

GOVERNMENT OF PUNJAB



ECONOMIC CLASSIFICATION OF THE BUDGETARY TRANSACTIONS OF LOCAL BODIES 2017-18 AND 2018-19

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PREFACE

The Report on “Economic Classification of the Budgetary Transactions of Local Bodies 2017-18 & 2018-19” has been prepared by Economic and Statistical Organisation, Punjab as per the revised methodology of the National Accounts Division, CSO, Ministry of Statistics & Programme Implementation, Govt. of India.

In this report, the audited budgetary transactions of Local Bodies (Rural & Urban) Rural include Gram panchayats, Block Samities & Zila parishads, Urban includes Municipal Corporations, Municipal Councils & Nagar panchayats are prepared. This publication has been reclassified according to the meaningful economic categories so as to access the extent of capital formation out of budgetary resources saving of these agencies and their contribution in the generation of State Income of Punjab.

I appreciate the efforts by Smt. Kuldeep kaur, Joint Director and her entire team for bringing out this report.

I hope that this report will prove very useful to the concerned. There remains always some scope to improve. Suggestions, if any, for improvement of the coverage and contents of this report are welcome.

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CHAPTER-I

INTRODUCTION

The ultimate aim of Central and State government is the satisfaction of local needs in a balanced and co-ordinate manner. The needs which possess the local character and which are generally satisfied by local government are relating to the construction and maintenance of local roads, the provision of water and electric supply, sanitation and the provision of primary education, etc. But for the effective performance of their functions, an efficient system of finance is necessary. Thus, certain taxes and some other resources of revenue have been assigned to these governments.

All the local bodies accounts should be prepared by collecting the data on receipts and payments for strengthening the district income estimates.

OBJECTIVES, SCOPE AND COVERAGE

There has been considerable progress in the empowerment of Panchayati Raj Institutions (PRIs) and municipalities since tenth finance commission (FC-X), first made a provision for explicitly supporting local bodies through grants. The State Finance Commissions (SFCs), which buttress the functioning of local bodies, also need to be strengthened so as to make their functioning more predictable and the process of implementing their recommendations more transparent. A number of recommendations were made by FC-XI and FC-XIII towards the end. Though our recommendations provide enhanced support to local bodies, but there is no substitute for local bodies raising their own tax and non-tax revenues and for State Governments augmenting their tax assignment and transfers to them. Local bodies must be encouraged to fully exploit those taxation powers which have been assigned to them by their respective State Governments. They should be in a position, not only to fully exploit sources like property tax and profession tax, but also to recover at least maintenance costs for services like water supply, solid waste management and sewerage.

The data on receipts and expenditure of local bodies is collected and facilitated in preparation of following accounts: (i) Borrowing Account (ii) Income Outlay Account, (iii) Capital Finance Account, (iv) Estimates of Net Product and (v) Capital Formation by type of Assets as they are prepared at state level of all urban and rural local bodies. In India local government is the third level government in addition to the state and central governments.

CHAPTER II

CONCEPTUAL FRAMEWORK

BORROWING ACCOUNT

Borrowing account is related to funds or grants given by the government to the rural or urban local bodies. It includes all receipts and expenditure of funds utilized by the Nagar Panchayats, Municipal Councils, Municipal Corporations, Zila Parishad, Block Samities and Gram Panchayats of all districts. The following table shows how much income or expenditure is received or spend on deposits and advances, reserve funds and loans etc.

Table- 1

BORROWING ACCOUNT OF LOCAL BODIES FOR THE YEAR 2017-18 & 2018-19

State: Punjab

(Rs. In Lakh)

S.No.	Items	Receipts		Expenditure	
		2017-18	2018-19	2017-18	2018-19
I	Revenue + Capital	417935	492920	383757	435113
II	Borrowing at home				
1	Internal debt	0	0	0	0
2	Small savings, Provident fund, etc.	4	0	4	0
	Total	4	0	4	0
	Net Receipts	0	0		
III	Extra Budgetary receipts & adjustments				
1	Loans from the Government of India	3	0	3	0
2	Loans & advances by State Government	0	10	0	10
3	Reserve funds	0	0	0	0
4	Deposits and Advances	0	0	0	0
5	Suspense & Miscellaneous	0	0	0	0
6	Remittances	0	0	0	0
7	Cash balance	464319	498974	498497	556780
8	Funds Rev. A/C	6	1	6	1
9	Funds Commercial Account (Dep.)				
	Total	464329	498985	498507	556791
	Net Receipts	-34178	-57806		
	Total excluding funds	882262	991904	882262	991904

From above, It is evident that the revenue of the government is increased from Rs. 417935 lakh in 2017-18 to Rs. 492920 lakh in 2018-19. In the same way, the expenditure is also increased from Rs. 383757 lakh in 2017-18 to Rs. 435113 lakh in 2018-19. There is no receipt and expenditure of Internal debt, Small savings, Provident fund, Remittances or any other loan from the government. But opening balance of all local bodies is Rs. 464319 lakh in 2017-18 and Rs. 498974 lakh in 2018-19 but at the end of the financial year after receiving or utilizing all funds the closing balance is Rs. 498497 lakh in 2017-18 and Rs. 556780 lakh in 2018-19.

