

GOVERNMENT OF PUNJAB



ECONOMIC CLASSIFICATION OF THE BUDGETARY TRANSACTIONS OF LOCAL BODIES 2013-14 AND 2014-15

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PREFACE

The Report on “Economic Classification of the Budgetary Transactions of Local Bodies 2013-14 & 2014-15” 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 2013-14 & 2014-15

State: Punjab

(Rs. In Lakh)

S.No.	Items	Receipts		Expenditure	
		2013-14	2014-15	2013-14	2014-15
I	Revenue + Capital	472445	362941	367504	325193
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	1	6	1	6
2	Loans & advances by State Government	0	1	0	1
3	Reserve funds	0	0	0	0
4	Deposits and Advances	0	0	0	0
5	Suspense & Miscellaneous	118	0	118	0
6	Remittances	0	0	0	0
7	Cash balance	169267	274365	274208	312114
8	Funds Rev. A/C	0	224	0	224
9	Funds Commercial Account (Dep.)				
	Total	169386	274596	274327	312344
	Net Receipts	-104941	-37749		
	Total excluding funds	641831	637313	641831	637313

From above, It is evident that the revenue of the government is decreased from Rs. 472445 lakh in 2013-14 to Rs. 362941 lakh in 2014-15. In the same way, the expenditure is also decreased from Rs. 367504 lakh to Rs. 325193 lakh in 2014-15. 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. 169267 lakh in 2013-14 and Rs. 274208 lakh in 2014-15 but at the end of the financial year after receiving or utilizing all funds the closing balance is Rs. 274365 lakh in 2013-14 and Rs. 312114 lakh in 2014-15.

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 2013-14 & 2014-15

State: Punjab

(Rs. In Lakh)

S.No.	Receipts	2013-14	2014-15	Expenditure	2013-14	2014-15
1	Income from Entrepreneurship & Property	59518	28127	Total Consumption Expenditure	218837	192096
1.1	Profits	0	0	Compensation of Employees	134306	88964
1.2	Income from property	59518	28127	Salaries, Wages & Benefits	130676	86861
1.2.1	Net interest received	2466	5007	Pension	3630	2104
1.2.2	Other Property Receipts	57052	23120	Net Purchase of Commodities & Services	84531	103132
2	Total Tax Revenue	144325	135128	Purchases	20775	20752
2.1	Total Direct Taxes	70276	103568	Maintenance	100772	140103
a)	Land Revenue	11533	13079	Less Sales	37016	57723
b)	Other Direct Taxes	58744	90489	Net Interest paid to	3626	9921
2.2	Total Indirect Taxes	74049	31560	Public Authorities	3626	9921
a)	Stamp duty	610	63	Centre	61	16
b)	Other Taxes Duties	73439	31496	State	8	107
3	Fees & Miscellaneous Receipts	24687	13611	Others	3556	9798
4	Total Transfers	192330	127643	Less Commercial interest	0	0
4.1	Current Transfers	127055	88523	Subsidies	251	6
a)	Centre	19570	15402	Total Current Transfers	12824	5006
b)	State	59909	44403	Total Current Expenditure (1+2+3+4)	235537	207029
c)	Others	47576	28718	Surplus on Current Account	185324	97479
4.2	Capital Transfers	65275	39120			
a)	Centre	35967	20165			
b)	State	20677	14636			
c)	Others	8631	4320			
	Total Receipts(1+2+3+4)	420861	304509	Total Expenditure (5+6)	420861	304509

This Account shows that the income from Property & Entrepreneurship is decreased from Rs. 59518 lakh in 2013-14 to Rs. 28127 lakh in 2014-15 and Total Tax Revenue is decreased from Rs. 144325 lakh in 2013-14 to Rs. 135128 lakh in 2014-15. But Fees & Miscellaneous Receipts are decreased from Rs. 24687 lakh in 2013-14 to Rs. 13611 lakh in 2014-15 and Total Transfers are also decreased from Rs. 192330 lakh in 2013-14 to Rs. 127643 lakh in 2014-15. The balancing figure of this account i.e., surplus on current account will balance the account by entering the figure of Rs. 185324 lakh in 2013-14 to Rs. 97479 lakh in 2014-15.

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 2013-14 & 2014-15

State: Punjab

(Rs. In Lakh)

S.No.	Items	Year	
		2013-14	2014-15
I	Expenditure		
Administration			
1	Capital Outlay	89266	52177
2	Purchase of physical and financial assets	-13610	2786
2.1	Second hand assets	456	3287
2.2	Land and financial assets	-14065	-501
3	Change in Stock	29	13
3.1	Inventory	29	13
3.2	Others		
4	Capital Transfers	4433	2457
4.1	For Capital Formation	4433	2457
5	Total (1 to 4)	80118	57433
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	80118	57433
II	Receipts		
11	Surplus on current account	185324	97479
12	Consumption of fixed capital	0	0
13	Borrowing at home	0	0
14	Other liabilities	-105206	-40046
14.1	Net Extra budgetary borrowings	-104941	-37749
14.2	Less Net Purchase of Financial assets	265	2298
15	Total Receipts (11 to 14)	80118	57433

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. 89266 lakh 2013-14 to Rs. 52177 lakh in the year 2014-15 and Capital Transfer from Rs. 4433 lakh 2013-14 to Rs. 2457 lakh in the year 2014-15. Due to large decline in Capital Outlay and Capital Transfers, Total expenditure is decreased from Rs. 80118 lakh to Rs. 57433 lakh. In the same way, Total receipts are also decreased from Rs. 80118 lakh to Rs. 57433 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 2013-14 & 2014-15

