

GOVERNMENT OF PUNJAB



**ECONOMIC CLASSIFICATION
OF THE BUDGETARY TRANSACTIONS OF
LOCAL BODIES
2011-12 AND 2012-13**

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PREFACE

The Report on “Economic Classification of the Budgetary Transactions of Local Bodies 2011-12 & 2012-13” 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 2011-12 & 2012-13

State: Punjab

(Rs. In Lakh)

S.No.	Items	Receipts		Expenditure	
		2011-12	2012-13	2011-12	2012-13
I	Revenue + Capital	411986	323737	351309	313145
II	Borrowing at home				
1	Internal debt	0	0	0	0
2	Small savings, Provident fund, etc.	0	0	0	0
	Total	0	0	0	0
	Net Receipts	0	0		
III	Extra Budgetary receipts & adjustments				
1	Loans from the Government of India	0	0	0	0
2	Loans & advances by State Government	0	0	0	0
3	Reserve funds	0	0	0	0
4	Deposits and Advances	0	0	0	0
5	Suspense & Miscellaneous	106	106	106	106
6	Remittances	0	0	0	0
7	Cash balance	95393	157101	156071	167693
8	Funds Rev. A/C	0	0	0	0
9	Funds Commercial Account (Dep.)				
	Total	95500	157207	156177	167798
	Net Receipts	-60678	-10592		
	Total excluding funds	507485	480944	507486	480944

From above, It is evident that the revenue of the government is decreased from Rs. 411986 lakh in 2011-12 to Rs. 323737 lakh in 2012-13. In the same way, the expenditure is also decreased from Rs. 351309 lakh to Rs. 313145 lakh in 2012-13. 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. 95393 lakh and Rs. 157101 lakh but at the end of the financial year after receiving or utilizing all funds the closing balance is Rs. 156071 lakh and Rs. 167693 lakh in 2012-13.

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 2011-12 & 2012-13

State: Punjab				(Rs. In Lakh)		
S.No.	Receipts	2011-12	2012-13	Expenditure	2011-12	2012-13
1	Income from Entrepreneurship & Property	19006	24082	Total Consumption Expenditure	176836	189095
1.1	Profits	0	0	Compensation of Employees	99332	122213
1.2	Income from property	19006	24082	Salaries, Wages & Benefits	93200	117133
1.2.1	Net interest received	3279	2699	Pension	6132	5080
1.2.2	Other Property Receipts	15727	21384	Net Purchase of Commodities & Services	77504	66882
2	Total Tax Revenue	108369	128431	Purchases	13492	13174
2.1	Total Direct Taxes	46089	63884	Maintenance	123425	84352
a)	Land Revenue	7386	9451	Less Sales	59414	30644
b)	Other Direct Taxes	38703	54433	Net Interest paid to	3564	6910
2.2	Total Indirect Taxes	62281	64547	Public Authorities	3564	6910
a)	Stamp duty	188	655	Centre	5	1215
b)	Other Taxes Duties	62093	63892	State	19	19
3	Fees & Miscellaneous Receipts	14822	12799	Others	3540	5675
4	Total Transfers	201024	119119	Less Commercial interest	0	0
4.1	Current Transfers	99189	80095	Subsidies	84	682
a)	Centre	12226	9987	Total Current Transfers	11794	11004
b)	State	77292	40836	Total Current Expenditure (1+2+3+4)	192278	207690
c)	Others	9672	29273	Surplus on Current Account	150943	76741
4.2	Capital Transfers	101834	39024			
a)	Centre	56858	20807			
b)	State	32043	13380			
c)	Others	12934	4836			
	Total Receipts(1+2+3+4)	343221	284432	Total Expenditure (5+6)	343221	284432

This Account shows that the income from Property & Entrepreneurship and Total Tax Revenue is increased from Rs. 19006 lakh in 2011-12 to Rs. 24082 lakh in 2012-13. But Fees & Miscellaneous Receipts are decreased from Rs. 14822 lakh in 2011-12 to Rs. 12799 lakh in 2012-13 and Total Transfers are also decreased from Rs. 201024 lakh in 2011-12 to Rs. 119119 lakh in 2012-13. Due to decrease in Total transfers and Miscellaneous Receipts, the surplus on current account is decreased from Rs. 150943 lakh to Rs.76741 lakh. The balancing figure of this account i.e., surplus on current account will balance the account by entering the figure of Rs. 150943 lakh in 2011-12 to Rs. 76741 lakh in 2012-13.

