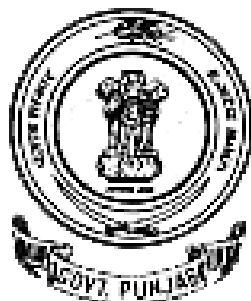


GOVERNMENT OF PUNJAB



ECONOMIC AND FUNCTIONAL CLASSIFICATION OF URBAN LOCAL BODIES BUDGET PUNJAB

**2010-11 (Actual)
2011-12 (Revised)**

**ECONOMIC AND STATISTICAL ORGANISATION, PUNJAB
CHANDIGARH**

PREFACE

1. The Economic and Functional Classification of the Budgets of Municipal Committees/Councils/Corporations in Punjab is an attempt to recast the State Municipal transactions in order to assess the Economic and Functional significance of these transactions. The Economic Classification groups together the items of receipts and expenditure by their economic character such as consumption expenditure, capital formation, transfer payments etc. whereas the functional classification groups them according to the particular purpose or function, they perform such as education, medical and public health, economic services etc. The present report covers classification of Municipal Budgets for the years 2010-11(A) and 2011-12(RE). The major findings of the report are given in the chapter III of this report.

2. The main result of the economic classification of the 139 ULB's budget in the state, which are significant for assessing the impact of the Government's budgetary operation on the economy of the state are shown in different tables. This publication which is 43rd in series has been prepared by the Public Finance Section of this department. I am very thankful to all Urban Local Bodies Institutions in the State for making available their annual accounts required for interpretation to this publication.

3. I hope this publication will prove very useful to planners, policy makers, researchers and common people. Since there is always some scope of improvement, I shall be thankful to receive suggestion's to improve the quality, coverage and contents of the publication.

4. This report has been prepared by Smt. Chanchal Bala, Research Officer under the supervision of Smt. Kuldeep Kaur, Joint Director.

CHANDIGARH
DATED: 26.11.14

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Chapter 1

Introduction

The budget exhibits the detailed information regarding revenue and expenditure and other financial transactions. It is framed for the judicious scrutiny and authorization of expenditure and revenue proposals in a given financial year in terms of various departments and purposes. But this document does not give clearly the economic significance of various heads of revenue and expenditure. Rather it becomes difficult to have clear pictures of capital formation, savings etc. This lacuna is removed by reclassifying and regrouping the financial transactions into meaningful economic categories.

In the democratic set-up of government, the Municipalities / Corporations also play an important role in the development of the urban areas. Under Rule II of the Municipal Accounts code, 1930, all the Municipal Committees / Corporations are required to submit their annual budgets on the G-1 Form to their respective Deputy Commissioners / Commissioners for approval. Since this is an important sector of the economy, proper analysis of its transactions is very useful. Thus, the importance of economic and functional classification of the Budgets of Municipal Committees/Corporations needs no emphasis. For the purpose of economic-functional classification the approved copies of the Budgets are procured from all the Municipalities/Corporations and compiled and classified at State level. The present economic-functional classification is based on the pattern of Economic & purpose Classification of the State Government Budget.

Principals of Economic Classification

The system of classification adopted here is based on a series of distinctions useful for analyzing their economic impact on the rest of the economy. Current transactions in goods and services are separated from transfers. The current transactions of municipal administration are distinguished from the current operations of departmental commercial undertaking as current expenditure of the former on wages and salaries and goods and services are final outlay but these of the later are intermediate expenditure such as cost of raw material, fuels etc. We may say such expenditure represents expenses of production and not expenditure on final goods and services. Purely financial transactions are again separated from transactions in goods and services and transfers.

The details of the significant economic heads are given under the following five accounts:-

- | | |
|--------------|---|
| Account I. | Transactions in Commodities and Services and Transfers:
Current Account of Municipal Committees/Corporations. |
| Account II. | Transactions in Commodities and Services and Transfers:
Current Account of Departmental Commercial Undertakings. |
| Account III | Transactions in Commodities and Services and Transfers:
Capital Account of Administration and Departmental Commercial Undertakings of Municipal Committees/Corporations. |
| Account. IV. | Changes in Financial Assets and Liabilities. Capital Account of Municipal Committees/Corporations. |
| Account. V. | Cash and Capital Reconciliation Account of Municipal Committees/Corporations. |

Main Highlights of the Findings

The role of Urban Local bodies i.e. Municipal Committees/Councils & Corporations is increasing day by day in augmentation of multifarious amenities in their command areas. Main highlights of the findings emerging from the study of economic classification of Budget of these committees/councils & Corporations are as under:

- 1) The total expenditure of these Committees/Councils and Corporations has increased from Rs.153982.01 lakhs in 2010-11 (A) to Rs.171071.06 lakhs in 2011-12 (RE) showing an increase of 11.09%.
- 2) The available figure shows that total consumption expenditure is Rs.87737.52 lakhs in 2010-11(A) which constitute 56.98% of total expenditure. Out of it, expenditure only on salaries and wages is Rs.72081.43 lakhs which is 46.81%.
- 3) Gross Capital expenditure that is expenditure on building, roads and other constructions, machinery & equipments and purchase of vehicles is Rs.68616.01 lakhs in 2010-11 (A) as against Rs.77772.64 lakhs in 2011-12 (RE) showing an increase of 13.34%. The expenditure on Gross Capital Formation (i.e. development) is 44.56% of the total expenditure in the year 2010-11 (A).
- 4) Current receipts by these Municipal Committees/Councils & Corporations are Rs.170172.12 lakhs in 2011-12 (RE) whereas these are Rs.160848.42 lakhs in 2010-11 (A) which shows increase of 5.80% over the previous year. The current receipts are Rs.160848.42 lakhs whereas the expenditure is Rs.153982.01 lakhs which shows that the expenditure is less than that of the receipt.
- 5) The tax revenue is the main source of revenue which is 123294.91 lakhs (76.65%) in 2010-11 (A) and Rs.128974.81 lakhs (75.79%) in 2011-12 (RE). Other sources of revenue include Income from property and Entrepreneurship Rs.14160.50 lakhs (8.81%), miscellaneous receipts Rs.15524.90 lakhs (9.65%) and Revenue grants & contributions Rs.7868.11 lakhs (4.89%) in the year 2010-11 (A).

**CHAPTER II
THE SET OF ACCOUNTS**

Five accounts containing the reclassified data from the Budget of Municipalities/Corporations for 2010-11(A/C) 2011-12(R/E)

ACCOUNT 1

Transaction in commodities and Services and transfers:

(Rs.in Lakhs)

Expenditure				Revenue			
SN		Accounts 2010-11	Revised Estimates 2011-12	SN		Accounts 2010-11	Revised Estimates 2011-12
0	1.	2.	3.	4	5.	6.	7.
1.	Consumption Expenditure (1.1+1.2)	87737.52	101396.78	1.	Tax Revenue	123294.91	128974.81
1.1	Wages and Salaries	72081.43	84810.42	1.1	Direct Taxes (a+b+c)	15965.39	17930.16
1.2	Net purchase of commodities & services including RM (a (-) b)	15656.09	16586.36	(a)	Profession and trade Tax	0.09	0.06
(a)	Purchases of commodities & Services	26587.81	28008.93	(b)	Servant Tax	-	-
(b)	Less sale of commodities and services	10931.72	11422.57	(c)	Taxes on Houses and Lands	15965.30	17930.10
2.	Transfer Payments (2.1+2.2+2.3)	2178.13	3002.88	1.2	Indirect Taxes (a to m)	107329.52	111044.65
2.1	Interest	12.96	54.19	(a)	Vat	74397.61	85035.39
2.2	Grants	2032.80	2713.69	(b)	Octroi	19398.64	18774.52
2.3	Other current transfers	132.37	235.00	(c)	Excise Duty	11507.57	5274.60
				(d)	Taxes on Vehicles	142.92	153.75
				(e)	Taxes on Animals (Including registration of dogs)	18.12	27.19
				(f)	Fees for Vehicles licenses	473.07	568.74
				(g)	License fee for job porters	3.82	3.19
				(h)	Dangerous and offensive trade License fee	73.83	76.92
				(i)	Tolls on vehicles and animals	46.99	38.64
				(j)	Local rates	43.82	47.36
				(k)	Fees for letting of Fire-works	-	-
				(l)	Miscellaneous-other Taxes and duties	9.41	9.24
				(m)	Advertisement Tax	1213.72	1035.11
Total (1+2)		89915.65	104399.66	Total (of Sr. No. 1 or 1.1+1.2)		123294.91	128974.81

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(Rs.in Lakhs)

Expenditure				Revenue			
SN		Accounts 2010-11	Revised Estimates 2011-12	SN		Accounts 2010-11	Revised Estimates 2011-12
	Total from previous page	89915.65	104399.66		Total from previous page	123294.91	128974.81
3.	Savings on current account	70932.77	65772.46	2.	Income from property and Entrepreneurship	14160.50	17231.41
				2.1	Profit transferred by Departmental commercial Undertakings	-	-
				2.2	Income on investment	4.30	2.85
				2.3	Interest receipts	676.25	336.49
				2.4	Income from Municipal Properties (rents on land buildings)	13479.95	16892.07
				3.	Miscellaneous Receipts	15524.90	21065.17
				4.	Revenue grants and contributions	7868.11	2900.73
Total (1+2+3)		160848.42	170172.12	Total (Sr.No.1+2+3+4)		160848.42	170172.12

ACCOUNT II
Current account of Departmental Commercial Undertakings of Municipal Committees / Corporations
Transaction in commodities and Services and Transfers

(Rs.in '000)

Expenditure				Revenue			
SN		2010-11 Accounts	2011-12 Revised Estimates	SN		2010-11 Accounts	2011-12 Revised Estimates
1.	2.	3.	4.	5.	6.	7.	8.
1.	Wages & Salaries	-	-	1.	Gross Sale Proceeds	-	-
2.	Commodities and services	-	-	(a)	Electricity Department of Amritsar	-	-
3.	Repairs & Maintenance	-	-		Municipal Corporation	-	-
i)	Wages & Salaries	-	-	(b)	Transport	-	-
ii)	Commodities and services	-	-	(c)	Water Supply	-	-
4.	Interest	-	-			-	-
5.	Provision for depreciation	-	-			-	-
6.	Profit transferred to current account	-	-			-	-
Total		-	-	Total		-	-

There is no Departmental commercial undertaking in Punjab under Municipal Corporations and Councils.

ACCOUNT III
Capital Account of Administration and Departmental Commercial Undertakings of
Municipal Committees/ Corporations
Transaction in commodities and Services and Transfers

(Rs. In Lakhs)

Expenditure				Revenue			
SN		Accounts 2010-11	Revised Estimates 2011-12	SN		Accounts 2010-11	Revised Estimates 2011-12
1	2.	3.	4.	3.	4.	5.	6.
1.	Gross capital formation (A+B)	68616.01	77772.64	1.	Gross savings	70932.77	65772.46
(A)	General Departments (1.1+1.2)	69014.30	78029.55	1.1	Savings on current Account of Municipal Committees/Corporations	70932.77	65772.46
1.1	Buildings and other construction	67491.74	77093.02	1.2	Provisions for depreciation of D.C.U.'s.	-	-
(a)	New Outlay	67226.64	76845.67	2.	Capital transfer (Capital Grants, contributions and recoveries)	74.94	599.90
(b)	Renewals and replacement	265.10	247.35	3.	Balance: Deficit on all transactions on commodities and services and transfers	(-)2391.70	11400.28
1.2	Machinery and equipments	1522.56	936.53				
(a)	New Outlay	1522.56	936.53				
(b)	Renewals and replacement	-	-				
(B)	Commercial Undertakings (Total 1.3+1.4+1.5)	(-)398.29	(-)256.91				
1.3	Buildings and other Constructions	-	-				
(a)	New Outlay	-	-				
(b)	Renewals and replacements	-	-				
1.4	Machinery & Equipments	-	-				
(a)	New Outlay	-	-				
(b)	Renewals and replacements	-	-				
1.5	Net increase in Inventories	(-)398.29	(-)256.91				
(a)	Gross Expenditure in inventories	460.26	459.97				
(b)	Gross income from inventories	61.97	203.06				
2.	Capital Transfers	-	-				
Total (A+B)		68616.01	77772.64	Total (1+2+3)		68616.01	77772.64

ACCOUNT IV
Changes in financial assets and Liabilities Capital Account of Municipal Committees / Corporations.
Asset Liabilities of Capital Outgoing & Incoming (Rs. In Lakhs)

Outgoings				Incomings			
SN		Accounts 2010-11	Revised Estimates 2011-12	SN		Accounts 2010-11	Revised Estimates 2011-12
1.	2.	3.	4.	5.	6.	7.	8.
1.	Loans and Advances(a+b)	2836.88	3729.39	1.	Loans	7386.53	14830.63
(a)	For Capital formation	2553.19	3356.45	2.	Net Increase Financial Assets and Liabilities	(-)4549.65	(-)11101.24
(b)	For Current consumption	283.69	372.94				
2.	Unearmarked Investment	-	-				
3.	Investment in securities	-	-				
Total (Sr.No.1+2+3)		2836.88	3729.39	Total (Sr.No.1+2)		2836.88	3729.39

ACCOUNT V

Cash and Capital Reconciliation Accounts of Municipal Committees / Corporations Cash & Capital Reconciliation of Accounts

(Rs. In Lakhs)

Outgoings				Incomings			
SN		Accounts 2010-11	Revised Estimates 2011-12	SN		Accounts 2010-11	Revised Estimates 2011-12
1.	2.	3.	4.	5.	6.	7.	8.
1.	Deficit/ Surplus on all Transactions on commodities and Services and Transfers (Balancing item of account – III)	(-)2391.70	11400.28	1.	Decrease in cash Balances	(-)6941.35	299.04
2.	Net increase in financial Assets and Liabilities (Balancing item of Account IV)	(-)4549.65	(-)11101.24				
Total (1+2)		(-)6941.35	299.04	Total		(-)6941.35	299.04

CHAPTER – III

Major Findings

The main findings emerging from the economic classification of Municipal Budgets are discussed below:-

Total Expenditure- The total expenditure of 132 Municipal Committees/Councils and 7 Corporation in Punjab was Rs.171071.06 Lakhs during 2011-12 (RE) as compared to Rs.153982.01 Lakhs during the years 2010-11 (A) registering an increase of 11.09 percent. The Municipal Committees/Corporation incurred expenditure mainly on wages and salaries of Municipal staff, construction of roads, pavements and maintenance of streets and drainage works. The allocation by types of expenditure is given in Table No.-I

Table No.1 Total Expenditure (Rs. In Lakhs)

Expenditure			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	Final Outlays (a+b)	156353.53 (101.54)%	179169.42 (104.73)%
	(a) Consumption expenditure of Municipal Committees/ Corporations(Vide Account I)	87737.52 (56.98)%	101396.78 (59.27)%
	(b) Gross capital formation (Vide Account III)	68616.01 (44.56)%	77772.64 (45.46)%
2.	Transfer payments to the rest of the economy (Total a+b)	2178.13	3002.88
	(a) Current transfer (Vide Account No. I)	2178.13	3002.88
	(b) Capital transfer (Vide Account No. III)	-	-
3.	Financial investment and Loans to the rest of the Economy (Net) (Vide Account IV)	(-)4549.65	(-)11101.24
Total Expenditure (1+2+3)		153982.01	171071.06

Note:-132 Municipal Committees and 7 corporations in Punjab are taken in this analysis.

