

GOVERNMENT OF PUNJAB



**ECONOMIC CLASSIFICATION
OF THE BUDGETARY TRANSACTIONS OF
LOCAL BODIES
2019-20 AND 2020-21**

DIRECTORATE OF STATISTICS, GOVERNMENT OF PUNJAB

Website: www.esopb.gov.in

PREFACE

The Report on “Economic Classification of the Budgetary Transactions of Local Bodies 2019-20 & 2020-21” has been prepared by Directorate of Statistics, 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 Sh Ashok kumar, 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.

*Ashok Kumar
Joint Director*

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 2019-20 & 2020-21

State: Punjab

(Rs. In Lakh)

S.No.	Items	Receipts		Expenditure	
		2019-20	2020-21	2019-20	2020-21
I	Revenue + Capital	473405	698997	465816	615569
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	66	0	66
2	Loans & advances by State Government	2	0	2	0
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	557070	477953.58	564659	561381.97
8	Funds Rev. A/C	0	0.00	0	0.00
9	Funds Commercial Account (Dep.)				
	Total	557071	478020	564660	561448
	Net Receipts	-7589	-83428		
	Total excluding funds	1030476	1177017	1030476	1177017

From above, It is evident that the revenue of the government is increased from Rs. 473405 lakh in 2019-20 to Rs. 698997 lakh in 2020-21. In the same way, the expenditure is also increased from Rs. 465816 lakh in 2019-20 to Rs. 615569 lakh in 2020-21. 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. 557070 lakh in 2019-20 and Rs. 477953.58 lakh in 2020-21 but at the end of the financial year after receiving or utilizing all funds the closing balance is Rs. 564659 lakh in 2019-20 and Rs. 561381.97 lakh in 2020-21

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 2019-20 & 2020-21 State: Punjab (Rs. In Lakh)

S.No.	Receipts	2019-20	2020-21	Expenditure	2019-20	2020-21
1	Income from Entrepreneurship & Property	21765	23533	Total Consumption Expenditure	247505	421079
1.1	Profits	0	0	Compensation of Employees	158287	208508
1.2	Income from property	21765	23533	Salaries, Wages & Benefits	154950	205566
1.2.1	Net interest received	4235	4446	Pension	3337	2942
1.2.2	Other Property Receipts	17530	19087	Net Purchase of Commodities & Services	89219	212570
2	Total Tax Revenue	114586	146630	Purchases	17752	29719
2.1	Total Direct Taxes	87890	110804	Maintenance	198997	237864
a)	Land Revenue	22309	24000	Less Sales	127531	55012
b)	Other Direct Taxes	65581	86804	Net Interest paid to	19024	6009
2.2	Total Indirect Taxes	26696	35827	Public Authorities	19024	6009
a)	Stamp duty	0	1128	Centre	3407	322
b)	Other Taxes Duties	26696	34698	State	6045	305
3	Fees & Miscellaneous Receipts	7199	68756	Others	9573	5382
4	Total Transfers	201678	403841	Less Commercial interest	0	0
4.1	Current Transfers	154736	324788	Subsidies	1	2
a)	Centre	73425	180459	Total Current Transfers	5005	3749
b)	State	50732	80923	Total Current Expenditure (1+2+3+4)	271535	430839
c)	Others	30580	63406	Surplus on Current Account	73692	211921
4.2	Capital Transfers	46942	79053			
a)	Centre	34254	53621			
b)	State	6356	11632			
c)	Others	6331	13800			
	Total Receipts(1+2+3+4)	345227	642760	Total Expenditure (5+6)	345227	642760

This Account shows that the income from Property & Entrepreneurship is increased from Rs. 21765 lakh in 2019-20 to Rs. 23533 lakh in 2020-21 and Total Tax Revenue is increased from Rs. 114586 lakh in 2019-20 to Rs. 146630 lakh in 2020-21. But Fees & Miscellaneous Receipts are increased from Rs. 7199 lakh in 2019-20 to Rs. 68756 lakh in 2020-21 and Total Transfers are also increased from Rs. 201678 lakh in 2019-20 to Rs. 403841 lakh in 2020-21. The balancing figure of this account i.e., surplus on current account will balance the account by entering the figure of Rs. 73692 lakh in 2019-20 to Rs. 211921 lakh in 2020-21.