INCOME AND OUTLAY ACCOUNT

Income and Outlay Account is the account which shows the income from property and entrepreneurship, taxes (direct or indirect) and total transfers includes current and capital transfers to the State, Centre Government. For balancing the account, on the right hand side of this account expenditure which includes total consumption expenditure, total current expenditure, current transfers and subsidies and interest paid to the State and Centre government. The balancing figure of this account is the surplus on current account which shows excess of receipts over expenditure.

Table- 2

INCOME AND OUTLAY ACCOUNT OF LOCAL BODIES FOR THE YEAR 2017-18 & 2018-19

State: Punjab

(Rs. In Lakh)

S.No.	Receipts	2017-18	2018-19	Expenditure	2017-18	2018-19
1	Income from Entrepreneurship & Property	19425	20248	Total Consumption Expenditure	249716	273312
1.1	Profits	0	0	Compensation of Employees	164859	187960
1.2	Income from property	19425	20248	Salaries, Wages & Benefits	161395	184599
1.2.1	Net interest received	4363	3960	Pension	3464	3361
1.2.2	Other Property Receipts	15063	16288	Net Purchase of Commodities & Services	84857	85352
2	Total Tax Revenue	171956	202402	Purchases	14862	16706
2.1	Total Direct Taxes	73052	145821	Maintenance	135588	153887
a)	Land Revenue	19775	31678	Less Sales	65593	85241
b)	Other Direct Taxes	53277	114143	Net Interest paid to	6490	9131
2.2	Total Indirect Taxes	98904	56581	Public Authorities	6490	9131
a)	Stamp duty	161	521	Centre	2002	3828
b)	Other Taxes Duties	98743	56060	State	168	485
3	Fees & Miscellaneous Receipts	29600	9052	Others	4320	4818
4	Total Transfers	129573	175046	Less Commercial interest	0	0
4.1	Current Transfers	96878	127106	Subsidies	23	21
a)	Centre	24467	40593	Total Current Transfers	4389	3892
b)	State	57972	71156	Total Current Expenditure (1+2+3+4)	260619	286357
c)	Others	14439	15357	Surplus on Current Account	89936	120392
4.2	Capital Transfers	32696	47940			
a)	Centre	21255	35949			
b)	State	5962	6181			
c)	Others	5478	5810			
	Total Receipts(1+2+3+4)	350555	406748	Total Expenditure (5+6)	350555	406748

This Account shows that the income from Property & Entrepreneurship is increased from Rs. 19425 lakh in 2017-18 to Rs. 20248 lakh in 2018-19 and Total Tax Revenue is increased from Rs. 171956 lakh in 2017-18 to Rs. 202402 lakh in 2018-19. But Fees & Miscellaneous Receipts are decreased from Rs. 29600 lakh in 2017-18 to Rs. 9052 lakh in 2018-19 and Total Transfers are also increased from Rs. 129573 lakh in 2017-18 to Rs. 175046 lakh in 2018-19. The balancing figure of this account i.e., surplus on current account will balance the account by entering the figure of Rs. 89936 lakh in 2017-18 to Rs. 120392 lakh in 2018-19.

CAPITAL FINANCE ACCOUNT

Capital Finance Account is related with the expenditure of capital outlay, Purchase of physical and financial assets, change in stock and capital transfers of the Administration and Enterprises. This account includes total receipts i.e., Sum of surplus on current account, Borrowing at home, Net extra budgetary borrowings less Net purchase of financial assets. Finally, Capital Finance Account is the combination of Borrowing account, Income and Outlay account and Capital Formation Account by type of asset and industry.

Table- 3

CAPITAL FINANCE ACCOUNT OF LOCAL BODIES FOR THE YEAR 2017-18 & 2018-19

State: Punjab

(Rs. In Lakh)

S.No.	Items	Year	
		2017-18	2018-19
I	Expenditure		
Administration			
1	Capital Outlay	55941	61222
2	Purchase of physical and financial assets	-393	1358
2.1	Second hand assets	1293	1489
2.2	Land and financial assets	-1686	-131
3	Change in Stock	18	24
3.1	Inventory	18	24
3.2	Others		
4	Capital Transfers	72	72
4.1	For Capital Formation	72	72
5	Total (1 to 4)	55639	62675
Enterprises			
6	Capital Outlay	0	0
7	Net Purchase of physical assets	0	0
7.1	Second hand assets	0	0
7.2	Land	0	0
8	Change in Stock	0	0
9	Total (6 to 8)	0	0
10	Total Expenditure	55639	62675
II	Receipts		
11	Surplus on current account	89936	120392
12	Consumption of fixed capital	0	0
13	Borrowing at home	0	0
14	Other liabilities	-34297	-57716
14.1	Net Extra budgetary borrowings	-34178	-57806
14.2	Less Net Purchase of Financial assets	119	-90
15	Total Receipts (11 to 14)	55639	62675

This account is a combination of the figures calculated from the Borrowing Account, Capital Finance Account and Capital Formation by the type of asset and industry. The Capital Finance account shows increase in Capital Outlay from Rs. 55941 lakh 2017-18 to Rs. 61222 lakh in the year 2018-19 and Capital Transfer remains same from Rs. 72 lakh 2017-18 to Rs. 72 lakh in the year 2018-19. Due to increase in Capital Outlay total expenditure is increased from Rs. 55639 lakh to Rs. 62675 lakh. In the same way, Total receipts are also increased from Rs. 55639 lakh to Rs. 62675 lakh due to increase in surplus on current account and other liabilities.

