

GOVERNMENT OF PUNJAB



ECONOMIC CLASSIFICATION OF THE BUDGETARY TRANSACTIONS OF LOCAL BODIES 2015-16 AND 2016-17

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PREFACE

The Report on “Economic Classification of the Budgetary Transactions of Local Bodies 2015-16 & 2016-17” 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 2015-16 & 2016-17

State: Punjab

(Rs. In Lakh)

S.No.	Items	Receipts		Expenditure	
		2015-16	2016-17	2015-16	2016-17
I	Revenue + Capital	424054	581721	372938	481447
II	Borrowing at home				
1	Internal debt	0	0	0	0
2	Small savings, Provident fund, etc.	13	0	13	0
	Total	13	0	13	0
	Net Receipts	0	0		
III	Extra Budgetary receipts & adjustments				
1	Loans from the Government of India	333	64	333	64
2	Loans & advances by State Government	373	301	373	301
3	Reserve funds	313	1	313	1
4	Deposits and Advances	0	0	0	0
5	Suspense & Miscellaneous	467	0	467	0
6	Remittances	0	8	0	8
7	Cash balance	312369	363770	363486	464044
8	Funds Rev. A/C	3075	1	3075	1
9	Funds Commercial Account (Dep.)				
	Total	316929	364145	368046	464418
	Net Receipts	-51117	-100274		
	Total excluding funds	737922	945865	737922	945865

From above, It is evident that the revenue of the government is increased from Rs. 424054 lakh in 2015-16 to Rs. 581721 lakh in 2016-17. In the same way, the expenditure is also increased from Rs. 372938 lakh lakh in 2015-16 to Rs. 481447 lakh in 2016-17. 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. 312369 lakh in 2015-16 and Rs. 363486 lakh in 2016-17 but at the end of the financial year after receiving or utilizing all funds the closing balance is Rs. 363770 lakh in 2015-16 and Rs. 464044 lakh in 2016-17.

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 2015-16 & 2016-17

State: Punjab

(Rs. In Lakh)

S.No.	Receipts	2015-16	2016-17	Expenditure	2015-16	2016-17
1	Income from Entrepreneurship & Property	27129	20604	Total Consumption Expenditure	205345	297078
1.1	Profits	0	0	Compensation of Employees	145156	151744
1.2	Income from property	27129	20604	Salaries, Wages & Benefits	142426	148912
1.2.1	Net interest received	8804	4952	Pension	2730	2833
1.2.2	Other Property Receipts	18325	15652	Net Purchase of Commodities & Services	60189	145334
2	Total Tax Revenue	121120	159959	Purchases	12344	17969
2.1	Total Direct Taxes	76424	76544	Maintenance	115654	184665
a)	Land Revenue	18294	24726	Less Sales	67808	57300
b)	Other Direct Taxes	58130	51819	Net Interest paid to	3297	8870
2.2	Total Indirect Taxes	44696	83415	Public Authorities	3297	8870
a)	Stamp duty	665	1146	Centre	193	119
b)	Other Taxes Duties	44032	82269	State	1	981
3	Fees & Miscellaneous Receipts	11682	36512	Others	3103	7770
4	Total Transfers	193637	305300	Less Commercial interest	0	0
4.1	Current Transfers	114024	240253	Subsidies	44	351
a)	Centre	36286	58446	Total Current Transfers	7062	7461
b)	State	54615	141052	Total Current Expenditure (1+2+3+4)	215748	313761
c)	Others	23123	40755	Surplus on Current Account	137821	208615
4.2	Capital Transfers	79613	65047			
a)	Centre	23119	34750			
b)	State	16268	23457			
c)	Others	40226	6840			
	Total Receipts(1+2+3+4)	353569	522375	Total Expenditure (5+6)	353569	522375

This Account shows that the income from Property & Entrepreneurship is decreased from Rs. 27129 lakh in 2015-16 to Rs. 20604 lakh in 2016-17 and Total Tax Revenue is increased from Rs. 121120 lakh in 2015-16 to Rs. 159959 lakh in 2016-17. But Fees & Miscellaneous Receipts are increased from Rs. 11682 lakh in 2015-16 to Rs. 36512 lakh in 2016-17 and Total Transfers are also increased from Rs. 193637 lakh in 2015-16 to Rs. 305300 lakh in 2016-17. The balancing figure of this account i.e., surplus on current account will balance the account by entering the figure of Rs. 137821 lakh in 2015-16 to Rs. 208615 lakh in 2016-17.