Final outlays:

The Final outlays represent the direct demand for consumption expenditure, capital formation etc of the Municipal Committees / Corporations. Final outlays constitute the major expenditure Rs.179169.42 lakhs i.e.104.73 percent in 2011-12(RE) as against Rs.156353.53 lakhs i.e. 101.54 percent in 2010-11(A) of the total expenditure. Rs. 101396.78 lakhs 59.27 percent)constituted consumption expenditure during the year 2011-12(RE) as against Rs87737.52 lakhs (56.98 percent) during 2010-11(A) of the final outlay.

Transfer payments, financial investments and loans (net)

The transfer payments, loans and advances to the rest of the economy were proposed Rs.(-)8098.36 lakhs for the year 2011-12(RE).The corresponding figures for the year 2010-11 (A) is Rs.(-)2371.52 lakhs.

Gross capital Formation-:

Gross capital Formation the final outlay, the consolidated revised estimates of the Municipal Committees/Corporations in Punjab proposed the gross Capital Formation as 45.46 percent (Rs.77772.64 Lakhs) during 2011-12 (RE) as compared to 44.56 percent (Rs.68616.01 Lakhs) during 2010-11 (A)

Table No.2 Total Financial Assistance for Capital Formation
(Rs.in Lakhs)

Financial Assistance			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1	Investment in securities (Vide Account IV)	-	-
2.	Loans and capital formation (vide Account IV)	2836.88	3729.39
3.	Unearmarked Investment (Vide Account IV)	-	-
Total Financial Assistance for Capital Formation (1+2+3)		2836.88	3729.39

Capital Formation out of Budgetary Resources: -

Total capital formation out of the budgetary resources was 95.71 percent undertaken by the Municipal Committees/Corporations directly during 2011-12(RE) whereas the corresponding contribution to the total capital formation was 96.39 percent in 2010-11(A) respectively

**Table No.3 Gross Capital formation out of the budgetary resources of
Municipal Committees / Corporations**
(Rs.in Lakhs)

Gross Capital Formation			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	Gross Capital Formation by Municipal Committees / Corporations (A/c III)	68616.01 (96.39)%	77772.64 (95.71)%
2.	Renewals and replacements (A/C-III)	265.10	247.35
3.	Net Capital formation by Municipal Committees / Corporations(1-2)	68350.91	77525.29
4.	Financial Assistance for capital formation to the rest of the economy (A/C-IV)	2836.88	3729.39
Total capital formation (Net) of the Budgetary Resources of Municipal Committees / Corporations(3+4)		71187.79	81254.68

The above table depicts that total outlay provided for capital formation by Municipal Committees/Councils/Corporations out of their budgetary resources was Rs.81254.65 lakhs in 2011-12(RE), Rs.71187.79 lakhs in 2010-11(A), showing an increase of 14.14 percent in 2011-12(RE), over 2010-11(A). The percentage of total outlay for Capital Formation to the total expenditure during the years 2011-12(RE) and 2010-11(A) was 47.50 % and 46.23 % respectively.

Table No.4 Current Receipts of Municipal Committees / Corporations**(Rs. In Lakhs)**

Receipts			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	Tax Revenue (A/C-I)	123294.91 (76.65)%	128974.81 (75.79)%
2.	Income from property and Entrepreneurship (A/C-I)	14160.50 (8.81)%	17231.41 (10.13)%
3.	Miscellaneous Receipts (A/C-I)	15524.90 (9.65)%	21065.17 (12.38)%
4.	Revenue grants and contributions (A/C-I)	7868.11 (4.89)%	2900.73 (1.70)%
Total (1+2+3+4)		160848.42 (100.00)%	170172.12 (100.00)%

Current Receipts: - The total current revenue of Municipal Committees/Corporations in Punjab was Rs.170172.12 Lakhs in 2011-12 (RE) as against Rs.160848.42 lakhs in 2010-11 (A). The revenue increase has been worked out to 5.80 percent during 2011-12 (RE) over 2010-11 (A). Out of the total revenue of Rs.170172.12 lakhs in 2011-12 (RE) Rs.128974.81 lakhs (75.79%) was from tax revenue. The corresponding percentage for 2010-11 (A) was (76.65%).

Table No.5 Current outgoings of Municipal Committees / Corporations

(Rs.in Lakhs)

Out goings			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	Consumption expenditure (Vide Item I, Account I)	87737.52 (97.58)%	101396.78 (97.12)%
2.	Transfer payments (Vide Item II, Account I)	2178.13 (2.42)%	3002.88 (2.88)%
Total (1+2)		89915.65 (100.00)%	104399.66 (100.00)%

Current Outgoing: - The current outgoings which consist of consumption expenditure and transfer payments were Rs.104399.66 lakhs during 2011-12 (RE) and Rs.89915.65 lakhs during 2010-11 (A). This shows an increase of 16.11 percent during 2011-12 (RE) over 2010-11 (A). Consumption expenditure constitute the major portion of the current outgoings. Its contribution to total current outgoing were 97.58 percent and 97.12 percent respectively during the above periods whereas the contribution of Transfer payment to total current outgoings during the above periods were only 2.42 percent and 2.88 percent respectively.

Table No.6 Gross Net savings of the Municipal Committees / Corporations**(Rs. In Lakhs)**

Gross Net Savings			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	<u>Gross Savings:-</u>		
(a)	Savings of Municipal Administration (Vide Item No. 3 in Account I)	70932.77	65772.46
(b)	Depreciation provision of Departmental Commercial Undertakings (Vide Item No. 5 in Account II)	-	-
(c)	Expenditure on Renewals and Replacement (Vide Item No. 1.1 (b) & 1.3 (b) in Account III)	265.10	247.35
	Net Savings (a+b-c)	70667.67	65525.11

Gross and Net Savings:- Gross savings comprises of savings of Municipal Administration i.e. the surplus of Municipal Current receipts over Municipal current expenditure and depreciation provisions of Departmental Commercial undertakings of Municipal Committees / Corporations. Net savings are equal to gross savings less expenditure on renewals and replacements.

Income Deficit/Surplus.

The income deficit/surplus of the 131 Municipal Committees and 7 Corporations in the State as measured by the excess of net investment over net savings is given as in Table No. 7.

Table No.7 Income deficit/surplus of all the Municipal Committees/Corporations

(Rs. In Lakhs)

Income Deficit			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	Investment by Municipal Committees / Corporations (Net) (Table 3)	68350.91	77525.29
2.	Savings by Municipal Committees/ Corporations (Net)(A/C-I)	70932.77	65772.46
Income deficit/surplus of Municipal Committees/Corporations (2-1)		2581.86	(-)11752.83

Other Deficit/Surplus

The deficit/ surplus in income account as indicated above is a measure of the gap to be filled up by Municipal Committees/Corporations net borrowings. Another measure of deficit/surplus is provided by the sum of balancing items in Account III and Account IV. This deficit/surplus which denotes total requirements of finance for the Municipal Committees/Corporations is shown in table given below.

Table No. 7(a) Income deficit/surplus of all the Municipal Committees/Corporation.

(Rs. In Lakhs)

Income Deficit			
S.N	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1	Deficit in all transactions on commodities and Services and transfers (Vide in Account III)	(-)2391.70	11400.28
2	Net increase in financial Assets (Vide in Account IV)	(-)4549.65	(-)11101.24
Deficit Denoting total Requirements of finance (1+2)		(-)6941.35	299.04

Table No. 8 Total income generation by the Municipal Committees / Corporations

(Rs. In Lakhs)

Income Generation			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1	Wages and Salaries (Vide Account I, Item 1.1)	72081.43	84810.42
2	Net output of Departmental commercial undertakings	-	-
3	Wages and salaries components of Municipal Committees / Corporations outlay on buildings and constructions	22474.75	25671.98
Total (1+2+3)		94556.18	11048.24

Contribution to income generation by the Municipal Committees / Corporations:-

The budgetary operations of all the Municipal Committees / Corporations during the year 2011-12 (RE) are expected to generate a total income of Rs. 11048.24 lakhs. During 2010-11 (A) such income generated works out to Rs. 94556.18 Lakhs.

Table No.9 Economic classification – Percentage distribution of expenditure

Economic Classification			
SN	Heads	Accounts 2010-11	Revised Estimates 2011-12
0	1	3	4
1.	Consumption expenditure	97450.27 (56.68)	111784.17 (56.74)
2	Grants	-	-
3	Interest	12.96 (0.01)	54.19 (0.03)
4	Subsidy	-	-
5	Other current transfer payments	132.37 (0.07)	235.00 (0.12)
	Total current expenditure (1 to 5)	97595.60 (56.76)	112073.36 (56.89)
6	Gross capital formation	69474.56 (40.41)	78489.52 (39.84)
	i) Buildings and other construction	67226.64 (39.10)	76845.67 (39.01)
	ii) Machinery and equipments	1522.56 (0.89)	936.53 (0.48)
	iii) Increase in inventories	460.26 (0.27)	459.97 (0.23)
	iv) Renewals and replacements	265.10 (0.15)	247.35 (0.12)
7	Capital transfers	-	-
8	Unearmarked investment /Grants	2032.80 (1.18)	2713.69 (1.38)
9	Loans and Advances	2836.88 (1.65)	3729.39 (1.89)
	Total capital expenditure (6 to 9)	74344.24 (43.24)	84932.60 (43.11)
	Grand Total (Current & Capital Expenditure	171939.84 (100.00)	197005.96 (100.00)

Note:- Figures in Brackets shows the percentage of respective column.

CHAPTER IV
Reconciliation

In this chapter an attempt has been made to reconcile the figures relating to the total revenue and expenditure of Municipal Committees / Corporations budget with the total revenue and expenditure as worked out by the economic classification scheme. The various adjustments in the economic classification to arrive at the figures given in the Municipal budget for the year under review are spelt on in detail in the statement given below:-

(Rs. In Lakhs)

Revenue			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1	Total Revenue as shown in the Municipal Budgets	179303.58	197228.28
	<i>Less-</i>		
2	Sale of commodities and services treated as deduction of consumption expenditure	1218.97	1035.18
3	Inventories as treated income in the Municipal budgets	61.97	203.06
4	Capital transfers (Capital grants and contributions and recoveries).	74.94	599.90
5	Sale-Proceeds of Water Supply	9712.75	10387.39
6	Loans (incomings)	7386.53	14830.63
	<i>Add-</i>		
7	Profit of departmental commercial undertakings	-	-
8	Total adjustments	18455.16	27056.16
	Total revenue as shown in economic classification (1-8)	160848.42	170172.12

(Rs. In Lakhs)

Expenditure			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1	Total Expenditure as shown in the Municipal Budgets	173158.81	198041.14
	<i>Less-</i>		
2	Sale of commodities and services, treated as deduction of consumption expenditure	10931.72	11422.57
3	Gross increase in inventories	460.26	459.97
4	Current expenditure of departmental commercial undertakings	-	-
5	Loans (incomings)	7386.53	14830.63
	<i>Add-</i>		
6	Net increase in inventories	(-)398.29	(-)256.91
7	Total adjustments	19176.80	26970.08
	Total expenditure as shown in the economic classification.	153982.01	171071.06

CHAPTER V

Notes on the Accounts, their Derivation and Rationale Account I. Transactions in Commodities and Services and Transfers:

Current Account of Municipal Committees/Corporations in the State:

Account -1

This account deals with the current revenue and expenditure of all the Municipal Committees/Corporations in the State. All departments other than those listed under Account II in the chapter are considered as administrative for the purpose of this classification. The current expenditure of administrative departments consists of the final outlay, of Municipal Committees/Corporations on current account which represents consumption. The final outlays are made up of purchases of commodities and services and wages and salaries payments. Besides final outlays, Municipal Committees/Corporations make transfer payments, i.e. grants scholarships, prizes etc. to the rest of the economy which indirectly add, to the disposable income of the community. To meet the current expenditure, Municipal Committees/Corporations appropriate a part of the income of the community through a variety of taxes, miscellaneous receipts accruing during the course of administration. In addition, Municipal Committees/Corporations have an investment income from property and entrepreneurship. The Municipal Committees/Corporations also receive revenue grants, contributions and recoveries from the State Government and others. The excess of the current receipts over current expenditure denote the savings of the Municipal Committees/Corporations available for capital formation. Some of the items included in this Account are explained as below:-

Expenditure:-

Item 1.1 Wages and Salaries: - This item includes pay of the establishments (other than traveling and daily allowances), other allowances and honorarium and 50 per cent to the expenditure incurred on unclassified miscellaneous heads. Wages and Salaries also include contributions to provident funds.

Item 1.2 Commodities and Services:- This item includes all expenditure under contingency, office supplies, fuel and light, expenditure on repairs and maintenance, printing, traveling and daily allowances, telephone and telegraph charges, taxes and rent of hired buildings and machinery and equipment, 50 per cent lump-sum miscellaneous unclassified, charges and other items for current operation.

Item No.2 Transfer Payments: - Transfer payments include grants, scholarships, stipends, prizes and awards, etc.

Item No.3 Savings on current account: The balancing item on the current account of the Municipal Committees/Corporations represents the savings of this sector, i.e. surplus of current receipts over current expenditure.