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 2011-12 & 2012-13

State: Punjab		(Rs. In Lakh)	
S.No.	Items	Year	
I	Expenditure	2011-12	2012-13
Administration			
1	Capital Outlay	92521	69423
2	Purchase of physical and financial assets	-4930	-6429
2.1	Second hand assets	1380	1708
2.2	Land and financial assets	-6310	-8137
3	Change in Stock	18	186
3.1	Inventory	18	186
3.2	Others		
4	Capital Transfers	4509	2899
4.1	For Capital Formation	4509	2899
5	Total (1 to 4)	92118	66079
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	92118	66079
II Receipts			
11	Surplus on current account	150943	76741
12	Consumption of fixed capital	0	0
13	Borrowing at home	0	0
14	Other liabilities	-58826	-10662
14.1	Net Extra budgetary borrowings	-60678	-10592
14.2	Less Net Purchase of Financial assets	-1851	70
15	Total Receipts (11 to 14)	92117	66079

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 large decline in Capital Outlay from Rs. 92521 lakh 2011-12 to Rs. 69423 lakh in the year 2012-13 and Capital Transfer from Rs. 4509 lakh 2011-12 to Rs. 2899 lakh in the year 2012-13. Due to large decline in Capital Outlay and Capital Transfers, Total expenditure is decreased from Rs. 92118 lakh to Rs. 66079 lakh. In the same way, Total receipts are also decreased from Rs. 92117 lakh to Rs. 66079 lakh due to decrease 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 2011-12 & 2012-13

State: Punjab

(Rs. In Lakh)

S.No.	Items	Salary		Pension		Other Benefits		Total	
		2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
1	Total	87108	111541	6132	5080	6091	5592	99332	122213
2	Construction	4832	4410	73	111	2448	1755	7353	6276
3	Water supply	9375	7833	21	32	62	95	9458	7960
4	Other Services	20094	22809	185	154	632	747	20911	23711
(a)	Education	1039	1543	97	1	133	204	1269	1747
(b)	Medical & Public Health	15247	14419	33	153	92	92	15372	14664
(c)	Sanitation	3809	6847	54	1	407	452	4270	7300
5	Sub Total (2 to 4)	34300	35052	278	297	3143	2597	37721	37946
6	Public Administration (1-5)	52808	76489	5854	4783	2949	2994	61611	84266

From above account, it has been found out that the salaries are increased from Rs. 87108 lakh to Rs. 111541 lakh and Pension and other benefits are decreased from Rs. 6132 lakh and Rs.6091 lakh to Rs. 5080 lakh and Rs.5592 lakh. In the field of Education, Medical and Public Health, Sanitation, the salaries are increased from Rs. 20094 lakh to Rs. 22809 lakh, Pension is decreased from Rs. 185 lakh to Rs. 154 lakh and other benefits are increased from Rs. 632 lakh to Rs. 747 lakh. It means total compensation of employees is increased from Rs. 99332 to Rs. 122213 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 on economy can grow its aggregate income.

Table- 5

CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR THE YEAR 2011-12 & 2012-13

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Building		Roads & Bridges		Other Capital Outlay		Transport Equipment		Machinery	
		2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
1	Total	7094	6003	16771	13915	59393	43730	1150	140	685	522
2	Construction	2360	2405	9348	8984	24264	15242	103	31	7	6
3	Water Supply	32	23	219	206	4208	4518	4	0	314	284
4	Other Services	411	212	480	123	7707	5889	49	20	58	29
(a)	Education	269	147	39	8	269	362	7	0	0	0
(b)	Medical & Public Health	117	39	342	4	567	267	9	0	5	6
(c)	Sanitation	26	26	100	111	6871	5261	33	20	53	22
5	Sub-Total (2 to 4)	2803	2641	10047	9314	36178	25649	155	51	380	319
6	Public Administration (1-5)	4292	3362	6724	4601	23215	18081	995	89	306	203

Table- 5(contd.)

**CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR
THE YEAR 2011-12 & 2012-13**

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Capitalized wages		Software		Cultivated Assets		Animal Stock	
		2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
1	Total	6891	4677	61	102	431	321	43	12
2	Construction	2161	783	0	18	124	0	13	7
3	Water Supply	22	151	1	0	0	2	0	0
4	Other Services	987	2871	25	0	7	0	0	1
(a)	Education	17	9	0	0	0	0	0	0
(b)	Medical & Public Health	7	8	0	0	0	0	0	0
(c)	Sanitation	962	2854	25	0	7	0	0	1
5	Sub-Total (2 to 4)	3170	3806	26	18	131	2	13	7
6	Public Administration (1-5)	3721	872	35	85	300	319	30	5

Table- 5(contd.)

**CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR
THE YEAR 2011-12 & 2012-13**

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	
		2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
1	Total	92521	69423	1380	1708	18	186	93918	71317
2	Construction	38379	27476	117	13	0	0	38496	27489
3	Water Supply	4798	5186	161	429	1	0	4959	5615
4	Other Services	9725	9144	913	116	1	1	10639	9261
(a)	Education	602	526	9	3	0	0	611	529
(b)	Medical & Public Health	1046	323	26	60	0	0	1072	383
(c)	Sanitation	8077	8296	878	52	1	1	8957	8349
5	Sub-Total (2 to 4)	52903	41806	1191	557	2	1	54095	42364
6	Public Administration (1-5)	39618	27617	189	1150	16	185	39823	28952

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 decreased from Rs. 93918 lakh to Rs. 71317 lakh during 2011-12 to 2012-13. This decrease is due to massive decline in construction of Rs. 38496 lakh in 2011-12 to Rs. 27489 lakh in 2012-13 and other Services include Education services, Medical & Public health and Sanitation which are also decreased. Only Water supply is increased from Rs. 4959 lakh to Rs. 5615 lakh.

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 2011-12 & 2012-13

Current Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Consumption Expenditure									
		Compensation of Employees		Net Purchase of Goods & Services (G)		Repair & Maintenance					
						Buildings (BM)		Other Construction (CM)		Roads (RM)	
Year	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	
1	Total	99332	122213	-45922	-17470	10709	8541	90031	55720	22686	20091
2	Construction (Repair / Maintenance)	7353	6276	-893	-1213	6170	2438	25010	17831	10198	9714
3	Water supply	9458	7960	-6360	-6315	176	2592	5024	8073	815	75
4	Other Services	20911	23711	1347	905	1194	746	6286	7708	876	755
(a)	Education Services	1269	1747	428	482	323	396	242	284	35	5
(b)	Health Services	15372	14664	980	493	281	241	1281	1902	71	44
(c)	Sanitation	4270	7300	-61	-70	590	109	4763	5522	770	706
5	Sub-Total (2 to4)	37722	37947	-5906	-6623	7540	5776	36320	33612	11889	10544
6	Public Administration (1-5)	61610	84266	-40016	-10847	3169	2765	53711	22108	10797	9547

Table- 6.1(contd.)

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2011-12 AND 2012-13

Current Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Current Transfer						Total Current Expenditure	
		Non-Govt.		Inter Local Bodies		Subsidy (SUB.)		2011-12	2012-13
	Year	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13		
1	Total	11794	11004	0	0	84	682	188714	200781
2	Construction (Repair/Maintenance)	1106	137	0	0	10	4	48954	35187
3	Water supply	59	41	0	0	10	0	9182	12426
4	Other Services	86	127	0	0	3	1	30703	33953
(a)	Education Services	2	1	0	0	0	0	2299	2915
(b)	Health Services	19	9	0	0	0	1	18004	17354
(c)	Sanitation	65	117	0	0	3	0	10400	13684
5	Sub-Total (2 to4)	1251	305	0	0	23	5	88839	81566
6	Public Administration (1-5)	10543	10699	0	0	61	677	99875	119215

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. 188714 lakh in 2011-12 to Rs. 200781 lakh in 2012-13 respectively. This increase is due to increase in water supply and other services from Rs. 9182 lakh, Rs.30703 lakh to Rs. 12426 lakh, Rs.33953 lakh. The compensation of employees is also increased from Rs. 99332 lakh to Rs.122213 lakh in the year 2011-12 and 2012-13.

Table-6.2

**INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR
2011-12 AND 2012-13**

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	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
1	Total	7094	6003	16771	13915	59393	43730	1150	140	685	522	61	102	43	12	431	321
2	Construction (Repair/Maintenance)	2360	2405	9348	8984	24264	15242	103	31	7	6	0	18	13	7	124	0
3	Water Supply	32	23	219	206	4208	4518	4	0	314	284	1	0	0	0	0	2
4	Other Services	412	212	481	123	7707	5890	49	20	58	28	25	0	0	1	7	0
4.1	Education Services	269	147	39	8	269	362	7	0	0	0	0	0	0	0	0	0
4.2	Health Services	117	39	342	4	567	267	9	0	5	6	0	0	0	0	0	0
4.3	Sanitation	26	26	100	111	6871	5261	33	20	53	22	25	0	0	1	7	0
5	Sub Total (2 to 4)	2804	2640	10048	9313	36179	25650	156	51	379	318	26	18	13	8	131	2
6	Public Administration (1-5)	4290	3363	6723	4602	23214	18080	994	89	306	204	35	84	30	4	300	319

Table-6.2(contd.)