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 2019-20 & 2020-21

State: Punjab

(Rs. In Lakh)

S.No.	Items	Year	
		2019-20	2020-21
I	Expenditure		
Administration			
1	Capital Outlay	64731	126307
2	Purchase of physical and financial assets	1311	1257
2.1	Second hand assets	1314	1271
2.2	Land and financial assets	-3	-14
3	Change in Stock	5	18
3.1	Inventory	5	18
3.2	Others		
4	Capital Transfers	1	0
4.1	For Capital Formation	1	0
5	Total (1 to 4)	66048	127581
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	66048	127581
II	Receipts		
11	Surplus on current account	73692	211921
12	Consumption of fixed capital	0	0
13	Borrowing at home	0	0
14	Other liabilities	-7644	-84340
14.1	Net Extra budgetary borrowings	-7589	-83428
14.2	Less Net Purchase of Financial assets	55	912
15	Total Receipts (11 to 14)	66048	127581

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. 64731 lakh 2019-20 to Rs. 126307 lakh in the year 2020-21 and Capital Transfer remains same from Rs. 1 lakh 2019-20 to Rs. 1 lakh in the year 2020-21. Due to increase in Capital Outlay total expenditure is increased from Rs. 66048 lakh to Rs. 127581 lakh. In the same way, Total Expenditure are also increased from Rs. 66048 lakh to Rs. 127581 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 2019-20 & 2020-21

State: Punjab

(Rs. In Lakh)

S.No.	Items	Salary		Pension		Other Benefits		Total	
		2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
1	Total	145120	186935	3337	2942	9829	18630	158287	208508
2	Construction	18064	5268	261	426	1980	2187	20305	7881
3	Water supply	2748	2991	122	138	50	167	2920	3296
4	Other Services	20561	18455	412	361	3406	2671	24379	21487
(a)	Education	1577	2147	0	0	4	131	1582	2277
(b)	Medical & Public Health	15008	10760	398	354	129	512	15536	11626
(c)	Sanitation	3976	5548	14	7	3272	2028	7262	7583
5	Sub Total (2 to 4)	41373	26714	796	925	5436	5025	47604	32664
6	Public Administration (1-5)	103748	160222	2541	2017	4393	13605	110682	175844

From above account, it has been found out that the salaries is increased from Rs. 145120 lakh to Rs. 186935 lakh , Pension is decreased from Rs. 3337 lakh to Rs. 2942 lakh and and other benefits are increased from Rs.9829 lakh and Rs.18630 lakh. In the field of Education, Medical and Public Health, Sanitation, the salaries is decreased from Rs. 20561 lakh to Rs. 18455 lakh, Pension is decreased from Rs. 412 lakh to Rs. 361 lakh and other benefits are decreased from Rs. 3406 lakh to Rs. 2671 lakh. It means total compensation of employees is increased from Rs. 158287 to Rs. 208508 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 2019-20 & 2020-21

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Building		Roads & Bridges		Other Capital Outlay		Transport Equipment		Machinery	
		2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
1	Total	4760	7278	8522	14447	40788	89646	22	28	446	1013
2	Construction	3385	4886	5771	7113	9467	46183	0	18	0	9
3	Water Supply	4	4	0	12	4776	2167	0	0	313	600
4	Other Services	564	1337	71	263	4827	13707	0	7	0	246
(a)	Education	329	96	0	4	347	231	0	0	0	0
(b)	Medical & Public Health	44	1215	6	0	524	473	0	0	0	246
(c)	Sanitation	191	25	65	260	3956	13002	0	7	0	0
5	Sub-Total (2 to 4)	3953	6226	5842	7389	19070	62057	0	26	313	855
6	Public Administration (1-5)	807	1052	2680	7059	21718	27588	22	2	133	158

Table- 5(contd.)
CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR
THE YEAR 2019-20 & 2020-21

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Capitalized wages		Software		Cultivated Assets		Animal Stock	
		2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
1	Total	10180	13210	0	0	12	684	1	0
2	Construction	445	890	0	0	0	0	0	0
3	Water Supply	7	55	0	0	0	0	0	0
4	Other Services	5207	11342	0	0	0	683	0	0
(a)	Education	0	8	0	0	0	0	0	0
(b)	Medical & Public Health	66	41	0	0	0	0	0	0
(c)	Sanitation	5142	11294	0	0	0	683	0	0
5	Sub-Total (2 to 4)	5660	12288	0	0	0	683	0	0
6	Public Administration (1-5)	4520	923	0	0	12	2	0	0

Table- 5(contd.)

**CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR
THE YEAR 2019-20 & 2020-21**

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	
		2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
1	Total	64731	126307	1314	1271	5	18	66050	127595
2	Construction	19069	59099	16	4	0	17	19085	59121
3	Water Supply	5099	2839	456	328	0	0	5555	3167
4	Other Services	10670	27585	216	475	0	0	10885	28059
(a)	Education	677	338	0	278	0	0	677	616
(b)	Medical & Public Health	640	1975	0	0	0	0	640	1975
(c)	Sanitation	9354	25271	216	197	0	0	9569	25468
5	Sub-Total (2 to 4)	34838	89523	687	807	0	17	35525	90347
6	Public Administration (1-5)	29893	36784	627	464	5	0	30525	37248

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. 66050 lakh to Rs. 127595 lakh during 2019-20 to 2020-21. This increase is due to massive increase in construction of Rs. 19085 lakh in 2019-20 to Rs. 59121 lakh in 2020-21, Water supply is decreased from Rs. 5555 lakh to Rs. 3167 lakh and other Services which include Education services also decreased but Medical & Public health and Sanitation are increased.

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 2019-20 & 2020-21

Current Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Consumption Expenditure									
		Compensation of Employees		Net Purchase of Goods & Services (G)		Repair & Maintenance					
		2019-20	2020-21	2019-20	2020-21	Buildings (BM)		Other Construction (CM)		Roads (RM)	
2019-20	2020-21					2019-20	2020-21	2019-20	2020-21		
	Year	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
1	Total	158287	208508	-109779	-25294	35056	25461	132178	166699	31763	45705
2	Construction (Repair / Maintenance)	20305	7881	-2653	-11321	15307	15441	52895	79477	15765	25185
3	Water supply	2920	3296	-3040	1590	6325	297	8079	9209	833	863
4	Other Services	24380	21486	1161	1570	2925	854	11439	17531	11364	15797
(a)	Education Services	1582	2277	338	177	218	237	766	361	11	0
(b)	Health Services	15536	11626	901	823	91	288	5301	5653	100	153
(c)	Sanitation	7262	7583	-78	570	2616	329	5372	11517	11253	15644
5	Sub-Total (2 to4)	47605	32663	-4532	-8161	24558	16592	72413	106217	27962	41845
6	Public Administration (1-5)	110682	175845	-105247	7892	10499	8869	59765	60482	3801	3860

Table- 6.1(contd.)

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2019-20 & 2020-21

Current Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Current Transfer						Total Current Expenditure	
		Non-Govt.		Inter Local Bodies		Subsidy (SUB.)		2019-20	2020-21
	Year	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21		
1	Total	4741	3749	0	0	1	2	252247	424830
2	Construction (Repair/ Maintenance)	982	678	0	0	0	0	102601	117341
3	Water supply	3	7	0	0	0	0	15120	15262
4	Other Services	18	441	0	0	1	2	51288	57681
(a)	Education Services	0	0	0	0	0	0	2915	3052
(b)	Health Services	15	178	0	0	0	0	21944	18721
(c)	Sanitation	3	263	0	0	1	2	26429	35908
5	Sub-Total (2 to4)	1003	1126	0	0	1	2	169010	190284
6	Public Administration (1-5)	3738	2623	0	0	0	0	83238	234546

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. 252247 lakh in 2019-20 to Rs. 424830 lakh in 2020-21 respectively. Water supply is increased from Rs. 15120 lakh to Rs. 15262 lakh and other services is increased from Rs.51288 lakh to Rs.57681 lakh. The compensation of employees is also increased from Rs. 158287 lakh to Rs. 208508 lakh in the year 2019-20 and 2020-21.

Table-6.2

**INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR
2019-20 & 2020-21**

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	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
1	Total	4760	7278	8522	14447	40788	89646	22	28	446	1013	0	0	1	0	12	684
2	Construction (Repair/Maintenance)	3385	4886	5771	7113	9467	46183	0	18	0	9	0	0	0	0	0	0
3	Water Supply	4	4	0	12	4776	2167	0	0	313	600	0	0	0	0	0	0
4	Other Services	564	1336	71	264	4827	13706	0	7	0	246	0	0	0	0	0	683
4.1	Education Services	329	96	0	4	347	231	0	0	0	0	0	0	0	0	0	0
4.2	Health Services	44	1215	6	0	524	473	0	0	0	246	0	0	0	0	0	0
4.3	Sanitation	191	25	65	260	3956	13002	0	7	0	0	0	0	0	0	0	683
5	Sub Total (2 to 4)	3953	6226	5842	7389	19070	62057	0	25	313	855	0	0	0	0	0	683
6	Public Administration (1-5)	807	1052	2680	7058	21718	27590	22	3	133	158	0	0	1	0	12	1

Table-6.2(contd.)