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 2015-16 & 2016-17

State: Punjab

(Rs. In Lakh)

S.No.	Items	Year	
		2015-16	2016-17
I	Expenditure		
Administration			
1	Capital Outlay	84272	106587
2	Purchase of physical and financial assets	-922	-529
2.1	Second hand assets	1566	1295
2.2	Land and financial assets	-2489	-1824
3	Change in Stock	56	12
3.1	Inventory	56	12
3.2	Others		
4	Capital Transfers	1972	1855
4.1	For Capital Formation	1972	1855
5	Total (1 to 4)	85378	107925
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	85378	107925
II	Receipts		
11	Surplus on current account	137821	208615
12	Consumption of fixed capital	0	0
13	Borrowing at home	0	0
14	Other liabilities	-52444	-100689
14.1	Net Extra budgetary borrowings	-51117	-100274
14.2	Less Net Purchase of Financial assets	1327	416
15	Total Receipts (11 to 14)	85378	107925

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. 84272 lakh 2015-16 to Rs. 106587 lakh in the year 2016-17 and Capital Transfer decrease from Rs. 1972 lakh 2015-16 to Rs. 1855 lakh in the year 2016-17. Due to increase in Capital Outlay total expenditure is increased from Rs. 85378 lakh to Rs. 107925 lakh. In the same way, Total receipts are also increased from Rs. 85378 lakh to Rs. 107925 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 2015-16 & 2016-17

State: Punjab

(Rs. In Lakh)

S.No.	Items	Salary		Pension		Other Benefits		Total	
		2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
1	Total	130287	137850	2730	2833	12139	11061	145156	151744
2	Construction	6906	8024	91	272	1728	2790	8724	11086
3	Water supply	11603	12261	180	123	53	460	11835	12844
4	Other Services	22138	34545	204	424	653	1087	22994	36056
(a)	Education	1680	2333	2	317	35	24	1717	2674
(b)	Medical & Public Health	16646	20703	147	74	147	512	16940	21290
(c)	Sanitation	3812	11508	55	33	470	551	4338	12092
5	Sub Total (2 to 4)	40646	54830	474	820	2433	4337	43553	59987
6	Public Administration (1-5)	89641	83020	2255	2013	9706	6724	101602	91758

From above account, it has been found out that the salaries is increased from Rs. 130287 lakh to Rs. 137850 lakh , Pension is increased from Rs. 2730 lakh to Rs. 2833 lakh and and other benefits are decreased from Rs.12139 lakh and Rs.11061 lakh. In the field of Education, Medical and Public Health, Sanitation, the salaries is increased from Rs. 22138 lakh to Rs. 34545 lakh, Pension is increased from Rs. 204 lakh to Rs. 424 lakh and other benefits are increased from Rs. 653 lakh to Rs. 1087 lakh. It means total compensation of employees is increased from Rs. 145156 to Rs. 151744 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 2015-16 & 2016-17

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Building		Roads & Bridges		Other Capital Outlay		Transport Equipment		Machinery	
		2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
1	Total	6462	13174	9872	16510	56546	70674	273	865	411	725
2	Construction	3139	8012	3085	12146	15725	38824	19	315	0	0
3	Water Supply	21	13	43	75	3888	1632	3	0	323	381
4	Other Services	1448	2952	162	113	6172	8260	8	0	10	121
(a)	Education	74	50	14	12	607	577	1	0	0	0
(b)	Medical & Public Health	1349	2875	15	0	82	844	0	0	10	121
(c)	Sanitation	25	28	133	101	5483	6839	7	0	0	0
5	Sub-Total (2 to 4)	4607	10978	3290	12333	25785	48717	30	315	333	502
6	Public Administration (1-5)	1854	2197	6582	4177	30761	21957	243	550	78	223

Table- 5(contd.)
CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR
THE YEAR 2015-16 & 2016-17

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Capitalized wages		Software		Cultivated Assets		Animal Stock	
		2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
1	Total	9175	3044	2	0	1523	1584	8	10
2	Construction	1534	1475	0	0	0	0	2	0
3	Water Supply	89	32	0	0	1	0	0	0
4	Other Services	6138	1053	0	0	0	0	0	0
(a)	Education	6	6	0	0	0	0	0	0
(b)	Medical & Public Health	2	309	0	0	0	0	0	0
(c)	Sanitation	6130	737	0	0	0	0	0	0
5	Sub-Total (2 to 4)	7761	2559	0	0	1	0	2	0
6	Public Administration (1-5)	1415	485	2	0	1523	1584	6	10

Table- 5(contd.)

**CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR
THE YEAR 2015-16 & 2016-17**

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	
		2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
1	Total	84272	106587	1566	1295	56	12	85895	107894
2	Construction	23504	60772	160	67	4	0	23668	60839
3	Water Supply	4367	2132	323	252	0	0	4690	2384
4	Other Services	13937	12500	274	171	0	0	14211	12672
(a)	Education	702	645	23	11	0	0	725	656
(b)	Medical & Public Health	1458	4150	36	0	0	0	1494	4150
(c)	Sanitation	11777	7705	214	161	0	0	11992	7866
5	Sub-Total (2 to 4)	41808	75404	757	490	4	0	42569	75895
6	Public Administration (1-5)	42464	31183	810	805	52	12	43325	32000

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. 85895 lakh to Rs. 107894 lakh during 2015-16 to 2016-17. This increase is due to massive increase in construction of Rs. 23668 lakh in 2015-16 to Rs. 60839 lakh in 2016-17, Water supply is decreased from Rs. 4690 lakh to Rs. 2384 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 2015-16 & 2016-17

Current Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Consumption Expenditure									
		Compensation of Employees		Net Purchase of Goods & Services (G)		Repair & Maintenance					
		2015-16	2016-17	2015-16	2016-17	Buildings (BM)		Other Construction (CM)		Roads (RM)	
Year	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	
1	Total	145156	151744	-55464	-39331	9596	18901	84583	109830	21745	55933
2	Construction (Repair / Maintenance)	8724	11086	-3882	-34	5947	8512	27711	46355	8297	26808
3	Water supply	11835	12844	-1303	-2742	133	58	12884	6640	239	550
4	Other Services	22995	36056	490	1042	492	3599	13438	21483	1731	9615
(a)	Education Services	1717	2674	3	253	172	369	167	199	0	6
(b)	Health Services	16940	21290	574	341	167	153	2636	5684	78	169
(c)	Sanitation	4338	12092	-87	448	153	3019	10635	8960	1653	8890
5	Sub-Total (2 to4)	43553	59987	-4695	-1734	6572	12169	54033	74378	10267	36973
6	Public Administration (1-5)	101602	91758	-50769	-37597	3024	6732	30550	35452	11478	18960

Table- 6.1(contd.)

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2015-16 & 2016-17

Current Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Current Transfer						Total Current Expenditure	
		Non-Govt.		Inter Local Bodies		Subsidy (SUB.)		2015-16	2016-17
	Year	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17		
1	Total	7062	7461	0	0	44	351	212722	304889
2	Construction (Repair/ Maintenance)	373	676	0	0	20	331	47190	93634
3	Water supply	248	167	0	0	0	0	24036	17517
4	Other Services	28	252	0	0	10	14	39184	72061
(a)	Education Services	3	5	0	0	0	3	2062	3509
(b)	Health Services	1	53	0	0	0	0	20396	27690
(c)	Sanitation	24	27	0	0	10	11	16726	33447
5	Sub-Total (2 to4)	649	1095	0	0	30	345	110410	183212
6	Public Administration (1-5)	6413	6366	0	0	14	6	102312	121677

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. 212722 lakh in 2015-16 to Rs. 304889 lakh in 2016-17 respectively. Water supply is decreased from Rs. 24036 lakh to Rs. 17517 lakh and other services is increased from Rs.39184 2 lakh to Rs.72061 lakh. The compensation of employees is also increased from Rs. 145156 lakh to Rs. 151744 lakh in the year 2015-16 and 2016-17.