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2011-12 & 2012-13

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 (13 to 25)		Total Expenditure (current + capital)	
		Physical Assets				Change in stock (CIS)		Financial Assets (FA)									
		Land		Second hand													
Year	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	
1	Total	-6310	-8137	1380	1708	18	186	1040	203	4509	2899	0	0	86265	61604	274979	262385
2	Construction (Repair /Maintenance)	0	85	117	13	0	0	126	0	3	23	0	0	36465	26814	85419	62001
3	Water Supply	0	0	161	429	1	0	234	193	0	0	0	0	5174	5655	14356	18081
4	Other Services	0	2	872	115	1	1	16	1	292	83	0	0	9920	6476	40623	40429
4.1	Education Services	0	2	1	3	0	0	2	0	0	0	0	0	587	522	2886	3437
4.2	Health Services	0	0	4	60	0	0	2	0	0	0	0	0	1046	376	19050	17730
4.3	Sanitation	0	0	867	52	1	1	12	1	292	83	0	0	8287	5578	18687	19262
5	Sub Total (2 to 4)	0	87	1150	557	2	1	376	194	295	106	0	0	51559	38945	140398	120511
6	Public Administration (1-5)	-6310	-8224	230	1151	16	185	664	9	4214	2793	0	0	34706	22659	134581	141874

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 decline in total Capital Expenditure of Rs. 86265 lakh in 2011-12 to Rs.61604 Lakh in 2012-13 respectively is due to decrease in Construction, Other Services, Education and Sanitation. But there is large decline in capital expenditure on health services from Rs.1046 lakh in 2011-12 to Rs.376 lakh in 2012-13.

CHAPTER-III

BUDGET ANALYSIS

This section is devoted to the presentation of the results of budget analysis of the local bodies for the year 2011-12 & 2012-13.

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 2011-12 & 2012-13 is given in Table-2

Statement: 3.1 Distribution of Gross Receipts

(Rs. In Lakh)

S.No.	Item	2011-12	2012-13	Increase/Decrease (in %)
1.	Tax Receipts	108369 (31.57)	128431 (45.15)	18.51
1.1	Direct Taxes	46089 (13.43)	63884 (22.46)	38.61
1.2	Indirect Taxes	62281 (18.14)	64547 (22.69)	3.64
2.	Income from Property including Interest	19006 (5.54)	24082 (8.47)	26.71
3.	Misc. Receipts	14822 (4.32)	12799 (4.50)	(-)13.65
4.	Revenue Grants & Contribution from Govt.	201024 (58.57)	119119 (41.88)	(-)40.74
5.	Transfer from Non-Govt. including Inter Local Body Transfer	0 (0.00)	0 (0.00)	0.00
	Total	343221 (100.00)	284432 (100.00)	(-)17.13

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 decreased from Rs.3,43,221 Lakh during 2011-12 to Rs.2,84,432 Lakh in 2012-13 by about (-)17.13%. Further analysis of receipts indicate that during 2011-12 major source of income of Local Bodies was revenue grants & contribution from Govt. 58.57% followed by tax receipts (31.57)%. During 2012-13 Tax Receipt were the major source of income for local bodies (45.15)% followed by revenue grants and contribution from Government (41.88)%.The detailed consolidated Current Receipts of all the Local Bodies, under different significant economic heads may be seen in the following paragraphs.

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	2011-12	2012-13	Increase/Decrease (in%)
1.	Current Expenditure	192278	207691	8.02
1.1	Consumption Expenditure	176836	189095	6.93
1.2	Transfer payment including Subsidy	11878	11686	-1.62
1.3	Net Interest Paid	3564	6910	93.88
2.	Capital Expenditure	86265	61604	-28.59
2.1	Physical Assets	80716	58502	-27.52
2.2	Financial Assets	1040	203	-80.48
2.3	Advances to Non-Govt.(including Capital transfers)	4509	2899	-35.71
3	Total Expenditure including Int. (1+2)	278543	269295	-3.32
4	Total Expenditure excluding Int. (3-1.3)	274979	262385	-4.58

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	2011-12	2012-13	Increase/Decrease (in%)
1.	Current Receipts	343221	284432	-17.13
2.	Current Expenditure	192278	207691	8.02
3.	Surplus on Current Account(1-2)	150943	76741	-49.16
4.	Depreciation	0	0	0
5.	Gross Savings(3+4)	150943	76741	-49.16

Statement No. 3.3 shows that gross savings of Local Bodies for the year 2011-12 was to the tune of Rs. 150943 Lakh which had decreased to Rs. 76741 Lakh in 2012-13. In terms of percentage the decrease was (-)49.16.