COMPENSATION OF EMPLOYEES (DOMESTIC PRODUCT OF ADMINISTRATIVE DEPARTMENTS) ACCOUNT

In this account, there are no receipts or expenditure. So this account is not balanced but there is only calculation of salary, pension or any other benefits in the field of Education, Medical and Public health, Sanitation, Construction & Water supply. Some figures of this account shows in the Income and Outlay account. By combining these salaries, pension or other benefits of the employees, the compensation of employees is calculated.

Table- 4

COMPENSATION OF EMPLOYEES (DOMESTIC PRODUCT OF ADMINISTRATIVE DEPARTMENTS) FOR THE YEAR 2017-18 & 2018-19

State: Punjab

(Rs. In Lakh)

S.No.	Items	Salary		Pension		Other Benefits		Total	
		2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
1	Total	150766	171097	3464	3361	10630	13501	164859	187960
2	Construction	4863	7745	421	330	2713	4924	7997	12999
3	Water supply	12376	7548	165	166	526	149	13067	7863
4	Other Services	37424	21379	405	460	706	1992	38536	23831
(a)	Education	1899	8734	0	0	1	19	1900	8753
(b)	Medical & Public Health	24012	8050	394	443	388	280	24794	8772
(c)	Sanitation	11514	4595	11	17	317	1694	11842	6306
5	Sub Total (2 to 4)	54664	36672	992	956	3944	7065	59600	44693
6	Public Administration (1-5)	96102	134426	2473	2405	6685	6436	105259	143267

From above account, it has been found out that the salaries is increased from Rs. 150766 lakh to Rs. 171097 lakh , Pension is decreased from Rs. 3464 lakh to Rs. 3361 lakh and and other benefits are increased from Rs.10630 lakh and Rs.13501 lakh. In the field of Education, Medical and Public Health, Sanitation, the salaries is decreased from Rs. 37424 lakh to Rs. 21379 lakh, Pension is increased from Rs. 405 lakh to Rs. 460 lakh and other benefits are increased from Rs. 706 lakh to Rs. 1992 lakh. It means total compensation of employees is increased from Rs. 164859 to Rs. 187960 lakh.

CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION)

Capital formation is a term used to describe the net capital accumulation during an accounting period for a particular country, and the term refers to additions of capital stock, such as equipment, tools transportation assets and electricity. Countries need capital goods to replace the current assets that are used to produce goods & services and if a country cannot replace capital goods, production declines. Generally, the higher the capital formation of an economy, the faster an economy can grow its aggregate income.

Table- 5

CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR THE YEAR 2017-18 & 2018-19

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Building		Roads & Bridges		Other Capital Outlay		Transport Equipment		Machinery	
		2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
1	Total	3276	1917	7018	7415	40240	46267	27	14	468	171
2	Construction	1857	1166	4088	3452	19140	22892	5	7	10	4
3	Water Supply	3	2	0	534	1552	727	0	0	262	47
4	Other Services	766	278	58	52	7032	5874	4	1	0	0
(a)	Education	108	51	1	4	407	363	0	0	0	0
(b)	Medical & Public Health	657	222	26	2	518	615	0	0	0	0
(c)	Sanitation	0	5	32	46	6107	4897	4	1	0	0
5	Sub-Total (2 to 4)	2626	1446	4145	4038	27724	29493	9	8	272	52
6	Public Administration (1-5)	651	471	2873	3376	12516	16774	18	6	196	119

Table- 5(contd.)
CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR
THE YEAR 2017-18 & 2018-19

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Capitalized wages		Software		Cultivated Assets		Animal Stock	
		2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
1	Total	3446	4169	0	0	1464	1269	1	0
2	Construction	469	136	0	0	0	0	0	0
3	Water Supply	117	62	0	0	0	0	0	0
4	Other Services	1096	1662	0	0	0	0	0	0
(a)	Education	0	3	0	0	0	0	0	0
(b)	Medical & Public Health	40	41	0	0	0	0	0	0
(c)	Sanitation	1056	1618	0	0	0	0	0	0
5	Sub-Total (2 to 4)	1682	1859	0	0	0	0	0	0
6	Public Administration (1-5)	1764	2310	0	0	1464	1269	1	0

Table- 5(contd.)

**CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR
THE YEAR 2017-18 & 2018-19**

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Total New Outlay		Net Purchase of Second Hand Assets		Change in Stock		Gross Capital formation	
		2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
1	Total	55941	61222	1293	1489	18	24	57253	62735
2	Construction	25568	27658	2	0	3	10	25573	27667
3	Water Supply	1935	1372	313	280	0	0	2248	1652
4	Other Services	8955	7867	114	464	3	0	9072	8331
(a)	Education	516	421	2	6	2	0	521	426
(b)	Medical & Public Health	1240	879	0	63	0	0	1240	942
(c)	Sanitation	7199	6567	112	395	0	0	7311	6963
5	Sub-Total (2 to 4)	36458	36896	429	744	6	10	36894	37650
6	Public Administration (1-5)	19483	24326	863	744	12	14	20359	25085

In above table, Gross Capital Formation is the sum of Buildings, Roads & Bridges, Other capital outlay, Transport, Machinery, Capitalized wages, Software, Cultivated assets, Animal stock, Change in stock and Net purchase of second hand assets. Gross Capital Formation is increased from Rs. 57253 lakh to Rs. 62735 lakh during 2017-18 to 2018-19. This increase is due to massive increase in construction of Rs. 25573 lakh in 2017-18 to Rs. 27667 lakh in 2018-19, Water supply is decreased from Rs. 2248 lakh to Rs. 1652 lakh and other Services which include Education services, Medical & Public health and Sanitation are also decreased.