Table-6.2

**INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR
2015-16 & 2016-17**

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	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
1	Total	6462	13174	9872	16510	56546	70674	273	865	411	725	2	0	8	10	1523	1584
2	Construction (Repair/Maintenance)	3139	8012	3085	12146	15725	38824	19	315	0	0	0	0	2	0	0	0
3	Water Supply	21	13	43	75	3888	1632	3	0	323	381	0	0	0	0	1	0
4	Other Services	1448	2953	162	113	6172	8260	8	0	10	121	0	0	0	0	0	0
4.1	Education Services	74	50	14	12	607	577	1	0	0	0	0	0	0	0	0	0
4.2	Health Services	1349	2875	15	0	82	844	0	0	10	121	0	0	0	0	0	0
4.3	Sanitation	25	28	133	101	5483	6839	7	0	0	0	0	0	0	0	0	0
5	Sub Total (2 to 4)	4608	10978	3290	12334	25785	48716	30	315	333	502	0	0	2	0	1	0
6	Public Administration (1-5)	1854	2196	6582	4176	30761	21958	243	550	78	223	2	0	6	10	1522	1584

Table-6.2(contd.)

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2015-16 & 2016-17

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	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	
1	Total	-2489	-1824	1566	1295	56	12	1327	416	1972	1855	0	0	77529	105296	290251	410185
2	Construction (Repair /Maintenance)	0	0	160	67	4	0	338	19	0	0	0	0	22472	59383	69662	153017
3	Water Supply	0	0	323	252	0	0	9	17	3	0	0	0	4614	2370	28650	19887
4	Other Services	0	0	273	172	0	0	101	770	0	0	0	0	8174	12389	47358	84450
4.1	Education Services	0	0	23	11	0	0	11	656	0	0	0	0	730	1306	2792	4815
4.2	Health Services	0	0	36	0	0	0	7	1	0	0	0	0	1499	3841	21895	31531
4.3	Sanitation	0	0	214	161	0	0	83	113	0	0	0	0	5945	7242	22671	40689
5	Sub Total (2 to 4)	0	0	756	491	4	0	448	806	3	0	0	0	35260	74142	145670	257354
6	Public Administration (1-5)	-2489	-1824	810	804	52	12	879	-390	1969	1855	0	0	42269	31154	144581	152831

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. 290251 lakh in 2015-16 to Rs.410185 Lakh in 2016-17 respectively is due to increase in Construction, Education Services, Health Services and Sanitation. But there is decrease in capital expenditure on Water Supply from Rs.28650 lakh in 2015-16 to Rs.19887 lakh in 2016-17.

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 2015-16 & 2016-17 is given in Table-2

Statement: 3.1 Distribution of Gross Receipts

(Rs. In Lakh)

S.No.	Item	2015-16	2016-17	Increase/Decrease (in %)
1.	Tax Receipts	121120 (34.26)	159959 (30.62)	32.07
1.1	Direct Taxes	76424 (21.62)	76544 (14.65)	0.16
1.2	Indirect Taxes	44696 (12.64)	83415 (15.97)	86.63
2.	Income from Property including Interest	27129 (7.67)	20604 (3.94)	(-)24.05
3.	Misc. Receipts	11682 (3.30)	36512 (6.99)	212.55
4.	Revenue Grants & Contribution from Govt.	193637 (54.77)	305300 (58.44)	57.67
5.	Transfer from Non-Govt. including Inter Local Body Transfer	0 (0.00)	0 (0.00)	0.00
	Total	353568 (100.00)	522375 (100.00)	47.74

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.3,53,568 Lakh during 2015-16 to Rs.5,22,375 Lakh in 2016-17 by about 47.74%. Further analysis of receipts indicate that during 2015-16 major source of income of Local Bodies was revenue grants & contribution from Govt. 54.77% followed by tax receipts (34.26)%. During 2016-17 Tax Receipt were the major source of income for local bodies (30.62)% followed by revenue grants and contribution from Government (58.44)%. 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	2015-16	2016-17	Increase/Decrease (in%)
1.	Current Expenditure	212452	304889	43.51
1.1	Consumption Expenditure	205346	297077	44.67
1.2	Transfer payment including Subsidy	7106	7812	9.94
1.3	Net Interest Paid	3297	8870	169.03
2.	Capital Expenditure	77529	105296	35.81
2.1	Physical Assets	74230	103025	38.79
2.2	Financial Assets	1327	416	(-)68.65
2.3	Advances to Non-Govt.(including Capital transfers)	1972	1855	(-)5.93
3	Total Expenditure including Int. (1+2)	289981	410185	41.45
4	Total Expenditure excluding Int. (3-1.3)	286684	401315	39.99

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	2015-16	2016-17	Increase/Decrease (in%)
1.	Current Receipts	353568	522375	47.74
2.	Current Expenditure	212452	304889	43.51
3.	Surplus on Current Account(1-2)	141116	217486	54.12
4.	Depreciation	0	0	0.00
5.	Gross Savings(3+4)	141116	217486	54.12

Statement No. 3.3 shows that gross savings of Local Bodies for the year 2015-16 was to the tune of Rs. 141116 Lakh which had increased to Rs. 217486 Lakh in 2016-17. In terms of percentage the increase was 54.12.