ECONOMIC CLASSIFICATION OF EXPENDITURE (Administrative Departments)

The aggregated expenditure of local bodies as per the economic classification was to tune of Rs. 2,62,385 Lakh for 2012-13 registering an decrease of (-)4.58% over previous year. The share of compensation of Employees in the total expenditure was to the tune of 46.58% during 2012-13.

Statement 3.4 Economic Classification of Expenditure of Local bodies

(Rs. In Lakh)

S.No.	Items	2011-12	2012-13	Increase / Decrease (in%)
1.	Compensation of Employees	99332 (36.12)	122213 (46.58)	23.03
2.	Net Purchase of Goods & Services including Repairs & Maintenance	77504 (28.19)	66882 (25.49)	(-)13.71
3.	Transfer Payments including Subsidy	11878 (4.32)	11686 (4.45)	(-)1.62
4.	New Capital Formation	85628 (31.14)	64745 (24.68)	(-)24.39
5.	Net Purchase of Second Hand Assets including Land	(-)4930 (-1.79)	(-)6429 (-2.45)	(-)30.41
6.	Net Purchase of Financial Assets	1040 (0.38)	203 (0.08)	(-)80.48
7.	Change in Stock	18 (0.00)	186 (0.07)	933.33
8.	Advance to Staff	0 (0.00)	0 (0.00)	0
9.	Capital Transfer to Non-Government	4509 (1.64)	2899 (1.10)	(-)35.71
	Total Expenditure	274979 (100.00)	262385 (100.00)	(-)4.58

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	2011-12	2012-13	Increase/Decrease (in%)
Administrative Departments				
1.	New Capital Formation	85628	64745	(-)24.39
1.1	Construction Works	83258	63648	(-)23.55
1.2	Plant & Machinery	685	522	(-)23.80
1.3	Transport Equipment	1150	140	(-)87.83
1.4	Computer Software	61	102	67.21
1.5	Cultivated Assets	431	321	(-)25.52
1.6	Animal Stock	43	12	(-)72.09
2.	Net Purchase of Second hand Assets	1380	1708	23.77
3.	Change in Stock	18	186	933.33
4.	GCF (Admn.) (1+2+3)	87026	66639	(-)23.43

From the above statement 3.5, it may be observed that Gross Capital Formation of the local bodies had decreased from Rs. 87026 Lakh in 2011-12 to Rs. 66639 Lakh during 2012-13 showing a decrease of (-)23.43%.

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

S.No.	Industry	Expenditure	2011-12	2012-13	Increase/Decrease (in%)
1.	Public Administration	Current	99875 (36.32)	119215 (45.43)	19.36
		Capital	34706 (12.62)	22659 (8.64)	(-)34.71
		Total	134581 (48.94)	141874 (54.07)	5.42
2.	Construction	Current	48954 (17.80)	35187 (13.41)	(-)28.12
		Capital	36465 (13.26)	26814 (10.22)	(-)26.47
		Total	85419 (31.06)	62001 (23.63)	(-)27.42
3.	Educational Services	Current	2299 (0.84)	2915 (1.11)	26.79
		Capital	587 (0.21)	522 (0.20)	(-)11.07
		Total	2886 (1.05)	3437 (1.31)	19.09
4.	Health Services	Current	18004 (6.55)	17354 (6.62)	(-)3.61
		Capital	1046 (0.38)	376 (0.14)	(-)64.05
		Total	19050 (6.93)	17730 (6.76)	(-)6.93
5.	Sanitation	Current	10400 (3.78)	13684 (5.21)	31.58
		Capital	8287 (3.02)	5578 (2.13)	(-)32.69
		Total	18687 (6.80)	19262 (7.34)	3.08
6.	Water Supply	Current	9182 (3.34)	12426 (4.74)	35.33
		Capital	5174 (1.88)	5655 (2.15)	9.30
		Total	14356 (5.22)	18081 (6.89)	25.95
Total Expenditure	Current	188714 (68.63)	200781 (76.52)	6.39	
	Capital	86265 (31.37)	61604 (23.48)	(-)28.59	
GRAND TOTAL			274979 (100.00)	262385 (100.00)	(-)4.58

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		