Revenue:

Item No. 1 Tax Revenue: Tax revenue is classified into direct and indirect taxes. Direct taxes are levied by public authorities at regular intervals on income from employment, property, capital, gains,

etc. and on financial assets and the net or total worth of enterprises non-profit institutions or households. Taxes falling under this category of Municipal Committees/Corporations are profession and trade tax, servant taxes on house and lands, taxes on goods and services that the chargeable to business expenses and taxes on the possession or use of goods and services by households are treated as indirect taxes. The main categories in the Municipal Committees/Corporations Budgets are octroi, terminal tax, taxes on vehicles and animals, fees for vehicle licenses, dangerous and offensive trade license fees, licence fees for job porters, tolls on vehicles and animals, local rates, advertisement tax, miscellaneous other taxes and duties.

Item No.2 Income from property and entrepreneurship: - This records the income receivable by the Municipal Committees/Corporations from departmental Commercial Undertakings as well as the net rent, interest and dividend accruing to them from the ownership of building or financial assets.

Item No.3 Miscellaneous Receipts: - This item includes fines and penalties, births and deaths registration fees, copying fees etc.

Item No.4 Revenue Grants, Contributions and Recoveries: - These are current receipts accruing from the State Government and various Committees and Boards.

Account - II

Transactions in Commodities and Services and Transfers: Current Account of Departmental Commercial Undertakings.

The Departmental Commercial Undertakings, briefly be defined agencies producing goods and services that are not provided free of charge. The essential characteristics distinguishing these departments from other administrative departments are that they charge for what they provide according to use and are thus able to meet a part or most of their costs from their sale proceeds. In this study electricity, transport and water supply have been classified as Departmental Commercial Undertakings.

The expenditure side of the Departmental Commercial Undertakings spells out the current expenditure into wages and salaries, commodities and services, repairs and maintenance, interest, provision for depreciation and profit which is transferred to Administrative Departments. Repairs and maintenance expenditure is shown separately because of the importance of such expenditure of the efficient working of commercial enterprises. This expenditure is further divided equally between wages and salaries and commodities and services since the required details are not available in budgets of the Municipal Committees/Corporations. On the revenue side the gross sale proceeds are given.

Account - III

Transactions in Commodities and Services and Transfers:-Capital Account of Administration and Departmental Commercial Undertakings of Municipal Committees/Corporations.

This Account is concerned with the total capital outlay representing physical assets and formation by the Administrative Departments and Commercial Undertakings of the Municipal

Committee/Corporations. The savings transferred from Account I and capital grants received by the Municipal Committees/Corporations constituted the source of finance for all expenditure recorded in this Account.

The difference between savings and capital formation is often used in economic analysis as a measure of budgetary deficit. The deficit which is shown as balancing item in Account III along-with net increase in financial assets and liabilities in Account IV gives the total requirements of finances of the Municipal Committees/Corporations. Gross fixed capital formation classified into buildings and other constructions and machinery and equipments as given below of Administrative Departments of Departmental Commercial Undertaking.

Item 1.1 Buildings and Other Constructions: - This item includes all expenditure on works of buildings and reservoirs, constructions of roads and payments of streets.

Item 1.2 (a) Machinery and equipments: Machinery and equipments includes expenditure incurred on the purchase of tools and plants by the Municipal Committees/Corporations of the State.

1.2 (b) Renewals and replacements: - Expenditure on repairs and renewals on water supply works has been divided into renewals and repairs on 50:50 basis.

Item 1.5 Increase in Inventories: - This item represents increase or decrease in work stores and stock of goods, etc. Suspense Account is included under the head 'Work Stores'.

Revenue:-

Receipt on capital Account: - Receipts available for capital formation consists of gross savings on Current Account brought over from accounts I and II, capital grants, contributions and recoveries from the State Government and other institutions.

Account - IV

Changes in financial assets and Liabilities:- Capital Account of Municipal Committees/Corporations in the State.

This Account which shows the changes in the financial assets and liabilities of the Municipal Committees/Corporations in the State is converted with transactions in financial investments and repayment of loans and advances. The balancing items of this Account representing net financial assets and liabilities when added to the deficit in Account III which gives the total requirements of finance of the Municipal Committees/Corporations for fixed assets formation and for the accumulation of financial claims against the rest of the economy.

Account - V

Cash and capital reconciliation account of Municipal Committees/Corporations in the State.

This account sums up the net position in respect of Accounts III and IV showing the effect of all transactions of the Municipal Committees/Corporations in the State, on its cash position. As stated earlier, Account III gives the net position in respect of all transactions in commodities and services and transfers while account IV bring out the net position in respect of financial assets and liabilities.

Functional Classification

CHAPTER VI PRINCIPLES OF FUNCTIONAL CLASSIFICATION

Economic classification groups the primary items of expenditure by their economic character while functional classification groups them according to the particular purpose they serve. It is designed to show how expenditure is divided into different types of service provided. It gives information about public expenditure devoted to a particular service or group of services, say education, health or housing and community, services etc.

The functional classification excludes current expenditure on goods and services of Departmental Commercial Undertakings. These enterprises produce goods and services that are sold largely outside the public sector. Their current expenditure on goods and services is an intermediate expenditure which represents cost of production and net expenditure on final goods and services. It may also be noted that the functional classification is not applied to receipts except to those which may be considered as offsets to expenditure on goods and services included in this type of classification such as proceed from sale of goods and services.

All items of expenditure have been grouped under different broad functional categories. The U.N reports i.e., a Manual for Economic and functional Classification of Government Transactions, 1958 and a System of National Accounts, 1968 serve as guidelines.

The list of major and minor purpose categories as under:-

1. General public services.
 - 1.1 General administration, external affairs, public order and safety.
 - 1.2 General research.
2. Defence
3. Education
 - 3.1 Administration, regulation and research.
 - 3.2 Schools, universities and institutions including subsidiary services.
4. Health.
 - 4.1 Administration, regulation and research.
 - 4.2 Hospitals, clinics and other Health Services.
- 5 Social security and welfare services.
- 6 Housing and other Community amenities.
7. Cultural, Recreational and Religious services.
- 8 Economic Services.
 - 8.1 General Administration Regulation and Research.
 - 8.2 Agricultural Forestry, Fishing and Hunting.
 - 8.3 Mining, Manufacturing and Construction.
 - 8.4 Electricity, Gas, Steam and water.
 - 8.5 Water Supply.
 - 8.6 Transport and Communication.
 - 8.7 Other Economic Services.
- 9 Other Services.
 - 9.1 Relief Operation.
 - 9.2 Interest (other misc. services)
 - 9.3 Public Debt.

Economic and Functional Classification have been combined into a single two way cross classification by significant economic and functional categories. It relates to budgetary expenditure for the year 2010-11 (A) 2011-12 (RE). The Table 6.1 splits up horizontally, the expenditure on each service for the years under review into significant economic categories. The broad division of economic classification is current and capital expenditure while that of functional classification are general government services, defence, education medical and public health, social security welfare services, housing and community amenities, cultural, recreational and religious services, economic services and other purposes. From this, it is very easy to see the nature of expenditure on each group of services. For example, it can be seen how much is spent on goods and services of a gross capital formation for promoting education health, water supply etc. Table 7.1 depicts the percentage distribution of the total expenditure among the functional categories. These figures when presented for number of years would be useful in studying trends in the expenditure.

Table 6.1- Economic and Functional Classification of Municipal Budgets-2010-11 (A)

(Rs. In Lakhs)

(Current Expenditure)									
SN	Economic classification/ Functional classification	Wages and Salaries	Purchase of goods and services	Consumption expenditure (2+3)	Less Outside sales	Net consumption expenditure (4-5)	Interest	Other current transfers	Total current expenditure (6+7+8)
0	1	2	3	4	5	6	7	8	9
1	General Government Services	21437.95	5233.01	26670.96	1218.97	25451.99		37.22	25489.21
2	Defence	-	-	-	-	-	-	-	-
3	Education	9.22	0.48	9.70	-	9.70	-	-	9.70
4	Medical and public health	24448.85	1074.48	25523.33	-	25523.33	-	-	25523.33
5	Social security and welfare services	-	-	-	-	-	-	-	-
6	Housing and community services	12665.21	15479.54	28144.75	-	28144.75	-	95.15	28239.90
7	Cultural recreational and religious services	1276.06	119.70	1395.76	-	1395.76	-	-	1395.76
8	Economic services	12244.14	4680.60	16924.74	-	16924.74	-	-	16924.74
i)	Agricultural, Forestry, Fishing and hunting.	1518.34	0.16	1518.50	-	1518.50	-	-	1518.50
ii)	Water supply	10725.80	4680.44	15406.24	-	15406.24	-	-	15406.24
iii)	Transport services	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
9	Other purposes	-	-	-	-	-	12.96	-	12.96
i)	Interest	-	-	-	-	-	12.96	-	12.96
ii)	Loans and advances	-	-	-	-	-	-	-	-
Grand total		72081.43	26587.81	98669.24	1218.97	97450.27	12.96	132.37	97595.60

Table 6.1 Contd-Economic and Functional Classification of Municipal Budgets-2010-11 (A)

(Rs. In Lakhs)

(Capital Expenditure)									
SN	Building and other Construction	Machinery and equipment	Net increase in stocks	Renewals and replacements	Loans-Advances		Grants	Total capital expenditure	Grand Total 9+17
					For Capital Formation	For Current Consumption			
0	10	11	12	13	14	15	16	17	18
1	3330.26	-	-	-	-	-	27.29	3357.55	28846.76
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	9.70
4	1199.62	-	-	-	-	-	-	1199.62	26722.95
5	-	-	-	-	-	-	-	-	-
6	42364.21	1522.56	460.26	-	164.26	-	37.64	44548.93	72788.83
7	1242.33	-	-	-	-	-	-	1242.33	2638.09
8	19090.22	-	-	265.10	1578.74	-	1967.87	22901.93	39826.67
i)	-	-	-	-	-	-	-	-	1518.50
ii)	19090.22	-	-	265.10	1578.74	-	1967.87	22901.93	38308.17
iii)	-	-	-	-	-	-	-	-	-
iv)	-	-	-	-	-	-	-	-	-
9	-	-	-	-	1093.88	-	-	1093.88	1106.84
i)	-	-	-	-	-	-	-	-	12.96
ii)	-	-	-	-	1093.88	-	-	1093.88	1093.88
	67226.64	1522.56	460.26	265.10	2836.88	-	2032.80	74344.24	171939.84

Table 6.2- Economic and Functional Classification of Municipal Budgets-2011-12 (RE)

(Rs. In Lakhs)

(Current Expenditure)									
SN	Economic classification Functional classification	Wages and Salaries	Purchase of goods and services	Consumption expenditure (2+3)	Less Outside sales	Net consumption expenditure (4-5)	Interest	Other current transfers	Total current expenditure (6+7+8)
0	1	2	3	4	5	6	7	8	9
1	General Government Services	26145.92	6455.72	32601.64	1035.18	31566.46	-	145.03	31711.49
2	Defence	-	-	-	-	-	-	-	-
3	Education	13.00	0.74	13.74	-	13.74	-	-	13.74
4	Medical and public health	29045.78	680.84	29726.62	-	29726.62	-	-	29726.62
5	Social security and welfare services	-	-	-	-	-	-	-	-
6	Housing and community services	14271.42	16496.46	30767.88	-	30767.88	-	89.97	30857.85
7	Cultural recreational and religious services	1427.12	137.34	1564.46	-	1564.46	-	-	1564.46
8	Economic services	13907.18	4237.83	18145.01	-	18145.01	-	-	18145.01
i)	Agricultural, Forestry, Fishing and hunting.	1720.98	8.00	1728.98	-	1728.98	-	-	1728.98
ii)	Water supply	12186.20	4229.83	16416.03	-	16416.03	-	-	16416.03
iii)	Transport services	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
9	Other purposes	-	-	-	-	-	54.19	-	54.19
i)	Interest	-	-	-	-	-	54.19	-	54.19
ii)	Loans and advances	-	-	-	-	-	-	-	-
Grand total		84810.42	28008.93	112819.35	1035.18	111784.17	54.19	235.00	112073.36

Table 6.2 Contd. Economic and Functional Classification of Municipal Budgets-2011-12 (RE)

(Rs. In Lakhs)

(Capital Expenditure)									
SN	Building and other construction	Machinery and equipment	Net increase in stocks	Renewals and replacements	Loans & Advances		Grants	Total Capital expenditure	Grand Total 9+17
					For Capital Formation	For Current consumption			
0	10	11	12	13	14	15	16	17	18
1	4068.91	-	-	-	-	-	631.77	4700.68	36412.17
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	13.74
4	1698.27	-	-	-	-	-	-	1698.27	31424.89
5	-	-	-	-	-	-	-	-	-
6	47612.74	936.53	459.97	-	202.00	-	1604.92	50816.16	81674.01
7	1430.01	-	-	-	-	-	-	1430.01	2994.47
8	22035.74	-	-	247.35	1433.64	-	477.00	24193.73	42338.74
i)	-	-	-	-	-	-	-	-	1728.98
ii)	22035.74	-	-	247.35	1433.64	-	477.00	24193.73	40609.76
iii)	-	-	-	-	-	-	-	-	-
iv)	-	-	-	-	-	-	-	-	-
9	-	-	-	-	2093.75	-	-	2093.75	2147.94
i)	-	-	-	-	-	-	-	-	54.19
ii)	-	-	-	-	2093.75	-	-	2093.75	2093.75
	76845.67	936.53	459.97	247.35	3729.39	-	2713.69	84932.60	197005.96

CHAPTER VII
DETAILED FUNCTIONAL CLASSIFICATION SCHEME

This chapter presents a detailed scheme for the functional classification of the Municipal Committees / Corporations budgetary expenditure. The principles of the scheme have already been discussed in the previous chapter.

The detailed scheme which is presented in the following pages is put forward as an illustration of the classification of Municipal Committees / Corporations expenditure by purpose. It can be further expanded by introducing more Programme/activities under the main category of expenditure.

Table 7.1 presents the functional classification of Municipal Committees / Corporations budgetary expenditure with percentage distribution for the years 2010-11 (Accounts) and 2011-12 (Revised Estimates).