INDUSTRY WISE ECONOMIC CLASSIFICATION OF LOCAL BODIES

This table shows all expenditure (Current and Capital) in the field of Construction, Water supply, Education Services, Health Services and Sanitation. This includes industry wise classification of fixed assets (Buildings, Roads & Bridges, Transport, Machinery, Software, Animal stock and cultivated assets), Net purchase of assets, Capital Outlay, Consumption Expenditure and Current Transfers.

Table- 6.1

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2017-18 & 2018-19

Current Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Consumption Expenditure									
		Compensation of Employees		Net Purchase of Goods & Services (G)		Repair & Maintenance					
		2017-18	2018-19	2017-18	2018-19	Buildings (BM)		Other Construction (CM)		Roads (RM)	
2017-18	2018-19					2017-18	2018-19	2017-18	2018-19		
	Year	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
1	Total	164859	187960	-50731	-68535	17319	25705	74014	98016	44255	30166
2	Construction (Repair / Maintenance)	7997	12999	-3973	-3493	4388	4362	28643	34188	12189	15751
3	Water supply	13067	7863	-2322	-1266	5585	6285	6831	21629	206	64
4	Other Services	38536	23831	1963	1156	731	8113	6390	7800	11748	9724
(a)	Education Services	1900	8753	140	81	50	100	121	121	381	2
(b)	Health Services	24794	8772	831	735	93	41	1421	2620	2	11
(c)	Sanitation	11842	6306	991	340	587	7971	4848	5059	11365	9711
5	Sub-Total (2 to4)	59600	44693	-4333	-3603	10703	18759	41864	63617	24144	25539
6	Public Administration (1-5)	105259	143267	-46398	-64933	6616	6946	32150	34399	20111	4627

Table- 6.1(contd.)

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2017-18 & 2018-19

Current Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Current Transfer						Total Current Expenditure	
		Non-Govt.		Inter Local Bodies		Subsidy (SUB.)		2017-18	2018-19
	Year	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
1	Total	4389	3892	0	0	23	21	254129	277226
2	Construction (Repair/ Maintenance)	217	259	0	0	21	21	49482	64087
3	Water supply	1	44	0	0	0	0	23367	34619
4	Other Services	34	7	0	0	2	0	59403	50631
(a)	Education Services	4	0	0	0	0	0	2597	9057
(b)	Health Services	3	7	0	0	0	0	27145	12186
(c)	Sanitation	27	0	0	0	2	0	29661	29388
5	Sub-Total (2 to4)	251	310	0	0	23	21	132253	149337
6	Public Administration (1-5)	4138	3582	0	0	0	0	121876	127889

In this table, the calculation of Current Expenditure which includes sum of non Govt., Inter local bodies and subsidy in the field of Construction, Water supply, Education Services, Health Services, Sanitation is increased from Rs. 254129 lakh in 2017-18 to Rs. 277226 lakh in 2018-19 respectively. Water supply is increased from Rs. 23367 lakh to Rs. 34617 lakh and other services is decreased from Rs.59403 lakh to Rs.50631 lakh. The compensation of employees is also increased from Rs. 164859 lakh to Rs. 187960 lakh in the year 2017-18 and 2018-19.

Table-6.2

**INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR
2017-18 & 2018-19**

Capital Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Outlay															
		Buildings (BO)		Roads & Bridges (RO)		Other Construction (CO)		Transport (TRO)		Machinery (MO)		Software (SO)		Animal Stock (ASO)		Cultivated Assets (CAO)	
	Year	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
1	Total	3276	1917	7018	7415	40240	46267	27	14	468	171	0	0	1	0	1464	1269
2	Construction (Repair /Maintenance)	1857	1166	4088	3452	19140	22892	5	7	10	4	0	0	0	0	0	0
3	Water Supply	3	2	0	534	1552	727	0	0	262	47	0	0	0	0	0	0
4	Other Services	766	278	58	52	7032	5874	4	1	0	0	0	0	0	0	0	0
4.1	Education Services	108	51	1	4	407	363	0	0	0	0	0	0	0	0	0	0
4.2	Health Services	657	222	26	2	518	615	0	0	0	0	0	0	0	0	0	0
4.3	Sanitation	0	5	32	46	6107	4897	4	1	0	0	0	0	0	0	0	0
5	Sub Total (2 to 4)	2626	1446	4145	4038	27724	29493	9	8	272	52	0	0	0	0	0	0
6	Public Administration (1-5)	651	471	2873	3376	12516	16774	18	6	196	119	0	0	1	0	1464	1269

Table-6.2(contd.)