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2019-20 & 2020-21

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	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	
1	Total	-3	-14	1314	1271	5	18	55	912	1	0	0	0	55923	115283	308170	540113
2	Construction (Repair /Maintenance)	0	0	16	4	0	17	0	329	0	0	0	0	18639	58559	121240	175900
3	Water Supply	0	0	456	328	0	0	0	74	0	0	0	0	5549	3185	20669	18447
4	Other Services	0	0	216	475	0	0	82	236	0	0	0	0	5760	16953	57048	74634
4.1	Education Services	0	0	0	278	0	0	0	0	0	0	0	0	676	609	3591	3661
4.2	Health Services	0	0	0	0	0	0	0	142	0	0	0	0	574	2076	22518	20797
4.3	Sanitation	0	0	216	197	0	0	82	94	0	0	0	0	4510	14268	30939	50176
5	Sub Total (2 to 4)	0	0	688	807	0	17	82	639	0	0	0	0	29948	78697	198898	269176
6	Public Administration (1-5)	-3	-14	626	464	5	1	-27	273	1	0	0	0	25975	36586	109273	270937

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. 308170 lakh in 2019-20 to Rs.540113 lakh in 2020-21 respectively is due to increase in Construction, Water Supply and Education Services and Sanitation. But there is decrease in capital expenditure on Health Services from Rs.22518 lakh in 2019-20 to Rs.20797 lakh in 2020-21.

CHAPTER-III

BUDGET ANALYSIS

This section is devoted to the presentation of the results of budget analysis of the local bodies for the year 2019-20 & 2020-21

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 2019-20 & 2020-21 is given in Table-2

Statement: 3.1 Distribution of Gross Receipts

(Rs. In Lakh)

S.No.	Item	2019-20	2020-21	Increase/Decrease (in %)
1.	Tax Receipts	114586 (33.19)	146630 (20.35)	27.97
1.1	Direct Taxes	87890 (25.46)	110804 (15.38)	26.07
1.2	Indirect Taxes	26696 (7.73)	35827 (4.97)	34.20
2.	Income from Property including Interest	21765 (6.30)	23533 (3.27)	8.12
3.	Misc. Receipts	7199 (2.09)	68576 (9.54)	855.08
4.	Revenue Grants & Contribution from Govt.	201678 (58.42)	403841 (56.04)	100.24
5.	Transfer from Non-Govt. including Inter Local Body Transfer	0 (0)	0 (0)	0.00
	Total	345228 (100.00)	642760 (100.00)	86.18

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.345228 Lakh during 2019-20 to Rs.642760 Lakh in 2020-21 by about 86.18%. Further analysis of receipts indicate that during 2019-20 major source of income of Local Bodies was revenue grants & contribution from Govt. (58.42%) followed by tax receipts (33.19%). During 2020-21 Revenue Grants and Contribution from Government (56.04 %) were the major source of income for local bodies followed by Tax Receipt (20.35%).

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	2019-20	2020-21	Increase/Decrease (in%)
1.	Current Expenditure	252247	424830	68.42
1.1	Consumption Expenditure	247505	421079	70.13
1.2	Transfer payment including Subsidy	4742	3751	-20.90
2.	Capital Expenditure	55923	115283	106.15
2.1	Physical Assets	55867	114371	104.72
2.2	Financial Assets	55	912	1558.18
2.3	Advances to Non-Govt.(including Capital transfers)	1	0	0.00
3	Net Interest Paid	19024	6009	-68.41
4	Total Expenditure including Int. (1+2+3)	327194	546122	65.07
5	Total Expenditure excluding Int. (4-3)	308170	540113	75.26

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	2019-20	2020-21	Increase/Decrease (in%)
1.	Current Receipts	345228	642760	86.18
2.	Current Expenditure	252247	424830	68.42
3.	Surplus on Current Account(1-2)	92981	217930	134.38
4.	Depreciation	0	0	0
5.	Gross Savings(3+4)	92981	217930	134.38

Statement No. 3.3 shows that gross savings of Local Bodies for the year 2019-20 was to the tune of Rs. 92981 lakh which had increased to Rs. 217930 lakh in 2020-21. In terms of percentage the increase was 134.38.