**Table No. 7.1 Functional classification of Municipal Committees/
Corporations Budgetary Expenditure and their percentages.**

(Rs.in Lakhs)

Functional Classification			
SN	Heads/ Sub Heads	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	General Government Services	28846.76 (16.78)	36412.17 (18.48)
2	Defence	-	-
3.	Education	9.70 (0.01)	13.74 (0.01)
4.	Medical and public health	26722.95 (15.54)	31424.89 (15.95)
5.	Social security and welfare services	-	-
6.	Housing and community services	72788.83 (42.33)	81674.01 (41.46)
7.	Cultural recreational and religious services	2638.09 (1.53)	2994.47 (1.52)
8.	Economic services	39826.67 (23.16)	42338.74 (21.49)
i)	Agricultural, Forestry, Fishing and hunting.	1518.50 (0.88)	1728.98 (0.88)
ii)	Water supply	38308.17 (22.28)	40609.76 (20.61)
iii)	Transport services	-	-
iv)	Electricity Services	-	-
9.	Other Services	1106.84 (0.65)	2147.94 (1.09)
i)	Interest	12.96 (0.01)	54.19 (0.03)
ii)	Loans and advances	1093.88 (0.64)	2093.75 (1.06)
	Total	171939.84 (100.00)	197005.96 (100.00)

Figures in bracket show percentages to total.

Table 7.2 gives information regarding expenditure and their percentages under development and non-development categories. Developmental and non-developmental expenditure of Municipal Committees / Corporations come to Rs. 197005.96 Lakhs in 2011-12 (Revised Estimates) and Rs. 171939.84 Lakhs in 2010-11 (Accounts).

Table No 7.2 Development and non-development Expenditure

(Rs.in Lakhs)

SN	Heads/ Sub Heads	Accounts 2009-10	Revised Estimates 2010-11
0	1	2	3
A	Development Expenditure	141986.24 (82.58)	158445.85 (80.43)
1.	Education	9.70 (0.01)	13.74 (0.01)
2.	Medical and public health	26722.95 (15.54)	31424.89 (15.95)
3.	Social security and welfare services	-	-
4.	Housing and community services	72788.83 (42.33)	81674.01 (41.46)
5.	Cultural recreational and religious services	2638.09 (1.53)	2994.47 (1.52)
6.	Economic Services	39826.67 (23.16)	42338.74 (21.49)
B.	Non Development Expenditure	29953.60 (17.42)	38560.11 (19.57)
1.	General government Services.	28846.76 (16.78)	36412.17 (18.48)
2.	Defence	-	-
3.	Other Services	1106.84 (0.64)	2147.94 (1.09)
i)	Interest	12.96 (0.01)	54.19 (0.03)
ii)	Loans and Advances	1093.88 (0.64)	2093.75 (1.06)
Grand Total (A+B)		171939.84 (100.00)	197005.96 (100.00)

Figures in bracket show percentages to total.

CHAPTER VIII

NOTES ON FUNCTIONAL CATEGORIES

1. **General Government Services:** - It includes remuneration of Heads of Committees /Corporation, Executive Officer, Secretary and their supporting staff. It also covers expenditure incurred on tax on land and buildings, taxes on vehicles, animals, dogs, advertisement tax, tax on entry of goods into local areas, rents on municipal lands and buildings, the tehbazari fees, building application fees, composition for and other taxes and duties on commodities and services.
2. **Defence:** - No expenditure is incurred at local bodies level under this functional head. The activities relating to this head come under the Centre and State Governments.
3. **Education:** - This head relates to expenditure incurred on general regulation and promotion of school systems, provision, management and support to primary schools, secondary schools and colleges, technical training institutions such as craft schools, sewing schools, and balwari schools. It includes scholarships and grants to individuals for educational and training purposes. Subsidiary Services such as transportation of schools, children, school meals of other ancillary services designed to promote and facilitate school attendance are covered under this head of expenditure
4. **Medical and Public Health**
 - (a) **Medical:-** It includes establishment expenses on hospitals and dispensaries, medical and dental clinics, provision of drugs and appliances and similar field Programme, charges for lunatics antirabic treatment of paupers and outlays in respect of hospitals and dispensaries and services of individual doctors, dentists, etc.
 - (b) **Public Health:** - It includes expenditure on public health direction, municipal engineer and supporting staff, vaccination, prevention and control of malaria and other epidemic diseases, burning and burial of paupers, slaughter houses, conservancy system and prevention of food adulteration.
5. **Social Security and Welfare Services:** - It consists of expenditure on relief measures. It comprises of payment of funds in cases accident, injury, sickness and other benefits to compensate for the loss. Welfare services include expenditure on child welfare, homes for and care of disabled, contributions to family welfare agencies etc.

6. **Housing and Community Services:** - This head includes expenditure on promotion of activities and facilities in respect of housing and capital expenditure in connection with housing. It covers expenditure for provision, assistance or support of housing and slum improvement activities. It also includes, street lighting street watering and fire brigade services, construction of public toilets and urinals, rehri/rickshaw stands, municipal booths and shops, octroi barriers and payment of streets and drains, Disbursement of loans to employees such as safai sewaks and other low income category of people for purchase and construction of houses
7. **Cultural, Recreational and Religious Services:-** It includes expenditure for unkeep of facilities such as land scaping and development of parks, dak bungalow as and sarais, public libraries, play-grounds, athletic fields, swimming pools, hostels and other lodging places which are not operated on a commercial basis. Expenditure for religious purposes and contributions to religious organizations.
8. **Economic Services-**
- (a) **Agriculture, Forestry, Fishing and hunting:** - It includes expenditure incurred on plantation or road side trees, bushing and plant protection measures. Expenditure on removal of dairies, construction of dairy sheds, etc.
 - (b) **Water Supply:** - It comprises expenditure on the schemes executed by Water Supply and Sewerage Board on behalf of Municipal Committees/Corporations expenditure. It includes expenditure on wages and salaries of staff, road cutting, water rates, water and sewerage connection charges, storm water drainage, purchase of material machinery and equipments, cost of canal water, subsidy regarding water and sewerage connection charges repair of meters and consumer connections, repairs and renewals of pipes and hydrants installation of tube wells, construction of water tanks, development of slums and expenditure on collection, purification and distribution of water. Loans given to households for installation of water and sewerage connections.
 - (c) **Transport Services:** - It includes the expenditure incurred on roads and bridges.
9. **Other purposes:** - Under this head are included interest payments and repayments of loans of general character which have not been classified elsewhere.

APPENDIX

Statement showing the income and expenditure of all Municipal Committees / Corporations as given in their Budgets.

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2010-11 Accounts		2011-12 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
1	Gurdaspur	1.Gurdaspur	92380	90065	99215	77945
		2.Fatehgarh Churian	10498	10760	15061	14290
		3.Quadian	12966	12344	19143	19143
		4.Dhariwal	14182	14533	19476	18153
		5.Dera Baba Nanak	2363	2416	4612	4595
		6.Sri Hargobind pur	2266	2082	3740	3932
		7. Dina Nagar	21885	21795	27612	30110
		8. Batala	97792	95344	112041	111277
		Total	254332	249339	300900	279445
2.	Pathankot	1.Pathankot	173584	172861	195912	184633
		2.Sujanpur	34486	33197	41259	33875
		Total	208070	206058	237171	218508
3.	Amritsar	1.Amritsar Corp	1450002	1421633	1410330	1551800
		2.Ajnala	23818	23720	24535	23705
		3.Rayya	35652	24808	27388	32666
		4.Jan diala Guru	45326	41745	46270	44562
		5.Majitha	6526	6628	8120	8100
		6.Ramdas	4804	4804	4790	4381
		7.Raja Sansi	23073	22962	24340	24240
				Total	1589201	1546300
4.	Tarn Taran	1.Tarn Taran	52451	52959	65501	64014
		2.Khem Karan	3415	3280	4562	4562
		3.Patti	23067	23015	38122	38022
		Total	78933	79254	108185	106598
5.	Kapurthala	1.Kapurthala	139714	137265	146400	154641
		2.Sultanpur Lodhi	24611	21883	21344	24171
		3.Phagwara	187401	179212	190100	200567
		4.Begowal	15688	10904	12005	19250
		5.Bhulath	11957	9687	9843	14510
		6.Dhilwan	8656	7244	7223	10650
				Total	388027	366195

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2010-11 Accounts		2011-12 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
6.	Jalandhar	1.Jalandhar Corp	2081278	2177481	1925000	2296140
		2.Adampur	22383	14457	19390	19390
		3.Alawalpur	5711	5458	8135	7880
		4.Bhogpur	21697	23878	25065	20101
		5.Kartarpur	26760	23701	25102	28126
		6.Nakodar	62939	53003	68220	60406
		7.Nur Mahal	40638	30070	39646	32993
		8.Philaur	49498	48976	52500	49872
		9.Gorya	34560	34760	40320	40325
		10.Shahkot	10357	4750	17930	6353
		11.Lohian Khas	11891	9436	10517	10168
			Total	2367712	2425970	2231825
7.	Saheed Bhagat Singh Nagar	1.Nawan Shehar	73821	71679	89150	89150
		2.Banga	42032	43796	41796	50500
		3.Balachaur	23088	23751	28100	28100
		4.Rahon	15292	16647	19300	19300
		Total	154233	155873	178346	187050
8.	Hoshiarpur	1.Hoshiarpur	227960	120777	263002	146339
		2.Garhshankar	29600	29600	33682	33441
		3.Sham Chaurasi	7511	4000	6312	5356
		4.Hariana	11720	11715	12230	11518
		5.Mukerian	39262	35081	46920	46920
		6.Urmar Tanda	37583	37040	42209	39808
		7.Gardhiwala	11427	10232	14850	13850
		8.Dasuya	44071	8399	44306	9895
		9.Mahilpur	23814	23525	20184	29200
		Total	432948	280369	483695	336327
9.	Rupnagar	1.Rupnagar	65659	44935	67285	56070
		2.Anandpur Sahib	14941	15137	19338	19980
		3.Morinda	45737	39120	54605	52119
		4.Nangal	262118	232925	268890	359602
		5.Chamkaur Sahib	6800	3488	7930	7930
		Total	395255	335605	418048	495701

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2010-11 Accounts		2011-12 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
10.	S.A.S Nagar	1.S.A.S Nagar	365295	385421	410825	464735
		2.Banaur	31534	49562	41405	70714
		3.Dera Bassi	178114	49000	416183	89990
		4.Zirakpur	257163	215905	491000	511800
		5.Kharar	117250	117250	418960	247230
		6.Kurali	45329	37242	53770	41115
		7.Naya Gaon	1778	3986	13295	54342
		8.Lalru	-	-	-	-
		Total	996463	858366	1845438	1479926
11.	Ludhiana	1.Ludhiana Corp	5551215	5681806	5809800	6009800
		2.Raikot	50006	49668	38869	53331
		3.Jagraon	101199	79301	101650	74671
		4.Doraha	77457	55485	84637	81750
		5.Khanna	233232	237647	279575	276484
		6.Samrala	35790	29211	35828	28511
		7.Payal	8053	7581	7230	7472
		8.Machiwara	32594	28056	36650	39600
		9.Mullanpur Dakha	30533	29597	31850	31450
		10.Maloud	8369	8446	7586	8164
		11.Sahnewal	50808	44808	52650	42535
		Total	6179256	6251606	6486325	6653768
12.	Firozpur	1.Firozpur	99052	96479	110100	98470
		2.GuruHar Sahai	27035	27127	31680	32383
		3.Talwandi Bhai	28134	30589	42932	32878
		4.Zira	44333	39254	63500	43390
		5.Makhu	16160	20190	20000	22050
		6.Mudhki	4181	11365	8200	12414
		7.Mallan walakhas	4310	3026	4908	5677
		Total	232205	228030	281320	274262
13.	Fazilka	1.Fazilka	185492	175364	196535	194284
		2.Abohar	163294	169617	108648	145925
		3.Jalalabad	59052	58025	44754	69900
		Total	407838	403006	349937	410109

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2010-11 Accounts		2011-12 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
14.	Faridkot	1.Faridkot	82992	75174	77700	87250
		2.Kotkapura	132500	131100	124586	132600
		3.Jaitu	42938	27190	35319	30776
		Total	258430	233464	237605	250626
15.	Sri Muktsar Sahib	1.Sri Mukatsar Sahib	65212	57688	74700	78079
		2.Malout	58831	68803	70205	68366
		3.Giddarbaha	36743	37920	47612	47525
		4.Baiwala	5660	5414	10019	4745
		Total	166446	169825	202536	198715
16.	Moga	1.Moga	258840	256898	286516	328091
		2.Bagha Purana	26924	23843	23623	24403
		3.Bandhni Kalan	19391	10386	19169	11779
		4.Dharamkot	27798	20735	33063	21662
		Total	332953	311862	362371	385935
17.	Bathinda	1.Bathinda	833109	567548	1031890	934383
		2.Rampur Phul	61698	66089	69768	70344
		3.Bhucho Mandi	60082	53330	57651	64850
		4.Goniana	26000	26000	18704	32755
		5.Maur Mandi	24697	24849	47720	23706
		6.Raman Mandi	21871	21711	22282	22769
		7.Kot Fattah	3089	3750	3380	3143
		8.Sangat	3047	2542	2419	2646
		9.Talwandi Sabo	12588	12426	20525	20489
		Total	1046181	778245	1274339	1175085
18.	Mansa	1.Mansa	66804	66889	61804	67300
		2.Budhlada	20396	22405	21782	21137
		3.Baretta	20499	14190	27154	18196
		4.Sardulgarh	20530	23354	20082	41003
		5.Bhiki	14326	2636	9647	3232
		Total	142555	129474	140469	150868

Income & Expenditure

SN	Districts	Name of the MC's	2010-11 Accounts		2011-12 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
19.	Sangrur	1.Sangrur	102577	102148	167002	150018
		2.Sunam	102855	93677	148018	120190
		3.Malerkotala	150772	145365	154637	159852
		4.Lehra gaga	31568	19534	33099	28937
		5.Dhuri	57436	54714	50308	56215
		6.Ahmedgarh	66765	64497	61472	63855
		7.Bhawanigarh	25328	35545	27210	23707
		8.Longowal	9300	6873	9396	6072
		9.Dirba	19812	15003	28054	17945
		10.Khanauri	13021	18265	16426	21723
		11.Moonak	9194	12478	9742	13291
		12.Cheema	46857	26840	45896	30364
			Total	635485	594939	751260
20.	Barnala	1.Barnala	183788	182255	214262	219200
		2.Dhanaula	19156	17571	15950	15868
		3.Tapa	25025	20702	22425	23768
		4.Bhadaur	14116	14223	10079	15300
		5.Hundaya	10839	16201	7880	10876
			Total	252924	250952	270596
21.	Patiala	1.Patiala	493673	628848	562500	579408
		2.Rajpura	217256	275073	303220	278116
		3.Nabha	135362	125931	127246	118443
		4.Samana	66062	60967	78078	73396
		5.Patran	36108	35728	38994	36230
		6.Sanaur	7090	6304	15123	12900
		7.Ghanaur	5123	4952	4448	4745
		8.Ghagga	9043	6212	9203	6707
			Total	969717	1144015	1138812
22.	Fatehgarh Sahib	1.Gobindgarh	311205	202313	359934	289676
		2.Sirhind	87439	65774	84141	116541
		3.Bassi Pathana	16090	15985	12695	16154
		4.Amloh	16065	16104	15369	17311
		5.Khamano	19395	16958	18823	16386
			Total	450194	317134	490962
Punjab			17939358	17315881	19722828	19831114

TEAM OF OFFICERS / OFFICIALS ASSOCIATED WITH THE REPORT

S.N	NAME	DESIGNATION
0	1	2
1.	Smt.Kuldeep Kaur	Joint Director
2.	Smt.Chanchal Bala	Research Officer
3.	Smt. Santosh Kumari	Statistical Assistant
4.	Smt.Gursharan Kaur	Statistical Assistant
5.	Smt. Jaswinder Kaur	Steno-typist

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Chapter 1

Introduction

The budget exhibits the detailed information regarding revenue and expenditure and other financial transactions. It is framed for the judicious scrutiny and authorization of expenditure and revenue proposals in a given financial year in terms of various departments and purposes. But this document does not give clearly the economic significance of various heads of revenue and expenditure. Rather it becomes difficult to have clear pictures of capital formation, savings etc. This lacuna is removed by reclassifying and regrouping the financial transactions into meaningful economic categories.