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2017-18 & 2018-19

Capital Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Net purchase of assets								Capital transfer to Non Govt.		Advances to Non-Govt.		Total Capital Expenditure		Total Expenditure (current + capital)	
		Physical Assets				Change in stock (CIS)		Financial Assets (FA)									
		Land		Second hand													
Year	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	
1	Total	-1686	-131	1293	1489	18	24	119	-90	72	72	0	0	52312	58416	306441	335642
2	Construction (Repair /Maintenance)	0	0	2	0	3	10	0	29	0	0	0	0	25104	27561	74587	91648
3	Water Supply	0	0	313	280	0	0	8	2	0	0	0	0	2139	1592	25506	36210
4	Other Services	0	0	114	464	3	0	38	13	0	0	0	0	8014	6682	67417	57314
4.1	Education Services	0	0	2	6	2	0	0	1	0	0	0	0	520	424	3117	9481
4.2	Health Services	0	0	0	63	0	0	0	11	0	0	0	0	1201	912	28345	13098
4.3	Sanitation	0	0	112	395	0	0	38	2	0	0	0	0	6293	5346	35955	34734
5	Sub Total (2 to 4)	0	0	429	744	6	10	46	44	0	0	0	0	35257	35835	167510	185171
6	Public Administration (1-5)	-1686	-131	863	744	12	14	74	-134	72	72	0	0	17055	22582	138931	150470

In above account, Industry wise Classification of local bodies shows Total Capital Expenditure of Building, Roads and Bridges, Other Construction, Transport, Machinery, Software, Animal Stock, Net Purchase of assets, Capital transfers in various Departments of Construction, Water supply and Other services. The large increase in total Capital Expenditure of Rs. 306441 lakh in 2017-18 to Rs.335642 lakh in 2018-19 respectively is due to increase in Construction, Water Supply and Education Services. But there is decrease in capital expenditure on Health Services from Rs.28345 lakh in 2017-18 to Rs.13098 lakh in 2018-19 and Sanitation from 35955 lakh in 2017-18 to Rs.34734 lakh in 2018-19.

CHAPTER-III

BUDGET ANALYSIS

This section is devoted to the presentation of the results of budget analysis of the local bodies for the year 2017-18 & 2018-19.

CURRENT RECEIPTS

The consolidated Current Receipts of all the Local Bodies, under different significant economic heads are presented in Statement 3.1. Local body wise break up of current receipts of 2017-18 & 2018-19 is given in Table-2

Statement: 3.1 Distribution of Gross Receipts

(Rs. In Lakh)

S.No.	Item	2017-18	2018-19	Increase/Decrease (in %)
1.	Tax Receipts	171956 (32.91)	202402 (33.73)	17.71
1.1	Direct Taxes	73052 (13.98)	145821 (24.30)	99.61
1.2	Indirect Taxes	98904 (18.93)	56581 (9.43)	(-)42.79
2.	Income from Property including Interest	19425 (3.72)	20248 (3.37)	4.24
3.	Misc. Receipts	29600 (5.66)	9052 (1.51)	(-)69.42
4.	Revenue Grants & Contribution from Govt.	129573 (24.80)	175046 (29.17)	35.09
5.	Transfer from Non-Govt. including Inter Local Body Transfer	0 (0.00)	0 (0.00)	0.00
	Total	522510 (100.00)	600098 (100.00)	14.85

Note.:- Figures in brackets indicate the percentages to the total receipt.

From the above statement, it is evident that Current Receipts of Local Bodies has increased from Rs.5,22,510 Lakh during 2017-18 to Rs.6,00,098 Lakh in 2018-19 by about 14.85%. Further analysis of receipts indicate that during 2017-18 major source of income of Local Bodies was revenue grants & contribution from Govt. (24.80)% followed by tax receipts (32.91)%. During 2018-19 Tax Receipt were the major source of income for local bodies (33.73)% followed by revenue grants and contribution from Government (29.17)%.

TOTAL EXPENDITURE

As per Economic Classification, the total expenditure of the local bodies has been shown in Statement 3.2

Statement: 3.2 Distribution of Expenditure

(Rs. In Lakh)

S.No.	Item	2017-18	2018-19	Increase/Decrease (in%)
1.	Current Expenditure	254129	277226	9.09
1.1	Consumption Expenditure	249716	273312	9.45
1.2	Transfer payment including Subsidy	4413	3913	(-)11.31
1.3	Net Interest Paid	6490	9131	40.69
2.	Capital Expenditure	52312	58416	11.67
2.1	Physical Assets	52121	58434	12.11
2.2	Financial Assets	119	-90	(-)175.46
2.3	Advances to Non-Govt.(including Capital transfers)	72	72	0.00
3	Total Expenditure including Int. (1+2)	306441	335642	9.53
4	Total Expenditure excluding Int. (3-1.3)	299951	326511	8.85

GROSS SAVINGS

Gross Savings of Local Bodies comprises the surplus on current account and provision for depreciation, if any, in respect of Administrative Departments.

Statement: 3.3 Distribution Gross Savings of Local Bodies

(Rs. In Lakh)

S.No.	Item	2017-18	2018-19	Increase/Decrease (in%)
1.	Current Receipts	522510	600098	14.85
2.	Current Expenditure	254129	277226	9.09
3.	Surplus on Current Account(1-2)	268381	322872	20.30
4.	Depreciation	0	0	0.00
5.	Gross Savings(3+4)	268381	322872	20.30

Statement No. 3.3 shows that gross savings of Local Bodies for the year 2017-18 was to the tune of Rs. 268381 lakh which had increased to Rs. 322872 lakh in 2018-19. In terms of percentage the increase was 20.30.

ECONOMIC CLASSIFICATION OF EXPENDITURE (Administrative Departments)

The aggregated expenditure of local bodies as per the economic classification was to tune of Rs. 3,35,642 Lakh for 2018-19 registering an increase of 9.53% over previous year. The share of compensation of Employees in the total expenditure was to the tune of 56.00% during 2018-19.

