.618.561	1.747.656	1.835.857	2.053.503
Cluj communes expenses (thousand lei)	323.182	394.910	459.343	439.355	521.825
Maramures County expenses (thousand lei)	835.166	916.369	978.674	1.118.525	1.408.009

Maramures communes expenses (thousand lei)	234.504	274.826	281.558	350.072	406.294
Satu Mare County expenses (thousand lei)	695.864	708.941	810.813	886.588	971.866
Satu Mare communes expenses (thousand lei)	239.286	286.048	298.249	288.632	342.121
Salaj County expenses (thousand lei)	530.370	551.532	592.572	645.172	767.862
Salaj communes expenses (thousand lei)	169.736	235.490	254.906	280.234	329.876

Source: author's processing from www.dpfb1.mdrap.ro

The rate of expenses at commune level within the total expenses reached in the studied area is of 28.74% in 2011; 33.58% in 2012; 34.17% in 2013; 34.07% in 2014 and 32.33% in 2015. The highest rates are reached in 2013, when the rate of income is exceeded by 0.24%.

Income structure according to the Budgets of the Local Commune Halls in the North West area of Romania

Table 3

Year	Own income (thousand lei)	Amounts divided for different destinations (thousand lei)	Subsidy (thousand lei)	Pre-financing EU funds (thousand lei)	Other income (thousand lei)
2011	608.148	661.488	148.912	242.017	6860
2012	428.368	922.306	113.486	491.352	13.879
2013	699.376	1.062.760	76.930	599.150	20.624
2014	732.671	1.090.081	270.604	390.351	28.995
2015	784.725	1.087.629	399.666	422.772	34.256

Source: processing from www.dpfb1.mdrap.ro

The dynamics of own income fluctuates for the 2011-2013 period and represents a rate of 36.47% of the total income for 2011; 21.75% for 2012; 28.44% for 2013; 29.15% for 2014 and 28.75% for 2015. The share of income reached by Local Commune Halls in the studied batch is represented by the income from sums divided for roads, for balancing the local budgets, for sport infrastructure programmes in the rural area, as well as for the funding of commune expenses.

The effect/effect ratio in the context of total income, namely the own income achieved by the Income and Cost Budgets of the studied commune halls, the number of taxpayer inhabitants and public service beneficiaries is as follows:

Efficiency of income obtained by commune halls in the North West area of Romania

Table 4

Year	Total income/ inhabitant (thousand lei/inhabitant)	Own income/ inhabitant (thousand lei/ inhabitant)
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2011	1,3120	0,4785
2012	1,5503	0,3372
2013	1,9329	0,5498
2014	1,9402	0,5658
2015	2,1083	0,6062

Source: processing from www.dpfbfbl.mdrap.ro

It is noted that the own income per inhabitant, in the studied area, of at least 403 commune halls, is below 50% of the total income per inhabitant, for the same assessed area. The policy of obtaining its own income by each commune hall should be well considered, and all the possibilities of taxing the goods and income obtained by the commune's population should be assessed.

Structure of expenses according to the Budgets of commune halls in the North West area of Romania

Table 5

Year	Staff costs (thousand lei)	Goods and service costs (thousand lei)	Interest cost (thousand lei)	Costs of transfer among units (thousand lei)	Social welfare costs (thousand lei)	Capital costs (thousand lei)	Financial operations (thousand lei)	Other expenses (thousand lei)
2011	517.552	330.428	3.745	21.385	56.680	408.384	6.730	254.342
2012	579.424	394.778	3.027	28.674	63.538	386.487	11.269	493.694
2013	662.716	407.577	4.559	25.339	62.343	308.080	44.888	943.338
2014	780.378	444.588	4.054	17.337	64.289	489.530	44.835	495.118
2015	835.646	496.328	3.465	12.533	80.705	578.432	59.474	577.289

Source: processing from www.dpfbfbl.mdrap.ro

An increase of personnel costs, goods and service costs, social protection expenditure, share capital costs, and also other costs mainly involving European-funded projects is noted.

Efficiency of costs recorded by commune halls of the North West area of Romania

Table 6

Year	Total expenditure/inhabitant (thousand lei /inhabitant)	Personnel costs/inhabitant (thousand lei)	Goods and service costs/inhabitant (thousand lei)	Social protection expenditure /inhabitant (thousand lei)
2011	1,2583	0,4073	0,2600	0,0446
2012	1,5436	0,4562	0,3108	0,0499
2013	1,9329	0,5210	0,3204	0,0490
2014	1,8764	0,6026	0,3433	0,0497
2015	2,0425	0,6456	0,3835	0,0624

Source: processing from www.dpfbfbl.mdrap.ro

The effort/effort ratio, namely the expenditure elements and the number of inhabitants in the studied rural environment generally reveals the non-efficiency of these local public institutions.

Own income per inhabitant do not cover the effort of the institution for personnel costs, goods and service costs, as well as expenditure on social protection. The rising of these costs requires an increasingly larger amount of government and other source allowances, namely divided amounts.

Conclusions

By assessing the batch of 403 communes existing in the six researched counties that represent their rural environment, the question whether there are too many communes results from the fact that the amounts divided for the purposes of their operation from the government budget and other sources are on the rise during the assessed period. This requires a financing effort to decentralize from counties to communes. Following such budget adjustment, the own income do not ensure the survival of commune halls.

A new question arises – Do the public goods and services for the inhabitants of the rural environment of this area not contribute to the economic development of the rural environment, for the further increase of tax bases by means of local taxes and royalties cashed from taxpayers?

The directors and managers of the commune halls should either take measures to check and valuate taxpayers and aim at debt recovery, or take measures to increase taxes, so that its own income may enable self financing of this public institution.

The tax code and local taxes and royalties application standards do not leave it to the Credit Officer and Counsellors to amend the taxes and royalties due by taxpayers every year. The commune halls should have an interest in operating public services managed by it to the use of the local community as efficiently as possible, and therefore the following are imposed: supporting the inhabitants with agricultural and non agricultural concerns, support by consultancy and other programmes, implementing living and dwelling conditions similar to those in towns/cities and municipalities, to be received and used by the intended recipients, and awareness should be raised on the fact that such investments are recovered in time, by the amounts of taxes and royalties paid by them.

Even if the number of inhabitants is generally constant in the assessed communes, a permanent migration to the urban environment is noted, even from a pre-school age. In time it will be noted that public goods of rural areas, such as kindergartens, schools and other establishments, are of no further use.

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