In the democratic set-up of government, the Municipalities / Corporations also play an important role in the development of the urban areas. Under Rule II of the Municipal Accounts code, 1930, all the Municipal Committees / Corporations are required to submit their annual budgets on the G-1 Form to their respective Deputy Commissioners / Commissioners for approval. Since this is an important sector of the economy, proper analysis of its transactions is very useful. Thus, the importance of economic and functional classification of the Budgets of Municipal Committees/Corporations needs no emphasis. For the purpose of economic-functional classification the approved copies of the Budgets are procured from all the Municipalities/Corporations and compiled and classified at State level. The present economic-functional classification is based on the pattern of Economic & purpose Classification of the State Government Budget.

Principals of Economic Classification

The system of classification adopted here is based on a series of distinctions useful for analyzing their economic impact on the rest of the economy. Current transactions in goods and services are separated from transfers. The current transactions of municipal administration are distinguished from the current operations of departmental commercial undertaking as current expenditure of the former on wages and salaries and goods and services are final outlay but these of the later are intermediate expenditure such as cost of raw material, fuels etc. We may say such expenditure represents expenses of production and not expenditure on final goods and services. Purely financial transactions are again separated from transactions in goods and services and transfers.

The details of the significant economic heads are given under the following five accounts:-

- | | |
|--------------|---|
| Account I. | Transactions in Commodities and Services and Transfers:
Current Account of Municipal Committees/Corporations. |
| Account II. | Transactions in Commodities and Services and Transfers:
Current Account of Departmental Commercial Undertakings. |
| Account III | Transactions in Commodities and Services and Transfers:
Capital Account of Administration and Departmental Commercial Undertakings of Municipal Committees/Corporations. |
| Account. IV. | Changes in Financial Assets and Liabilities. Capital Account of Municipal Committees/Corporations. |
| Account. V. | Cash and Capital Reconciliation Account of Municipal Committees/Corporations. |

Main Highlights of the Findings

The role of Urban Local bodies i.e. Municipal Committees/Councils & Corporations is increasing day by day in augmentation of multifarious amenities in their command areas. Main highlights of the findings emerging from the study of economic classification of Budget of these committees/councils & Corporations are as under:

- 1) The total expenditure of these Committees/Councils and Corporations has increased from Rs.153982.01 lakhs in 2010-11 (A) to Rs.171071.06 lakhs in 2011-12 (RE) showing an increase of 11.09%.
- 2) The available figure shows that total consumption expenditure is Rs.87737.52 lakhs in 2010-11(A) which constitute 56.98% of total expenditure. Out of it, expenditure only on salaries and wages is Rs.72081.43 lakhs which is 46.81%.
- 3) Gross Capital expenditure that is expenditure on building, roads and other constructions, machinery & equipments and purchase of vehicles is Rs.68616.01 lakhs in 2010-11 (A) as against Rs.77772.64 lakhs in 2011-12 (RE) showing an increase of 13.34%. The expenditure on Gross Capital Formation (i.e. development) is 44.56% of the total expenditure in the year 2010-11 (A).
- 4) Current receipts by these Municipal Committees/Councils & Corporations are Rs.170172.12 lakhs in 2011-12 (RE) whereas these are Rs.160848.42 lakhs in 2010-11 (A) which shows increase of 5.80% over the previous year. The current receipts are Rs.160848.42 lakhs whereas the expenditure is Rs.153982.01 lakhs which shows that the expenditure is less than that of the receipt.
- 5) The tax revenue is the main source of revenue which is 123294.91 lakhs (76.65%) in 2010-11 (A) and Rs.128974.81 lakhs (75.79%) in 2011-12 (RE). Other sources of revenue include Income from property and Entrepreneurship Rs.14160.50 lakhs (8.81%), miscellaneous receipts Rs.15524.90 lakhs (9.65%) and Revenue grants & contributions Rs.7868.11 lakhs (4.89%) in the year 2010-11 (A).

**CHAPTER II
THE SET OF ACCOUNTS**

Five accounts containing the reclassified data from the Budget of Municipalities/Corporations for 2010-11(A/C) 2011-12(R/E)

ACCOUNT 1

Transaction in commodities and Services and transfers:

(Rs.in Lakhs)

Expenditure				Revenue			
SN		Accounts 2010-11	Revised Estimates 2011-12	SN		Accounts 2010-11	Revised Estimates 2011-12
0	1.	2.	3.	4	5.	6.	7.
1.	Consumption Expenditure (1.1+1.2)	87737.52	101396.78	1.	Tax Revenue	123294.91	128974.81
1.1	Wages and Salaries	72081.43	84810.42	1.1	Direct Taxes (a+b+c)	15965.39	17930.16
1.2	Net purchase of commodities & services including RM (a (-) b)	15656.09	16586.36	(a)	Profession and trade Tax	0.09	0.06
(a)	Purchases of commodities & Services	26587.81	28008.93	(b)	Servant Tax	-	-
(b)	Less sale of commodities and services	10931.72	11422.57	(c)	Taxes on Houses and Lands	15965.30	17930.10
2.	Transfer Payments (2.1+2.2+2.3)	2178.13	3002.88	1.2	Indirect Taxes (a to m)	107329.52	111044.65
2.1	Interest	12.96	54.19	(a)	Vat	74397.61	85035.39
2.2	Grants	2032.80	2713.69	(b)	Octroi	19398.64	18774.52
2.3	Other current transfers	132.37	235.00	(c)	Excise Duty	11507.57	5274.60
				(d)	Taxes on Vehicles	142.92	153.75
				(e)	Taxes on Animals (Including registration of dogs)	18.12	27.19
				(f)	Fees for Vehicles licenses	473.07	568.74
				(g)	License fee for job porters	3.82	3.19
				(h)	Dangerous and offensive trade License fee	73.83	76.92
				(i)	Tolls on vehicles and animals	46.99	38.64
				(j)	Local rates	43.82	47.36
				(k)	Fees for letting of Fire-works	-	-
				(l)	Miscellaneous-other Taxes and duties	9.41	9.24
				(m)	Advertisement Tax	1213.72	1035.11
Total (1+2)		89915.65	104399.66	Total (of Sr. No. 1 or 1.1+1.2)		123294.91	128974.81

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**CHAPTER II
THE SET OF ACCOUNTS**

Five accounts containing the reclassified data from the Budget of Municipalities/Corporations for 2010-11 (A/C) 2011-12 (R/E)

ACCOUNT 1

Transaction in Commodities & Services and Transfers

(Rs.in Lakhs)

Expenditure				Revenue			
SN		Accounts 2010-11	Revised Estimates 2011-12	SN		Accounts 2010-11	Revised Estimates 2011-12
	Total from previous page	89915.65	104399.66		Total from previous page	123294.91	128974.81
3.	Savings on current account	70932.77	65772.46	2.	Income from property and Entrepreneurship	14160.50	17231.41
				2.1	Profit transferred by Departmental commercial Undertakings	-	-
				2.2	Income on investment	4.30	2.85
				2.3	Interest receipts	676.25	336.49
				2.4	Income from Municipal Properties (rents on land buildings)	13479.95	16892.07
				3.	Miscellaneous Receipts	15524.90	21065.17
				4.	Revenue grants and contributions	7868.11	2900.73
Total (1+2+3)		160848.42	170172.12	Total (Sr.No.1+2+3+4)		160848.42	170172.12

ACCOUNT II
Current account of Departmental Commercial Undertakings of Municipal Committees / Corporations
Transaction in commodities and Services and Transfers

(Rs.in '000)

Expenditure				Revenue			
SN		2010-11 Accounts	2011-12 Revised Estimates	SN		2010-11 Accounts	2011-12 Revised Estimates
1.	2.	3.	4.	5.	6.	7.	8.
1.	Wages & Salaries	-	-	1.	Gross Sale Proceeds	-	-
2.	Commodities and services	-	-	(a)	Electricity Department of Amritsar	-	-
3.	Repairs & Maintenance	-	-		Municipal Corporation	-	-
i)	Wages & Salaries	-	-	(b)	Transport	-	-
ii)	Commodities and services	-	-	(c)	Water Supply	-	-
4.	Interest	-	-			-	-
5.	Provision for depreciation	-	-			-	-
6.	Profit transferred to current account	-	-			-	-
Total		-	-	Total		-	-

There is no Departmental commercial undertaking in Punjab under Municipal Corporations and Councils.

ACCOUNT III
Capital Account of Administration and Departmental Commercial Undertakings of
Municipal Committees/ Corporations
Transaction in commodities and Services and Transfers

(Rs. In Lakhs)

Expenditure				Revenue			
SN		Accounts 2010-11	Revised Estimates 2011-12	SN		Accounts 2010-11	Revised Estimates 2011-12
1	2.	3.	4.	3.	4.	5.	6.
1.	Gross capital formation (A+B)	68616.01	77772.64	1.	Gross savings	70932.77	65772.46
(A)	General Departments (1.1+1.2)	69014.30	78029.55	1.1	Savings on current Account of Municipal Committees/Corporations	70932.77	65772.46
1.1	Buildings and other construction	67491.74	77093.02	1.2	Provisions for depreciation of D.C.U.'s.	-	-
(a)	New Outlay	67226.64	76845.67	2.	Capital transfer (Capital Grants, contributions and recoveries)	74.94	599.90
(b)	Renewals and replacement	265.10	247.35	3.	Balance: Deficit on all transactions on commodities and services and transfers	(-)2391.70	11400.28
1.2	Machinery and equipments	1522.56	936.53				
(a)	New Outlay	1522.56	936.53				
(b)	Renewals and replacement	-	-				
(B)	Commercial Undertakings (Total 1.3+1.4+1.5)	(-)398.29	(-)256.91				
1.3	Buildings and other Constructions	-	-				
(a)	New Outlay	-	-				
(b)	Renewals and replacements	-	-				
1.4	Machinery & Equipments	-	-				
(a)	New Outlay	-	-				
(b)	Renewals and replacements	-	-				
1.5	Net increase in Inventories	(-)398.29	(-)256.91				
(a)	Gross Expenditure in inventories	460.26	459.97				
(b)	Gross income from inventories	61.97	203.06				
2.	Capital Transfers	-	-				
Total (A+B)		68616.01	77772.64	Total (1+2+3)		68616.01	77772.64

ACCOUNT IV
Changes in financial assets and Liabilities Capital Account of Municipal Committees / Corporations.
Asset Liabilities of Capital Outgoing & Incoming (Rs. In Lakhs)

Outgoings				Incomings			
SN		Accounts 2010-11	Revised Estimates 2011-12	SN		Accounts 2010-11	Revised Estimates 2011-12
1.	2.	3.	4.	5.	6.	7.	8.
1.	Loans and Advances(a+b)	2836.88	3729.39	1.	Loans	7386.53	14830.63
(a)	For Capital formation	2553.19	3356.45	2.	Net Increase Financial Assets and Liabilities	(-)4549.65	(-)11101.24
(b)	For Current consumption	283.69	372.94				
2.	Unearmarked Investment	-	-				
3.	Investment in securities	-	-				
Total (Sr.No.1+2+3)		2836.88	3729.39	Total (Sr.No.1+2)		2836.88	3729.39

ACCOUNT V

Cash and Capital Reconciliation Accounts of Municipal Committees / Corporations Cash & Capital Reconciliation of Accounts

(Rs. In Lakhs)

Outgoings				Incomings			
SN		Accounts 2010-11	Revised Estimates 2011-12	SN		Accounts 2010-11	Revised Estimates 2011-12
1.	2.	3.	4.	5.	6.	7.	8.
1.	Deficit/ Surplus on all Transactions on commodities and Services and Transfers (Balancing item of account – III)	(-)2391.70	11400.28	1.	Decrease in cash Balances	(-)6941.35	299.04
2.	Net increase in financial Assets and Liabilities (Balancing item of Account IV)	(-)4549.65	(-)11101.24				
Total (1+2)		(-)6941.35	299.04	Total		(-)6941.35	299.04

CHAPTER – III

Major Findings

The main findings emerging from the economic classification of Municipal Budgets are discussed below:-

Total Expenditure- The total expenditure of 132 Municipal Committees/Councils and 7 Corporation in Punjab was Rs.171071.06 Lakhs during 2011-12 (RE) as compared to Rs.153982.01 Lakhs during the years 2010-11 (A) registering an increase of 11.09 percent. The Municipal Committees/Corporation incurred expenditure mainly on wages and salaries of Municipal staff, construction of roads, pavements and maintenance of streets and drainage works. The allocation by types of expenditure is given in Table No.-I

Table No.1 Total Expenditure (Rs. In Lakhs)

Expenditure			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	Final Outlays (a+b)	156353.53 (101.54)%	179169.42 (104.73)%
	(a) Consumption expenditure of Municipal Committees/ Corporations(Vide Account I)	87737.52 (56.98)%	101396.78 (59.27)%
	(b) Gross capital formation (Vide Account III)	68616.01 (44.56)%	77772.64 (45.46)%
2.	Transfer payments to the rest of the economy (Total a+b)	2178.13	3002.88
	(a) Current transfer (Vide Account No. I)	2178.13	3002.88
	(b) Capital transfer (Vide Account No. III)	-	-
3.	Financial investment and Loans to the rest of the Economy (Net) (Vide Account IV)	(-)4549.65	(-)11101.24
Total Expenditure (1+2+3)		153982.01	171071.06

Note:-132 Municipal Committees and 7 corporations in Punjab are taken in this analysis.