Statement 3.4 Economic Classification of Expenditure of Local bodies

(Rs. In Lakh)

S.No.	Items	2017-18	2018-19	Increase / Decrease (in%)
1.	Compensation of Employees	164859 (53.80)	187960 (56.00)	14.01
2.	Net Purchase of Goods & Services including Repairs & Maintenance	84857 (27.69)	85352 (25.43)	0.58
3.	Transfer Payments including Subsidy	4413 (1.44)	3913 (1.17)	(-)11.31
4.	New Capital Formation	52495 (17.13)	57053 (17.00)	8.68
5.	Net Purchase of Second Hand Assets including Land	(-)393 (-0.13)	1358 (0.40)	(-)445.29
6.	Net Purchase of Financial Assets	119 (0.04)	(-)90 (-0.03)	(-)175.46
7.	Change in Stock	18 (0.01)	24 (0.01)	29.73
8.	Advance to Staff	0 (0.00)	0 (0.00)	0
9.	Capital Transfer to Non- Government	72 (0.02)	72 (0.02)	0
	Total Expenditure	306441 (100.00)	335642 (100.00)	9.53

Note.:-Figures in brackets indicate the percentages to the Total Expenditure.

GROSS CAPITAL FORMATION

Gross capital formation is a component of the expenditure on gross domestic product (GDP), and thus shows something about how much of the new value added in the economy is invested rather than consumed. Gross capital formation is called “gross” because the measure does not make any adjustments to deduct the consumption of fixed capital (depreciation of fixed assets) from the investment figures.

Statement 3.5 Gross capital formation

(Rs. In Lakh)

S.No.	Item	2017-18	2018-19	Increase/Decrease (in%)
Administrative Departments				
1.	New Capital Formation	52495	57053	8.68
1.1	Construction Works	50534	55599	10.02
1.2	Plant & Machinery	468	171	(-)63.48
1.3	Transport Equipment	27	14	(-)48.25
1.4	Computer Software	0	0	0.00
1.5	Cultivated Assets	1464	1269	(-)13.33
1.6	Animal Stock	1	0	0.00
2.	Net Purchase of Second hand Assets	1293	1489	15.16
3.	Change in Stock	18	24	29.73
4.	GCF (Admn.) (1+2+3)	53807	58565	8.84

From the above statement 3.5, it may be observed that Gross Capital Formation of the local bodies had increased from Rs. 53807 Lakh in 2017-18 to Rs. 58565 Lakh during 2018-19 showing a increase of 8.84%.

Statement: 3.6 Industry Activity wise Classification of Expenditure (Rs. In Lakh)

S.No.	Industry	Expenditure	2017-18	2018-19	Increase/Decrease (in%)
1.	Public Administration	Current	121876 (39.77)	127889 (38.10)	4.93
		Capital	17055 (5.57)	22582 (6.73)	32.41
		Total	138931 (45.34)	150470 (44.83)	8.31
2.	Construction	Current	49482 (16.15)	64087 (19.09)	29.51
		Capital	25104 (8.19)	27561 (8.21)	9.79
		Total	74587 (24.34)	91648 (27.31)	22.87
3.	Educational Services	Current	2597 (0.85)	9057 (2.70)	248.74
		Capital	520 (0.17)	424 (0.13)	(-)18.49
		Total	3117 (1.02)	9481 (2.82)	204.13
4.	Health Services	Current	27145 (8.86)	12186 (3.63)	(-)55.11
		Capital	1201 (0.39)	912 (0.27)	(-)24.05
		Total	28345 (9.25)	13098 (3.90)	(-)53.79
5.	Sanitary Services	Current	29661 (9.68)	29388 (8.76)	(-)0.92
		Capital	6293 (2.05)	5346 (1.59)	(-)15.05
		Total	35955 (11.73)	34734 (10.35)	(-)3.40
6.	Water Supply	Current	23367 (7.63)	34619 (10.31)	48.15
		Capital	2139 (0.70)	1592 (0.47)	(-)25.58
		Total	25506 (8.32)	36210 (10.79)	41.97
Total Expenditure		Current	254129 (82.93)	277225 (82.60)	32.18
		Capital	52312 (17.07)	58416 (17.40)	11.67
GRAND TOTAL			306441 (100.00)	335642 (100.00)	9.53

Note.-:Figures in brackets indicate the percentages to the Grand Total Expenditure.

DEFINITION OF ITEMS USED IN ECONOMIC CLASSIFICATION

Compensation of Employees

This item comprises salaries, wages, allowances, social (cash benefits), other cash benefits, benefits in kind, pension payments, Employer's contribution to pension fund. Conceptually, appropriation to the pension fund should actually be treated as wages and salaries and not actual pension payments. But in the absence of any information on appropriation during the year, the actual pension payments are treated as wages and salaries. Leave travel concessions also is treated as part of wages and salaries. Similarly medical charges and reimbursement of medical expenditure, cost of text books to the children of low-paid govt. employees are also treated as wages and salaries.

Goods and Services

According to economic theory, consumption of goods and services is assumed to provide utility (satisfaction) to the consumer or end user, although businesses also consume goods and services in course of producing other goods and services. The purchase of goods & services include fuel, light expenses, printing, travel expenses, telephone and telegraph charges, postage & stationery, rent of hired building and machinery & equipment, parking or legal fees, maintenance of vehicles, supply of medicines, etc. and other items for sale of goods and services include sale of gunny bags, paper, old furniture & fixtures, compost, drinking water, sale of material and forms, services rendered like education, health, protection, public garden receipts, map fees and revenue from Medical Institutions, etc.