ECONOMIC CLASSIFICATION OF EXPENDITURE (Administrative Departments)

The aggregated expenditure of local bodies as per the economic classification was to tune of Rs. 4,10,185 Lakh for 2016-17 registering an increase of 41.45% over previous year. The share of compensation of Employees in the total expenditure was to the tune of 37.28% during 2016-17.

Statement 3.4 Economic Classification of Expenditure of Local bodies

(Rs. In Lakh)

S.No.	Items	2015-16	2016-17	Increase / Decrease (in%)
1.	Compensation of Employees	145156 (50.40)	151744 (37.28)	4.54
2.	Net Purchase of Goods & Services including Repairs & Maintenance	60190 (20.76)	145333 (35.71)	141.46
3.	Transfer Payments including Subsidy	7106 (2.47)	7812 (1.92)	9.94
4.	New Capital Formation	75097 (25.87)	103542 (25.44)	37.88
5.	Net Purchase of Second Hand Assets including Land	(-)923 (-0.32)	(-)529 (-0.13)	(-)42.69
6.	Net Purchase of Financial Assets	1327 (0.46)	416 (0.10)	(-)68.65
7.	Change in Stock	56 (0.02)	12 (0.00)	(-)78.57
8.	Advance to Staff	0 (0.00)	0 (0.00)	0
9.	Capital Transfer to Non- Government	1972 (0.68)	1855 (0.46)	(-)5.93
	Total Expenditure	289981 (100.00)	410185 (100.00)	41.45

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	2015-16	2016-17	Increase/Decrease (in%)
Administrative Departments				
1.	New Capital Formation	75097	103542	37.88
1.1	Construction Works	72880	100358	37.70
1.2	Plant & Machinery	411	725	76.40
1.3	Transport Equipment	273	865	216.85
1.4	Computer Software	2	0	0
1.5	Cultivated Assets	1523	1584	4.01
1.6	Animal Stock	8	10	25.00
2.	Net Purchase of Second hand Assets	1566	1295	(-)17.31
3.	Change in Stock	56	12	(-)78.57
4.	GCF (Admn.) (1+2+3)	76719	104849	36.67

From the above statement 3.5, it may be observed that Gross Capital Formation of the local bodies had increased from Rs. 76719 Lakh in 2015-16 to Rs. 104849 Lakh during 2016-17 showing an increase of 36.67%.

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

S.No.	Industry	Expenditure	2015-16	2016-17	Increase/Decrease (in%)
1.	Public Administration	Current	102042 (35.16)	121677 (29.66)	19.24
		Capital	42269 (14.56)	31154 (7.60)	(-)26.30
		Total	144311 (49.72)	152831 (37.26)	5.90
2.	Construction	Current	47190 (16.26)	93634 (22.83)	98.42
		Capital	22472 (7.74)	59383 (14.48)	164.25
		Total	69662 (24.00)	153017 (37.30)	119.66
3.	Educational Services	Current	2062 (0.71)	3509 (0.86)	70.17
		Capital	730 (0.25)	1306 (0.32)	78.90
		Total	2792 (0.96)	4815 (1.17)	72.46
4.	Health Services	Current	20396 (7.03)	27690 (6.75)	35.76
		Capital	1499 (0.52)	3841 (0.94)	156.24
		Total	21895 (7.54)	31531 (7.69)	44.01
5.	Sanitary Services	Current	16726 (5.76)	33447 (8.15)	99.97
		Capital	5945 (2.05)	7242 (1.77)	21.82
		Total	22671 (7.81)	40689 (9.92)	79.48
6.	Water Supply	Current	24036 (8.28)	17517 (4.27)	(-)27.12
		Capital	4614 (1.59)	2370 (0.58)	(-)48.63
		Total	28650 (9.87)	19887 (4.85)	(-)30.59
Total Expenditure		Current	212452 (73.26)	304889 (74.33)	43.51
		Capital	77529 (26.74)	105296 (25.67)	35.81
GRAND TOTAL			289981 (100.00)	410185 (100.00)	41.45

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		