Final outlays:

The Final outlays represent the direct demand for consumption expenditure, capital formation etc of the Municipal Committees / Corporations. Final outlays constitute the major expenditure Rs.179169.42 lakhs i.e.104.73 percent in 2011-12(RE) as against Rs.156353.53 lakhs i.e. 101.54 percent in 2010-11(A) of the total expenditure. Rs. 101396.78 lakhs 59.27 percent)constituted consumption expenditure during the year 2011-12(RE) as against Rs87737.52 lakhs (56.98 percent) during 2010-11(A) of the final outlay.

Transfer payments, financial investments and loans (net)

The transfer payments, loans and advances to the rest of the economy were proposed Rs.(-)8098.36 lakhs for the year 2011-12(RE).The corresponding figures for the year 2010-11 (A) is Rs.(-)2371.52 lakhs.

Gross capital Formation-:

Gross capital Formation the final outlay, the consolidated revised estimates of the Municipal Committees/Corporations in Punjab proposed the gross Capital Formation as 45.46 percent (Rs.77772.64 Lakhs) during 2011-12 (RE) as compared to 44.56 percent (Rs.68616.01 Lakhs) during 2010-11 (A)

Table No.2 Total Financial Assistance for Capital Formation
(Rs.in Lakhs)

Financial Assistance			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1	Investment in securities (Vide Account IV)	-	-
2.	Loans and capital formation (vide Account IV)	2836.88	3729.39
3.	Unearmarked Investment (Vide Account IV)	-	-
Total Financial Assistance for Capital Formation (1+2+3)		2836.88	3729.39

Capital Formation out of Budgetary Resources: -

Total capital formation out of the budgetary resources was 95.71 percent undertaken by the Municipal Committees/Corporations directly during 2011-12(RE) whereas the corresponding contribution to the total capital formation was 96.39 percent in 2010-11(A) respectively

**Table No.3 Gross Capital formation out of the budgetary resources of
Municipal Committees / Corporations**
(Rs.in Lakhs)

Gross Capital Formation			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	Gross Capital Formation by Municipal Committees / Corporations (A/c III)	68616.01 (96.39)%	77772.64 (95.71)%
2.	Renewals and replacements (A/C-III)	265.10	247.35
3.	Net Capital formation by Municipal Committees / Corporations(1-2)	68350.91	77525.29
4.	Financial Assistance for capital formation to the rest of the economy (A/C-IV)	2836.88	3729.39
Total capital formation (Net) of the Budgetary Resources of Municipal Committees / Corporations(3+4)		71187.79	81254.68

The above table depicts that total outlay provided for capital formation by Municipal Committees/Councils/Corporations out of their budgetary resources was Rs.81254.65 lakhs in 2011-12(RE), Rs.71187.79 lakhs in 2010-11(A), showing an increase of 14.14 percent in 2011-12(RE), over 2010-11(A). The percentage of total outlay for Capital Formation to the total expenditure during the years 2011-12(RE) and 2010-11(A) was 47.50 % and 46.23 % respectively.

Table No.4 Current Receipts of Municipal Committees / Corporations**(Rs. In Lakhs)**

Receipts			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	Tax Revenue (A/C-I)	123294.91 (76.65)%	128974.81 (75.79)%
2.	Income from property and Entrepreneurship (A/C-I)	14160.50 (8.81)%	17231.41 (10.13)%
3.	Miscellaneous Receipts (A/C-I)	15524.90 (9.65)%	21065.17 (12.38)%
4.	Revenue grants and contributions (A/C-I)	7868.11 (4.89)%	2900.73 (1.70)%
Total (1+2+3+4)		160848.42 (100.00)%	170172.12 (100.00)%

Current Receipts: - The total current revenue of Municipal Committees/Corporations in Punjab was Rs.170172.12 Lakhs in 2011-12 (RE) as against Rs.160848.42 lakhs in 2010-11 (A). The revenue increase has been worked out to 5.80 percent during 2011-12 (RE) over 2010-11 (A). Out of the total revenue of Rs.170172.12 lakhs in 2011-12 (RE) Rs.128974.81 lakhs (75.79%) was from tax revenue. The corresponding percentage for 2010-11 (A) was (76.65%).

Table No.5 Current outgoings of Municipal Committees / Corporations

(Rs.in Lakhs)

Out goings			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	Consumption expenditure (Vide Item I, Account I)	87737.52 (97.58)%	101396.78 (97.12)%
2.	Transfer payments (Vide Item II, Account I)	2178.13 (2.42)%	3002.88 (2.88)%
Total (1+2)		89915.65 (100.00)%	104399.66 (100.00)%

Current Outgoing: - The current outgoings which consist of consumption expenditure and transfer payments were Rs.104399.66 lakhs during 2011-12 (RE) and Rs.89915.65 lakhs during 2010-11 (A). This shows an increase of 16.11 percent during 2011-12 (RE) over 2010-11 (A). Consumption expenditure constitute the major portion of the current outgoings. Its contribution to total current outgoing were 97.58 percent and 97.12 percent respectively during the above periods whereas the contribution of Transfer payment to total current outgoings during the above periods were only 2.42 percent and 2.88 percent respectively.

Table No.6 Gross Net savings of the Municipal Committees / Corporations**(Rs. In Lakhs)**

Gross Net Savings			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	<u>Gross Savings:-</u>		
(a)	Savings of Municipal Administration (Vide Item No. 3 in Account I)	70932.77	65772.46
(b)	Depreciation provision of Departmental Commercial Undertakings (Vide Item No. 5 in Account II)	-	-
(c)	Expenditure on Renewals and Replacement (Vide Item No. 1.1 (b) & 1.3 (b) in Account III)	265.10	247.35
	Net Savings (a+b-c)	70667.67	65525.11

Gross and Net Savings:- Gross savings comprises of savings of Municipal Administration i.e. the surplus of Municipal Current receipts over Municipal current expenditure and depreciation provisions of Departmental Commercial undertakings of Municipal Committees / Corporations. Net savings are equal to gross savings less expenditure on renewals and replacements.

Income Deficit/Surplus.

The income deficit/surplus of the 131 Municipal Committees and 7 Corporations in the State as measured by the excess of net investment over net savings is given as in Table No. 7.

Table No.7 Income deficit/surplus of all the Municipal Committees/Corporations

(Rs. In Lakhs)

Income Deficit			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	Investment by Municipal Committees / Corporations (Net) (Table 3)	68350.91	77525.29
2.	Savings by Municipal Committees/ Corporations (Net)(A/C-I)	70932.77	65772.46
Income deficit/surplus of Municipal Committees/Corporations (2-1)		2581.86	(-)11752.83

Other Deficit/Surplus

The deficit/ surplus in income account as indicated above is a measure of the gap to be filled up by Municipal Committees/Corporations net borrowings. Another measure of deficit/surplus is provided by the sum of balancing items in Account III and Account IV. This deficit/surplus which denotes total requirements of finance for the Municipal Committees/Corporations is shown in table given below.

Table No. 7(a) Income deficit/surplus of all the Municipal Committees/Corporation.

(Rs. In Lakhs)

Income Deficit			
S.N	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1	Deficit in all transactions on commodities and Services and transfers (Vide in Account III)	(-)2391.70	11400.28
2	Net increase in financial Assets (Vide in Account IV)	(-)4549.65	(-)11101.24
Deficit Denoting total Requirements of finance (1+2)		(-)6941.35	299.04

Table No. 8 Total income generation by the Municipal Committees / Corporations

(Rs. In Lakhs)

Income Generation			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1	Wages and Salaries (Vide Account I, Item 1.1)	72081.43	84810.42
2	Net output of Departmental commercial undertakings	-	-
3	Wages and salaries components of Municipal Committees / Corporations outlay on buildings and constructions	22474.75	25671.98
Total (1+2+3)		94556.18	11048.24

Contribution to income generation by the Municipal Committees / Corporations:-

The budgetary operations of all the Municipal Committees / Corporations during the year 2011-12 (RE) are expected to generate a total income of Rs. 11048.24 lakhs. During 2010-11 (A) such income generated works out to Rs. 94556.18 Lakhs.

Table No.9 Economic classification – Percentage distribution of expenditure

Economic Classification			
SN	Heads	Accounts 2010-11	Revised Estimates 2011-12
0	1	3	4
1.	Consumption expenditure	97450.27 (56.68)	111784.17 (56.74)
2	Grants	-	-
3	Interest	12.96 (0.01)	54.19 (0.03)
4	Subsidy	-	-
5	Other current transfer payments	132.37 (0.07)	235.00 (0.12)
	Total current expenditure (1 to 5)	97595.60 (56.76)	112073.36 (56.89)
6	Gross capital formation	69474.56 (40.41)	78489.52 (39.84)
	i) Buildings and other construction	67226.64 (39.10)	76845.67 (39.01)
	ii) Machinery and equipments	1522.56 (0.89)	936.53 (0.48)
	iii) Increase in inventories	460.26 (0.27)	459.97 (0.23)
	iv) Renewals and replacements	265.10 (0.15)	247.35 (0.12)
7	Capital transfers	-	-
8	Unearmarked investment /Grants	2032.80 (1.18)	2713.69 (1.38)
9	Loans and Advances	2836.88 (1.65)	3729.39 (1.89)
	Total capital expenditure (6 to 9)	74344.24 (43.24)	84932.60 (43.11)
	Grand Total (Current & Capital Expenditure	171939.84 (100.00)	197005.96 (100.00)

Note:- Figures in Brackets shows the percentage of respective column.

CHAPTER IV
Reconciliation

In this chapter an attempt has been made to reconcile the figures relating to the total revenue and expenditure of Municipal Committees / Corporations budget with the total revenue and expenditure as worked out by the economic classification scheme. The various adjustments in the economic classification to arrive at the figures given in the Municipal budget for the year under review are spelt on in detail in the statement given below:-

(Rs. In Lakhs)

Revenue			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1	Total Revenue as shown in the Municipal Budgets	179303.58	197228.28
	<i>Less-</i>		
2	Sale of commodities and services treated as deduction of consumption expenditure	1218.97	1035.18
3	Inventories as treated income in the Municipal budgets	61.97	203.06
4	Capital transfers (Capital grants and contributions and recoveries).	74.94	599.90
5	Sale-Proceeds of Water Supply	9712.75	10387.39
6	Loans (incomings)	7386.53	14830.63
	<i>Add-</i>		
7	Profit of departmental commercial undertakings	-	-
8	Total adjustments	18455.16	27056.16
	Total revenue as shown in economic classification (1-8)	160848.42	170172.12

(Rs. In Lakhs)

Expenditure			
SN	Items	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1	Total Expenditure as shown in the Municipal Budgets	173158.81	198041.14
	<i>Less-</i>		
2	Sale of commodities and services, treated as deduction of consumption expenditure	10931.72	11422.57
3	Gross increase in inventories	460.26	459.97
4	Current expenditure of departmental commercial undertakings	-	-
5	Loans (incomings)	7386.53	14830.63
	<i>Add-</i>		
6	Net increase in inventories	(-)398.29	(-)256.91
7	Total adjustments	19176.80	26970.08
	Total expenditure as shown in the economic classification.	153982.01	171071.06

CHAPTER V

Notes on the Accounts, their Derivation and Rationale Account I. Transactions in Commodities and Services and Transfers:

Current Account of Municipal Committees/Corporations in the State:

Account -1

This account deals with the current revenue and expenditure of all the Municipal Committees/Corporations in the State. All departments other than those listed under Account II in the chapter are considered as administrative for the purpose of this classification. The current expenditure of administrative departments consists of the final outlay, of Municipal Committees/Corporations on current account which represents consumption. The final outlays are made up of purchases of commodities and services and wages and salaries payments. Besides final outlays, Municipal Committees/Corporations make transfer payments, i.e. grants scholarships, prizes etc. to the rest of the economy which indirectly add, to the disposable income of the community. To meet the current expenditure, Municipal Committees/Corporations appropriate a part of the income of the community through a variety of taxes, miscellaneous receipts accruing during the course of administration. In addition, Municipal Committees/Corporations have an investment income from property and entrepreneurship. The Municipal Committees/Corporations also receive revenue grants, contributions and recoveries from the State Government and others. The excess of the current receipts over current expenditure denote the savings of the Municipal Committees/Corporations available for capital formation. Some of the items included in this Account are explained as below:-

Expenditure:-

Item 1.1 Wages and Salaries: - This item includes pay of the establishments (other than traveling and daily allowances), other allowances and honorarium and 50 per cent to the expenditure incurred on unclassified miscellaneous heads. Wages and Salaries also include contributions to provident funds.

Item 1.2 Commodities and Services:- This item includes all expenditure under contingency, office supplies, fuel and light, expenditure on repairs and maintenance, printing, traveling and daily allowances, telephone and telegraph charges, taxes and rent of hired buildings and machinery and equipment, 50 per cent lump-sum miscellaneous unclassified, charges and other items for current operation.

Item No.2 Transfer Payments: - Transfer payments include grants, scholarships, stipends, prizes and awards, etc.

Item No.3 Savings on current account: The balancing item on the current account of the Municipal Committees/Corporations represents the savings of this sector, i.e. surplus of current receipts over current expenditure.