Subsidies

Subsidies include all grants on current account which private industries receive from the government. These may take the form of direct payments to producers or differentials between the buying and selling prices of government trading organizations. Thus subsidies are transfers which in the light of the basis of making the grants, are addition to the income of the producers from current production. Under certain circumstances subsidies include the grant made by government to public corporation in the compensation for losses, i.e., negative operating surplus, in connection with the losses of departmental commercial undertaking's.

This will be the case when the loss is clearly the consequence of the policy of the government to maintain prices at a level at which the proceeds of the public industry will not cover the current cost of production. All current transfers to public corporations, irrespective whether they are made to maintain the price level or for other purposes, are to be treated as subsidies. In the case of departmental undertakings, losses which are not compensated for by subsidies will be transferred to the income and outlay account of general government as negative operating surplus, rebate on the sale of handloom cloth, loss on the sale of fertilizers, improved seeds, pesticides, and agricultural implements, loss suffered by the cooperative societies etc. are to be treated as subsidies. In the case of irrigation, the loss by the departmental undertaking is treated as subsidy.

Current Transfers

Current transfers or grants paid to individuals, private institutions, autonomous bodies, Centre government, State government and Local Bodies. It also includes grants to aided schools, scholarships and stipends, welfare of the weaker sections of the society.

Saving on Current Account

The balancing item on the current account of government administration represents the saving of this sector, that is, surplus of current receipts over current expenditure.

Income from Property and Entrepreneurship

This flow records the income receivable by the State Government from departmental commercial undertakings as well as the net rent and dividends accruing to it from the ownership of buildings or financial assets.

Interest

Interest received can be classified into three broad categories, from the household, from the local bodies and from the departmental commercial undertakings. The interest received from departmental commercial undertakings appears as a payment item in Production Account of departmental commercial undertakings. This item, therefore, is deducted from both interest received and interest paid so that there is no double counting.

Direct Taxes

A direct tax is paid directly by an individual or organization to an imposing entity. A taxpayer, for example, pays direct taxes to the government for different purposes, including real property tax, personal property tax, taxes on assets. Direct taxes in the SNA include two components, viz. Direct taxes on income and other direct taxes. Direct taxes include land revenue, land cess, property tax/ house tax, share of direct taxes given to local bodies by states, professional tax, drainage tax, special tax, corporate tax, taxes on income, hotels receipts tax, other taxes on income and expenditure (profession tax), estate duty, taxes on wealth, gift tax.

Indirect Taxes

Indirect taxes are defined as taxes assessed on producers that are chargeable to the cost of goods and services produced or sold. It includes taxes on vehicles, entertainment tax, stamp duty, advertisement tax, lighting tax, mineral cess, stamps and registration fees, share of customs, union and state excise, share of sales tax, service tax, taxes on goods & passengers, electricity, octroi duty, import and export licence application fees, registration of trade mark fees.

Miscellaneous Receipts

These receipts are in the nature of fees, fines and forfeitures. Revenue, grants, contribution etc. are mostly from other public authorities viz. transactions from centre to state or interstate transactions.

Consumption of Fixed Capital

Provision for depreciation made for the purpose of ensuring that the value of the fixed capital used up during the year is charged as a cost against the operating revenue of the year. The provisions are designed to cover wear & tear & foreseen obsolescence of all fixed capital as well as accidental damage to it.

Gross fixed Capital Formation

Gross capital formation (GFCF) refers to the net increase in physical assets (investment minus disposals) within the measurement period.

It does not account for the consumption (depreciation) of fixed capital & also does not include land purchases. It is a component of expenditure approach to calculating GDP. The gross fixed capital formation has been classified into Buildings, Roads, Machinery & Equipments, expenditure on acquiring animal stock and other capital assets inclusive of renewals and replacements.

- **Buildings:** This includes all expenditure on new construction and major alterations to residential and non-residential buildings during the year. It includes construction costs of the buildings together with cost of external and internal fixtures during the year.
- **Other Construction:** Other construction includes mostly expenditure on construction works on power and irrigation projects, flood control, forest clearance, land reclamation, water supply and sanitation.
- **Roads & Bridges:** Expenditure on construction of roads & bridges is considered.
- **Transport Equipment:** This item includes expenditure incurred on the purchase of various equipments such as buses, jeeps, trucks, tractors for road haulage.
- **Machinery:** Expenditure incurred on the purchase of various plant & machinery including agricultural machinery & implements, as well as equipments & instruments used by professionals.
- **Software:** This includes all the software purchased or internally developed within the government for the improvement in day to day work. However, the software which is inseparable with the computer such as Operating System has to be included in the machinery itself.
- **Cultivated Assets:** It includes plantations, orchards and other cash crops having life for more than a year.
- **Animal Stock:** This being prevalent in particular Defence services & other departments concerned with security and animal husbandry in the form of horses, camels etc.

Change in Stock

Change in stock represent the value of the physical change in raw materials, work in progress (other than the work in progress in buildings which are included in fixed capital formation) and finished products which are held by commercial enterprises and in government stockpiles. It consists of raw materials like cement, Iron and steel, etc. The difference between closing and opening stock of the year held by the local bodies gives the change in stock.