ECONOMIC CLASSIFICATION OF EXPENDITURE (Administrative Departments)

The aggregated expenditure of local bodies as per the economic classification was to tune of Rs. 5,40,113 Lakh for 2020-21 registering an increase of 75.26 % over previous year. The share of compensation of Employees in the total expenditure was to the tune of 38.60% during 2020-21.

Statement 3.4 Economic Classification of Expenditure of Local bodies

(Rs. In Lakh)

S.No.	Items	2019-20	2020-21	Increase / Decrease (in%)
1.	Compensation of Employees	158287 (51.36)	208508 (38.60)	31.73
2.	Net Purchase of Goods & Services including Repairs & Maintenance	89218 (28.95)	212571 (39.36)	138.26
3.	Transfer Payments including Subsidy	4742 (1.54)	3751 (0.69)	(-)20.90
4.	New Capital Formation	54551 (17.70)	113096 (20.94)	107.32
5.	Net Purchase of Second Hand Assets including Land	1311 (0.43)	1257 (0.23)	(-)4.12
6.	Net Purchase of Financial Assets	55 (0.02)	912 (0.17)	1558.18
7.	Change in Stock	5 (0.00)	18 (0.00)	260.00
8.	Advance to Staff	0 (0.00)	0 (0.00)	0.00
9.	Capital Transfer to Non- Government	1 (0.00)	0 (0.00)	-100.00
	Total Expenditure	308170 (100.00)	540113 (100.00)	75.26

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	2019-20	2020-21	Increase/Decrease (in%)
Administrative Departments				
1.	New Capital Formation	54551	113096	107.32
1.1	Construction Works	54070	111371	105.98
1.2	Plant & Machinery	446	1013	127.13
1.3	Transport Equipment	22	28	27.27
1.4	Computer Software	0	0	0.00
1.5	Cultivated Assets	12	684	5600.00
1.6	Animal Stock	1	0	0.00
2.	Net Purchase of Second hand Assets	1314	1271	-3.27
3.	Change in Stock	5	18	260.00
4.	GCF (Admn.) (1+2+3)	55870	114385	104.73

From the above statement 3.5, it may be observed that Gross Capital Formation of the local bodies had increased from Rs.55870 Lakh in 2019-20 to Rs. 114385 Lakh during 2020-21 showing a increase of 104.73%.

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

S.No.	Industry	Expenditure	2019-20	2020-21	Increase/Decrease (in%)
1.	Public Administration	Current	83238 (27.01)	234546 (43.43)	181.78
		Capital	25975 (8.43)	36586 (6.77)	40.85
		Total	109213 (35.44)	271132 (50.20)	148.26
2.	Construction	Current	102601 (33.29)	117341 (21.73)	14.37
		Capital	18639 (6.05)	58559 (10.84)	214.17
		Total	121240 (39.34)	175900 (32.57)	45.08
3.	Educational Services	Current	2915 (0.95)	3052 (0.57)	4.70
		Capital	676 (0.22)	609 (0.11)	(-)9.91
		Total	3591 (1.17)	3661 (0.68)	1.95
4.	Health Services	Current	21944 (7.12)	18721 (3.47)	(-)14.69
		Capital	574 (0.19)	2076 (0.38)	261.67
		Total	22518 (7.31)	20797 (3.85)	(-)7.64
5.	Sanitary Services	Current	26429 (8.58)	35908 (6.65)	35.86
		Capital	4510 (1.46)	14268 (2.64)	216.36
		Total	30939 (10.04)	50176 (9.29)	62.18
6.	Water Supply	Current	15120 (4.91)	15262 (2.83)	0.94
		Capital	5549 (1.80)	3185 (0.59)	(-)42.60
		Total	20669 (6.71)	18447 (3.42)	(-)10.75
Total Expenditure		Current	252247 (81.85)	424830 (78.66)	32.18
		Capital	55923 (18.15)	115283 (21.34)	106.15
GRAND TOTAL			308170 (100.00)	540113 (100.00)	75.26

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		