Revenue:

Item No. 1 Tax Revenue: Tax revenue is classified into direct and indirect taxes. Direct taxes are levied by public authorities at regular intervals on income from employment, property, capital, gains,

etc. and on financial assets and the net or total worth of enterprises non-profit institutions or households. Taxes falling under this category of Municipal Committees/Corporations are profession and trade tax, servant taxes on house and lands, taxes on goods and services that the chargeable to business expenses and taxes on the possession or use of goods and services by households are treated as indirect taxes. The main categories in the Municipal Committees/Corporations Budgets are octroi, terminal tax, taxes on vehicles and animals, fees for vehicle licenses, dangerous and offensive trade license fees, licence fees for job porters, tolls on vehicles and animals, local rates, advertisement tax, miscellaneous other taxes and duties.

Item No.2 Income from property and entrepreneurship: - This records the income receivable by the Municipal Committees/Corporations from departmental Commercial Undertakings as well as the net rent, interest and dividend accruing to them from the ownership of building or financial assets.

Item No.3 Miscellaneous Receipts: - This item includes fines and penalties, births and deaths registration fees, copying fees etc.

Item No.4 Revenue Grants, Contributions and Recoveries: - These are current receipts accruing from the State Government and various Committees and Boards.

Account - II

Transactions in Commodities and Services and Transfers: Current Account of Departmental Commercial Undertakings.

The Departmental Commercial Undertakings, briefly be defined agencies producing goods and services that are not provided free of charge. The essential characteristics distinguishing these departments from other administrative departments are that they charge for what they provide according to use and are thus able to meet a part or most of their costs from their sale proceeds. In this study electricity, transport and water supply have been classified as Departmental Commercial Undertakings.

The expenditure side of the Departmental Commercial Undertakings spells out the current expenditure into wages and salaries, commodities and services, repairs and maintenance, interest, provision for depreciation and profit which is transferred to Administrative Departments. Repairs and maintenance expenditure is shown separately because of the importance of such expenditure of the efficient working of commercial enterprises. This expenditure is further divided equally between wages and salaries and commodities and services since the required details are not available in budgets of the Municipal Committees/Corporations. On the revenue side the gross sale proceeds are given.

Account - III

Transactions in Commodities and Services and Transfers:-Capital Account of Administration and Departmental Commercial Undertakings of Municipal Committees/Corporations.

This Account is concerned with the total capital outlay representing physical assets and formation by the Administrative Departments and Commercial Undertakings of the Municipal

Committee/Corporations. The savings transferred from Account I and capital grants received by the Municipal Committees/Corporations constituted the source of finance for all expenditure recorded in this Account.

The difference between savings and capital formation is often used in economic analysis as a measure of budgetary deficit. The deficit which is shown as balancing item in Account III along-with net increase in financial assets and liabilities in Account IV gives the total requirements of finances of the Municipal Committees/Corporations. Gross fixed capital formation classified into buildings and other constructions and machinery and equipments as given below of Administrative Departments of Departmental Commercial Undertaking.

Item 1.1 Buildings and Other Constructions: - This item includes all expenditure on works of buildings and reservoirs, constructions of roads and payments of streets.

Item 1.2 (a) Machinery and equipments: Machinery and equipments includes expenditure incurred on the purchase of tools and plants by the Municipal Committees/Corporations of the State.

1.2 (b) Renewals and replacements: - Expenditure on repairs and renewals on water supply works has been divided into renewals and repairs on 50:50 basis.

Item 1.5 Increase in Inventories: - This item represents increase or decrease in work stores and stock of goods, etc. Suspense Account is included under the head 'Work Stores'.

Revenue:-

Receipt on capital Account: - Receipts available for capital formation consists of gross savings on Current Account brought over from accounts I and II, capital grants, contributions and recoveries from the State Government and other institutions.

Account - IV

Changes in financial assets and Liabilities:- Capital Account of Municipal Committees/Corporations in the State.

This Account which shows the changes in the financial assets and liabilities of the Municipal Committees/Corporations in the State is converted with transactions in financial investments and repayment of loans and advances. The balancing items of this Account representing net financial assets and liabilities when added to the deficit in Account III which gives the total requirements of finance of the Municipal Committees/Corporations for fixed assets formation and for the accumulation of financial claims against the rest of the economy.

Account - V

Cash and capital reconciliation account of Municipal Committees/Corporations in the State.

This account sums up the net position in respect of Accounts III and IV showing the effect of all transactions of the Municipal Committees/Corporations in the State, on its cash position. As stated earlier, Account III gives the net position in respect of all transactions in commodities and services and transfers while account IV bring out the net position in respect of financial assets and liabilities.

Functional Classification

CHAPTER VI PRINCIPLES OF FUNCTIONAL CLASSIFICATION

Economic classification groups the primary items of expenditure by their economic character while functional classification groups them according to the particular purpose they serve. It is designed to show how expenditure is divided into different types of service provided. It gives information about public expenditure devoted to a particular service or group of services, say education, health or housing and community, services etc.

The functional classification excludes current expenditure on goods and services of Departmental Commercial Undertakings. These enterprises produce goods and services that are sold largely outside the public sector. Their current expenditure on goods and services is an intermediate expenditure which represents cost of production and net expenditure on final goods and services. It may also be noted that the functional classification is not applied to receipts except to those which may be considered as offsets to expenditure on goods and services included in this type of classification such as proceed from sale of goods and services.

All items of expenditure have been grouped under different broad functional categories. The U.N reports i.e., a Manual for Economic and functional Classification of Government Transactions, 1958 and a System of National Accounts, 1968 serve as guidelines.

The list of major and minor purpose categories as under:-

1. General public services.
 - 1.1 General administration, external affairs, public order and safety.
 - 1.2 General research.
2. Defence
3. Education
 - 3.1 Administration, regulation and research.
 - 3.2 Schools, universities and institutions including subsidiary services.
4. Health.
 - 4.1 Administration, regulation and research.
 - 4.2 Hospitals, clinics and other Health Services.
- 5 Social security and welfare services.
- 6 Housing and other Community amenities.
7. Cultural, Recreational and Religious services.
- 8 Economic Services.
 - 8.1 General Administration Regulation and Research.
 - 8.2 Agricultural Forestry, Fishing and Hunting.
 - 8.3 Mining, Manufacturing and Construction.
 - 8.4 Electricity, Gas, Steam and water.
 - 8.5 Water Supply.
 - 8.6 Transport and Communication.
 - 8.7 Other Economic Services.
- 9 Other Services.
 - 9.1 Relief Operation.
 - 9.2 Interest (other misc. services)
 - 9.3 Public Debt.

Economic and Functional Classification have been combined into a single two way cross classification by significant economic and functional categories. It relates to budgetary expenditure for the year 2010-11 (A) 2011-12 (RE). The Table 6.1 splits up horizontally, the expenditure on each service for the years under review into significant economic categories. The broad division of economic classification is current and capital expenditure while that of functional classification are general government services, defence, education medical and public health, social security welfare services, housing and community amenities, cultural, recreational and religious services, economic services and other purposes. From this, it is very easy to see the nature of expenditure on each group of services. For example, it can be seen how much is spent on goods and services of a gross capital formation for promoting education health, water supply etc. Table 7.1 depicts the percentage distribution of the total expenditure among the functional categories. These figures when presented for number of years would be useful in studying trends in the expenditure.

Table 6.1- Economic and Functional Classification of Municipal Budgets-2010-11 (A)

(Rs. In Lakhs)

(Current Expenditure)									
SN	Economic classification/ Functional classification	Wages and Salaries	Purchase of goods and services	Consumption expenditure (2+3)	Less Outside sales	Net consumption expenditure (4-5)	Interest	Other current transfers	Total current expenditure (6+7+8)
0	1	2	3	4	5	6	7	8	9
1	General Government Services	21437.95	5233.01	26670.96	1218.97	25451.99		37.22	25489.21
2	Defence	-	-	-	-	-	-	-	-
3	Education	9.22	0.48	9.70	-	9.70	-	-	9.70
4	Medical and public health	24448.85	1074.48	25523.33	-	25523.33	-	-	25523.33
5	Social security and welfare services	-	-	-	-	-	-	-	-
6	Housing and community services	12665.21	15479.54	28144.75	-	28144.75	-	95.15	28239.90
7	Cultural recreational and religious services	1276.06	119.70	1395.76	-	1395.76	-	-	1395.76
8	Economic services	12244.14	4680.60	16924.74	-	16924.74	-	-	16924.74
i)	Agricultural, Forestry, Fishing and hunting.	1518.34	0.16	1518.50	-	1518.50	-	-	1518.50
ii)	Water supply	10725.80	4680.44	15406.24	-	15406.24	-	-	15406.24
iii)	Transport services	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
9	Other purposes	-	-	-	-	-	12.96	-	12.96
i)	Interest	-	-	-	-	-	12.96	-	12.96
ii)	Loans and advances	-	-	-	-	-	-	-	-
Grand total		72081.43	26587.81	98669.24	1218.97	97450.27	12.96	132.37	97595.60

Table 6.1 Contd-Economic and Functional Classification of Municipal Budgets-2010-11 (A)

(Rs. In Lakhs)

(Capital Expenditure)									
SN	Building and other Construction	Machinery and equipment	Net increase in stocks	Renewals and replacements	Loans-Advances		Grants	Total capital expenditure	Grand Total 9+17
					For Capital Formation	For Current Consumption			
0	10	11	12	13	14	15	16	17	18
1	3330.26	-	-	-	-	-	27.29	3357.55	28846.76
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	9.70
4	1199.62	-	-	-	-	-	-	1199.62	26722.95
5	-	-	-	-	-	-	-	-	-
6	42364.21	1522.56	460.26	-	164.26	-	37.64	44548.93	72788.83
7	1242.33	-	-	-	-	-	-	1242.33	2638.09
8	19090.22	-	-	265.10	1578.74	-	1967.87	22901.93	39826.67
i)	-	-	-	-	-	-	-	-	1518.50
ii)	19090.22	-	-	265.10	1578.74	-	1967.87	22901.93	38308.17
iii)	-	-	-	-	-	-	-	-	-
iv)	-	-	-	-	-	-	-	-	-
9	-	-	-	-	1093.88	-	-	1093.88	1106.84
i)	-	-	-	-	-	-	-	-	12.96
ii)	-	-	-	-	1093.88	-	-	1093.88	1093.88
	67226.64	1522.56	460.26	265.10	2836.88	-	2032.80	74344.24	171939.84

Table 6.2- Economic and Functional Classification of Municipal Budgets-2011-12 (RE)

(Rs. In Lakhs)

(Current Expenditure)									
SN	Economic classification Functional classification	Wages and Salaries	Purchase of goods and services	Consumption expenditure (2+3)	Less Outside sales	Net consumption expenditure (4-5)	Interest	Other current transfers	Total current expenditure (6+7+8)
0	1	2	3	4	5	6	7	8	9
1	General Government Services	26145.92	6455.72	32601.64	1035.18	31566.46	-	145.03	31711.49
2	Defence	-	-	-	-	-	-	-	-
3	Education	13.00	0.74	13.74	-	13.74	-	-	13.74
4	Medical and public health	29045.78	680.84	29726.62	-	29726.62	-	-	29726.62
5	Social security and welfare services	-	-	-	-	-	-	-	-
6	Housing and community services	14271.42	16496.46	30767.88	-	30767.88	-	89.97	30857.85
7	Cultural recreational and religious services	1427.12	137.34	1564.46	-	1564.46	-	-	1564.46
8	Economic services	13907.18	4237.83	18145.01	-	18145.01	-	-	18145.01
i)	Agricultural, Forestry, Fishing and hunting.	1720.98	8.00	1728.98	-	1728.98	-	-	1728.98
ii)	Water supply	12186.20	4229.83	16416.03	-	16416.03	-	-	16416.03
iii)	Transport services	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
9	Other purposes	-	-	-	-	-	54.19	-	54.19
i)	Interest	-	-	-	-	-	54.19	-	54.19
ii)	Loans and advances	-	-	-	-	-	-	-	-
Grand total		84810.42	28008.93	112819.35	1035.18	111784.17	54.19	235.00	112073.36

Table 6.2 Contd. Economic and Functional Classification of Municipal Budgets-2011-12 (RE)

(Rs. In Lakhs)

(Capital Expenditure)									
SN	Building and other construction	Machinery and equipment	Net increase in stocks	Renewals and replacements	Loans & Advances		Grants	Total Capital expenditure	Grand Total 9+17
					For Capital Formation	For Current consumption			
0	10	11	12	13	14	15	16	17	18
1	4068.91	-	-	-	-	-	631.77	4700.68	36412.17
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	13.74
4	1698.27	-	-	-	-	-	-	1698.27	31424.89
5	-	-	-	-	-	-	-	-	-
6	47612.74	936.53	459.97	-	202.00	-	1604.92	50816.16	81674.01
7	1430.01	-	-	-	-	-	-	1430.01	2994.47
8	22035.74	-	-	247.35	1433.64	-	477.00	24193.73	42338.74
i)	-	-	-	-	-	-	-	-	1728.98
ii)	22035.74	-	-	247.35	1433.64	-	477.00	24193.73	40609.76
iii)	-	-	-	-	-	-	-	-	-
iv)	-	-	-	-	-	-	-	-	-
9	-	-	-	-	2093.75	-	-	2093.75	2147.94
i)	-	-	-	-	-	-	-	-	54.19
ii)	-	-	-	-	2093.75	-	-	2093.75	2093.75
	76845.67	936.53	459.97	247.35	3729.39	-	2713.69	84932.60	197005.96

CHAPTER VII
DETAILED FUNCTIONAL CLASSIFICATION SCHEME

This chapter presents a detailed scheme for the functional classification of the Municipal Committees / Corporations budgetary expenditure. The principles of the scheme have already been discussed in the previous chapter.

The detailed scheme which is presented in the following pages is put forward as an illustration of the classification of Municipal Committees / Corporations expenditure by purpose. It can be further expanded by introducing more Programme/activities under the main category of expenditure.

Table 7.1 presents the functional classification of Municipal Committees / Corporations budgetary expenditure with percentage distribution for the years 2010-11 (Accounts) and 2011-12 (Revised Estimates).