Net Purchase of Physical Assets

The major component here is purchase of land. Occasionally, purchase and sale of second-hand capital assets are also shown in the budgets. These transactions are to be treated as sale/purchase of second hand assets and classified separately to their relevant categories.

Capital Transfers

It covers grants to finance the construction of buildings, purchase of machinery and equipment and for public works, water supply and sewage disposal schemes etc. Capital transfers to individuals, private Institutions, Autonomous bodies, State Govt., Local authorities and Foreign countries/ organizations are intended to assist capital formation in other sectors of economy.

Receipts on Capital Account

This part deals with the financing of the capital formation and the sources for the same are explained here under:

- ❖ **Saving:** The saving on current account is directly taken from Income and Outlay Account.
- ❖ **Net Borrowings:** Items like internal debt, small savings, provident fund etc. are included here.
- ❖ **Other Liabilities:** All investments in the share capitals or statutory corporations, cooperative societies are classified as financial assets and are shown against other liabilities as a negative figure. Also included are the extra-budgetary receipts like loans from Government of India, inter-state debt settlements, contingency fund, deposits and advances, suspense, remittances and cash balances etc. Besides like famine relief fund, road fund etc. maintained by state Govt. is also covered here.

Government of India
Central Statistics Office
Schedule for Preparation of Local Bodies Accounts

Rural		*	Phase-I		*	Group-I		*
Urban			Phase-II			Group-II		
			Phase-III					

* Please tick() the relevant entry

Block 0: Identification particulars	
1. Name of State/UT	
2. Name of District	
3. Name of Tehsil/Taluk/Block/	
4. Type/Level of Local Body	
4.1 In case of Rural (Please tick the relevant entry)	Zila Parishad/ Panchayat Samiti/ Gram Panchayat
4.2 In case of Urban (Please tick the relevant entry)	Municipal Corporation/ Municipality / Nagar Panchayat
5. Name of Local Body	
6. Code of Local body (code/SI. no maintained by State, if any)	
7. Number of villages/wards in Local Body	
8. (In case of rural)Name(s) of villages covered under the Local Body	
9. Total Population covered under the local body (In 2001 census)	
10. Area covered under Local Bodies (In Square km.)	
11. Whether Panchayat is maintaining proper Accounts (Yes or No)	
12. Accounting Year	
13. Name and Designation of Informant	
14. Name of Investigator	
15. Date of Collection of Data	

Block 1: Receipts		
I. Current Receipts		
Sl. No	Description of Item	Estimate (In `)
1	2	3
1	Direct Taxes	
	1.1 Land revenue	
	1.2 Property tax	
	1.3 Other direct taxes	
2	Indirect Taxes	
	2.1 Tax on vehicles	
	2.2 Entertainment tax	
	2.3 Stamp duty	
	2.4 Other indirect taxes	
3	Sale of goods & services	
	3.0 TOTAL	
	3.1 General Public Services	
	3.2 Education Services	
	3.3 Health Services	
	3.4 Social Security and Welfare Services	
	3.5 Housing and Community Amenity Services	
	3.6 Cultural Recreational and Religious Services	
	3.7 Agriculture, Forestry, Fishing and Hunting	
	3.8 Manufacturing	
	3.9 Electricity & Gas	
	3.10 Water Supply	
	3.11 Transport	
	3.12 Construction	
	3.13 Environment Protection	
	3.14 Relief on calamities	
	3.15 Sanitation	
	3.16 Others	
4	Fees, fines & misc. services	
5	Property Income	
	5.1 Interest receipts	
	5.2 Rent and Royalty	
6	Current Grants From	
	6.1 centre	
	6.2 state	
	6.3 Other local bodies	
	6.4 Others	

II. Capital Receipts			
Sl. No	Description of Item		Estimate (In `)
1	2		3
1	Grants		
	1.1	From centre	
		1.1.1 MGNREGS	
		1.1.2 Sarva Shiksha Abhiyan	
		1.1.3 Indira Awas Yojna	
		1.1.4 National Rural Health Mission	
		1.1.5 PM Gram Sadak Yojna	
		1.1.6 Other Central Grant	
	1.2	From state	
		1.2.1 MGNREGS	
		1.1.2 Sarva Shiksha Abhiyan	
		1.2.3 Indira Awas Yojna	
		1.2.4 National Rural Health Mission	
		1.2.5 PM Gram Sadak Yojna	
		1.2.6 Other State Grant	
	1.3	Grants from other local bodies	
	1.4	Grants from others	
2	Sale of Financial Assets		
3	Sale of Land		
	3.1	Administration	
	3.2	DCU	
4	Sale of Second hand Assets		
	4.1	Sale of Building	
		4.1.1 Administration	
		4.1.2 DCU	
	4.2	Sale of Other Assets	
		4.2.1 Administration	
		4.2.2 DCU	

BLOCK-4**Funds (In `)**

SI. No.	Items	Receipts	Expenditure
1	Loans		
	1.1 centre		
	1.2 State		
	1.3 Other Local Bodies		
	1.4 Financial Institution		
	1.5 Others		
2	Remittance		
3	Internal Debt		
4	Small savings, Provident fund etc.		
5	Reserve Funds		
6	Deposits and Advances		
7	Suspense and Miscellaneous		
8	Other Funds		
9	Opening Balance		
10	Closing Balance		