**Table No. 7.1 Functional classification of Municipal Committees/
Corporations Budgetary Expenditure and their percentages.**

(Rs.in Lakhs)

Functional Classification			
SN	Heads/ Sub Heads	Accounts 2010-11	Revised Estimates 2011-12
0	1	2	3
1.	General Government Services	28846.76 (16.78)	36412.17 (18.48)
2	Defence	-	-
3.	Education	9.70 (0.01)	13.74 (0.01)
4.	Medical and public health	26722.95 (15.54)	31424.89 (15.95)
5.	Social security and welfare services	-	-
6.	Housing and community services	72788.83 (42.33)	81674.01 (41.46)
7.	Cultural recreational and religious services	2638.09 (1.53)	2994.47 (1.52)
8.	Economic services	39826.67 (23.16)	42338.74 (21.49)
i)	Agricultural, Forestry, Fishing and hunting.	1518.50 (0.88)	1728.98 (0.88)
ii)	Water supply	38308.17 (22.28)	40609.76 (20.61)
iii)	Transport services	-	-
iv)	Electricity Services	-	-
9.	Other Services	1106.84 (0.65)	2147.94 (1.09)
i)	Interest	12.96 (0.01)	54.19 (0.03)
ii)	Loans and advances	1093.88 (0.64)	2093.75 (1.06)
	Total	171939.84 (100.00)	197005.96 (100.00)

Figures in bracket show percentages to total.

Table 7.2 gives information regarding expenditure and their percentages under development and non-development categories. Developmental and non-developmental expenditure of Municipal Committees / Corporations come to Rs. 197005.96 Lakhs in 2011-12 (Revised Estimates) and Rs. 171939.84 Lakhs in 2010-11 (Accounts).

Table No 7.2 Development and non-development Expenditure

(Rs.in Lakhs)

SN	Heads/ Sub Heads	Accounts 2009-10	Revised Estimates 2010-11
0	1	2	3
A	Development Expenditure	141986.24 (82.58)	158445.85 (80.43)
1.	Education	9.70 (0.01)	13.74 (0.01)
2.	Medical and public health	26722.95 (15.54)	31424.89 (15.95)
3.	Social security and welfare services	-	-
4.	Housing and community services	72788.83 (42.33)	81674.01 (41.46)
5.	Cultural recreational and religious services	2638.09 (1.53)	2994.47 (1.52)
6.	Economic Services	39826.67 (23.16)	42338.74 (21.49)
B.	Non Development Expenditure	29953.60 (17.42)	38560.11 (19.57)
1.	General government Services.	28846.76 (16.78)	36412.17 (18.48)
2.	Defence	-	-
3.	Other Services	1106.84 (0.64)	2147.94 (1.09)
i)	Interest	12.96 (0.01)	54.19 (0.03)
ii)	Loans and Advances	1093.88 (0.64)	2093.75 (1.06)
Grand Total (A+B)		171939.84 (100.00)	197005.96 (100.00)

Figures in bracket show percentages to total.

6. **Housing and Community Services:** - This head includes expenditure on promotion of activities and facilities in respect of housing and capital expenditure in connection with housing. It covers expenditure for provision, assistance or support of housing and slum improvement activities. It also includes, street lighting street watering and fire brigade services, construction of public toilets and urinals, rehri/rickshaw stands, municipal booths and shops, octroi barriers and payment of streets and drains, Disbursement of loans to employees such as safai sewaks and other low income category of people for purchase and construction of houses
7. **Cultural, Recreational and Religious Services:-** It includes expenditure for unkeep of facilities such as land scaping and development of parks, dak bungalow as and sarais, public libraries, play-grounds, athletic fields, swimming pools, hostels and other lodging places which are not operated on a commercial basis. Expenditure for religious purposes and contributions to religious organizations.
8. **Economic Services-**
- (a) **Agriculture, Forestry, Fishing and hunting:** - It includes expenditure incurred on plantation or road side trees, bushing and plant protection measures. Expenditure on removal of dairies, construction of dairy sheds, etc.
 - (b) **Water Supply:** - It comprises expenditure on the schemes executed by Water Supply and Sewerage Board on behalf of Municipal Committees/Corporations expenditure. It includes expenditure on wages and salaries of staff, road cutting, water rates, water and sewerage connection charges, storm water drainage, purchase of material machinery and equipments, cost of canal water, subsidy regarding water and sewerage connection charges repair of meters and consumer connections, repairs and renewals of pipes and hydrants installation of tube wells, construction of water tanks, development of slums and expenditure on collection, purification and distribution of water. Loans given to households for installation of water and sewerage connections.
 - (c) **Transport Services:** - It includes the expenditure incurred on roads and bridges.
9. **Other purposes:** - Under this head are included interest payments and repayments of loans of general character which have not been classified elsewhere.

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 - (b) **Water Supply:** - It comprises expenditure on the schemes executed by Water Supply and Sewerage Board on behalf of Municipal Committees/Corporations expenditure. It includes expenditure on wages and salaries of staff, road cutting, water rates, water and sewerage connection charges, storm water drainage, purchase of material machinery and equipments, cost of canal water, subsidy regarding water and sewerage connection charges repair of meters and consumer connections, repairs and renewals of pipes and hydrants installation of tube wells, construction of water tanks, development of slums and expenditure on collection, purification and distribution of water. Loans given to households for installation of water and sewerage connections.
 - (c) **Transport Services:** - It includes the expenditure incurred on roads and bridges.
9. **Other purposes:** - Under this head are included interest payments and repayments of loans of general character which have not been classified elsewhere.

APPENDIX

Statement showing the income and expenditure of all Municipal Committees / Corporations as given in their Budgets.

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2010-11 Accounts		2011-12 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
1	Gurdaspur	1.Gurdaspur	92380	90065	99215	77945
		2.Fatehgarh Churian	10498	10760	15061	14290
		3.Quadian	12966	12344	19143	19143
		4.Dhariwal	14182	14533	19476	18153
		5.Dera Baba Nanak	2363	2416	4612	4595
		6.Sri Hargobind pur	2266	2082	3740	3932
		7. Dina Nagar	21885	21795	27612	30110
		8. Batala	97792	95344	112041	111277
		Total	254332	249339	300900	279445
2.	Pathankot	1.Pathankot	173584	172861	195912	184633
		2.Sujanpur	34486	33197	41259	33875
		Total	208070	206058	237171	218508
3.	Amritsar	1.Amritsar Corp	1450002	1421633	1410330	1551800
		2.Ajnala	23818	23720	24535	23705
		3.Rayya	35652	24808	27388	32666
		4.Jan diala Guru	45326	41745	46270	44562
		5.Majitha	6526	6628	8120	8100
		6.Ramdas	4804	4804	4790	4381
		7.Raja Sansi	23073	22962	24340	24240
				Total	1589201	1546300
4.	Tarn Taran	1.Tarn Taran	52451	52959	65501	64014
		2.Khem Karan	3415	3280	4562	4562
		3.Patti	23067	23015	38122	38022
		Total	78933	79254	108185	106598
5.	Kapurthala	1.Kapurthala	139714	137265	146400	154641
		2.Sultanpur Lodhi	24611	21883	21344	24171
		3.Phagwara	187401	179212	190100	200567
		4.Begowal	15688	10904	12005	19250
		5.Bhulath	11957	9687	9843	14510
		6.Dhilwan	8656	7244	7223	10650
				Total	388027	366195

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2010-11 Accounts		2011-12 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
6.	Jalandhar	1.Jalandhar Corp	2081278	2177481	1925000	2296140
		2.Adampur	22383	14457	19390	19390
		3.Alawalpur	5711	5458	8135	7880
		4.Bhogpur	21697	23878	25065	20101
		5.Kartarpur	26760	23701	25102	28126
		6.Nakodar	62939	53003	68220	60406
		7.Nur Mahal	40638	30070	39646	32993
		8.Philaur	49498	48976	52500	49872
		9.Gorya	34560	34760	40320	40325
		10.Shahkot	10357	4750	17930	6353
		11.Lohian Khas	11891	9436	10517	10168
			Total	2367712	2425970	2231825
7.	Saheed Bhagat Singh Nagar	1.Nawan Shehar	73821	71679	89150	89150
		2.Banga	42032	43796	41796	50500
		3.Balachaur	23088	23751	28100	28100
		4.Rahon	15292	16647	19300	19300
		Total	154233	155873	178346	187050
8.	Hoshiarpur	1.Hoshiarpur	227960	120777	263002	146339
		2.Garhshankar	29600	29600	33682	33441
		3.Sham Chaurasi	7511	4000	6312	5356
		4.Hariana	11720	11715	12230	11518
		5.Mukerian	39262	35081	46920	46920
		6.Urmar Tanda	37583	37040	42209	39808
		7.Gardhiwala	11427	10232	14850	13850
		8.Dasuya	44071	8399	44306	9895
		9.Mahilpur	23814	23525	20184	29200
		Total	432948	280369	483695	336327
9.	Rupnagar	1.Rupnagar	65659	44935	67285	56070
		2.Anandpur Sahib	14941	15137	19338	19980
		3.Morinda	45737	39120	54605	52119
		4.Nangal	262118	232925	268890	359602
		5.Chamkaur Sahib	6800	3488	7930	7930
		Total	395255	335605	418048	495701

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2010-11 Accounts		2011-12 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
10.	S.A.S Nagar	1.S.A.S Nagar	365295	385421	410825	464735
		2.Banaur	31534	49562	41405	70714
		3.Dera Bassi	178114	49000	416183	89990
		4.Zirakpur	257163	215905	491000	511800
		5.Kharar	117250	117250	418960	247230
		6.Kurali	45329	37242	53770	41115
		7.Naya Gaon	1778	3986	13295	54342
		8.Lalru	-	-	-	-
		Total	996463	858366	1845438	1479926
11.	Ludhiana	1.Ludhiana Corp	5551215	5681806	5809800	6009800
		2.Raikot	50006	49668	38869	53331
		3.Jagraon	101199	79301	101650	74671
		4.Doraha	77457	55485	84637	81750
		5.Khanna	233232	237647	279575	276484
		6.Samrala	35790	29211	35828	28511
		7.Payal	8053	7581	7230	7472
		8.Machiwara	32594	28056	36650	39600
		9.Mullanpur Dakha	30533	29597	31850	31450
		10.Maloud	8369	8446	7586	8164
		11.Sahnewal	50808	44808	52650	42535
		Total	6179256	6251606	6486325	6653768
12.	Firozpur	1.Firozpur	99052	96479	110100	98470
		2.GuruHar Sahai	27035	27127	31680	32383
		3.Talwandi Bhai	28134	30589	42932	32878
		4.Zira	44333	39254	63500	43390
		5.Makhu	16160	20190	20000	22050
		6.Mudhki	4181	11365	8200	12414
		7.Mallan walakhas	4310	3026	4908	5677
		Total	232205	228030	281320	274262
13.	Fazilka	1.Fazilka	185492	175364	196535	194284
		2.Abohar	163294	169617	108648	145925
		3.Jalalabad	59052	58025	44754	69900
		Total	407838	403006	349937	410109

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2010-11 Accounts		2011-12 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
14.	Faridkot	1.Faridkot	82992	75174	77700	87250
		2.Kotkapura	132500	131100	124586	132600
		3.Jaitu	42938	27190	35319	30776
		Total	258430	233464	237605	250626
15.	Sri Muktsar Sahib	1.Sri Mukatsar Sahib	65212	57688	74700	78079
		2.Malout	58831	68803	70205	68366
		3.Giddarbaha	36743	37920	47612	47525
		4.Baiwala	5660	5414	10019	4745
		Total	166446	169825	202536	198715
16.	Moga	1.Moga	258840	256898	286516	328091
		2.Bagha Purana	26924	23843	23623	24403
		3.Bandhni Kalan	19391	10386	19169	11779
		4.Dharamkot	27798	20735	33063	21662
		Total	332953	311862	362371	385935
17.	Bathinda	1.Bathinda	833109	567548	1031890	934383
		2.Rampur Phul	61698	66089	69768	70344
		3.Bhucho Mandi	60082	53330	57651	64850
		4.Goniana	26000	26000	18704	32755
		5.Maur Mandi	24697	24849	47720	23706
		6.Raman Mandi	21871	21711	22282	22769
		7.Kot Fattah	3089	3750	3380	3143
		8.Sangat	3047	2542	2419	2646
		9.Talwandi Sabo	12588	12426	20525	20489
		Total	1046181	778245	1274339	1175085
18.	Mansa	1.Mansa	66804	66889	61804	67300
		2.Budhlada	20396	22405	21782	21137
		3.Baretta	20499	14190	27154	18196
		4.Sardulgarh	20530	23354	20082	41003
		5.Bhiki	14326	2636	9647	3232
		Total	142555	129474	140469	150868

Income & Expenditure

SN	Districts	Name of the MC's	2010-11 Accounts		2011-12 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
19.	Sangrur	1.Sangrur	102577	102148	167002	150018
		2.Sunam	102855	93677	148018	120190
		3.Malerkotala	150772	145365	154637	159852
		4.Lehra gaga	31568	19534	33099	28937
		5.Dhuri	57436	54714	50308	56215
		6.Ahmedgarh	66765	64497	61472	63855
		7.Bhawanigarh	25328	35545	27210	23707
		8.Longowal	9300	6873	9396	6072
		9.Dirba	19812	15003	28054	17945
		10.Khanauri	13021	18265	16426	21723
		11.Moonak	9194	12478	9742	13291
		12.Cheema	46857	26840	45896	30364
			Total	635485	594939	751260
20.	Barnala	1.Barnala	183788	182255	214262	219200
		2.Dhanaula	19156	17571	15950	15868
		3.Tapa	25025	20702	22425	23768
		4.Bhadaur	14116	14223	10079	15300
		5.Hundaya	10839	16201	7880	10876
		Total	252924	250952	270596	285012
21.	Patiala	1.Patiala	493673	628848	562500	579408
		2.Rajpura	217256	275073	303220	278116
		3.Nabha	135362	125931	127246	118443
		4.Samana	66062	60967	78078	73396
		5.Patran	36108	35728	38994	36230
		6.Sanaur	7090	6304	15123	12900
		7.Ghanaur	5123	4952	4448	4745
		8.Ghagga	9043	6212	9203	6707
		Total	969717	1144015	1138812	1109945
22.	Fatehgarh Sahib	1.Gobindgarh	311205	202313	359934	289676
		2.Sirhind	87439	65774	84141	116541
		3.Bassi Pathana	16090	15985	12695	16154
		4.Amloh	16065	16104	15369	17311
		5.Khamano	19395	16958	18823	16386
		Total	450194	317134	490962	456068
Punjab			17939358	17315881	19722828	19831114