State: Punjab

(Rs. In Lakh)

S.No.	Items	Salary		Pension		Other Benefits		Total	
		2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
1	Total	124247	75760	3630	2104	6429	11100	134306	88964
2	Construction	2118	5738	53	50	1602	1373	3774	7161
3	Water supply	10412	2611	40	24	99	189	10550	2825
4	Other Services	23844	11510	100	128	644	815	24588	12453
(a)	Education	1993	514	5	1	24	29	2022	544
(b)	Medical & Public Health	15541	6048	95	122	118	235	15753	6404
(c)	Sanitation	6311	4948	0	6	502	551	6813	5506
5	Sub Total (2 to 4)	36374	19859	193	203	2345	2377	38912	22439
6	Public Administration (1-5)	87873	55901	3438	1901	4084	8723	95394	66525

From above account, it has been found out that the salaries is decreased from Rs. 124247 lakh to Rs. 75760 lakh , Pension is decreased from Rs. 3630 lakh to Rs. 2104 lakh and other benefits are increased from Rs.6429 lakh and Rs.11100 lakh. In the field of Education, Medical and Public Health, Sanitation, the salaries is decreased from Rs. 23844 lakh to Rs. 11510 lakh, Pension is increased from Rs. 100 lakh to Rs. 128 lakh and other benefits are increased from Rs. 644 lakh to Rs. 815 lakh. It means total compensation of employees is decreased from Rs. 134306 to Rs. 88964 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 2013-14 & 2014-15

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Building		Roads & Bridges		Other Capital Outlay		Transport Equipment		Machinery	
		2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
1	Total	4433	6296	17660	7486	60369	33917	281	93	795	116
2	Construction	1948	3531	9707	3560	25535	16676	116	76	1	5
3	Water Supply	3	7	269	15	5118	937	4	4	414	40
4	Other Services	263	93	247	78	9558	4345	17	7	10	11
(a)	Education	133	38	2	0	305	310	0	0	1	0
(b)	Medical & Public Health	47	55	16	10	4121	89	0	0	4	11
(c)	Sanitation	83	0	230	68	5131	3946	17	7	6	0
5	Sub-Total (2 to 4)	2214	3631	10223	3653	40210	21957	137	87	424	56
6	Public Administration (1-5)	2218	2664	7437	3833	20158	11960	144	6	371	60

Table- 5(contd.)
CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR
THE YEAR 2013-14 & 2014-15

Gross Domestic Fixed Capital Formation

State: Punjab

(Rs. In Lakh)

S.No.	Items	Capitalized wages		Software		Cultivated Assets		Animal Stock	
		2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
1	Total	5193	2584	111	8	403	1664	22	13
2	Construction	552	722	0	0	0	0	14	2
3	Water Supply	69	66	1	0	0	1	0	0
4	Other Services	3926	1049	0	6	0	0	0	0
(a)	Education	5	1	0	0	0	0	0	0
(b)	Medical & Public Health	86	2	0	0	0	0	0	0
(c)	Sanitation	3835	1045	0	6	0	0	0	0
5	Sub-Total (2 to 4)	4547	1836	1	6	0	1	14	2
6	Public Administration (1-5)	647	748	110	2	403	1664	8	10

Table- 5(contd.)

**CAPITAL FORMATION BY TYPE OF ASSET & INDUSTRY OF USE (ADMINISTRATION) FOR
THE YEAR 2013-14 & 2014-15**

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	
		2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
1	Total	89266	52177	456	3287	29	13	89751	55477
2	Construction	37872	24573	26	15	0	3	37898	24590
3	Water Supply	5878	1069	50	783	0	0	5927	1852
4	Other Services	14021	5588	29	312	29	0	14079	5900
(a)	Education	445	349	3	0	0	0	448	350
(b)	Medical & Public Health	4274	167	5	4	0	0	4279	171
(c)	Sanitation	9302	5072	21	307	29	0	9351	5379
5	Sub-Total (2 to 4)	57770	31229	105	1109	29	3	57904	32341
6	Public Administration (1-5)	31496	20947	351	2178	0	10	31847	23135

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. 89751 lakh to Rs. 55477 lakh during 2013-14 to 2014-15. This decrease is due to massive decline in construction of Rs. 37898 lakh in 2013-14 to Rs. 24590 lakh in 2014-15, Water supply is decreased from Rs. 5927 lakh to Rs. 1852 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 2013-14 & 2014-15

Current Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Consumption Expenditure									
		Compensation of Employees		Net Purchase of Goods & Services (G)		Repair & Maintenance					
		2013-14	2014-15	2013-14	2014-15	Buildings (BM)		Other Construction (CM)		Roads (RM)	
2013-14	2014-15					2013-14	2014-15	2013-14	2014-15		
	Year										
1	Total	134306	88964	-16241	-36971	5090	19419	67050	90198	28631	30485
2	Construction (Repair / Maintenance)	3774	7161	-4411	-3338	2109	5536	26747	25031	13618	14890
3	Water supply	10550	2825	-5663	-4349	119	155	5668	3523	232	142
4	Other Services	24588	12453	3453	129	893	11346	9295	24407	459	1607
(a)	Education Services	2022	544	309	336	258	195	159	149	1	4
(b)	Health Services	15753	6404	1182	950	202	113	1353	16216	16	31
(c)	Sanitation	6813	5505	1962	-1157	433	11038	7783	8042	442	1572
5	Sub-Total (2 to 4)	38912	22439	-6621	-7558	3121	17037	41710	52961	14309	16639
6	Public Administration (1-5)	95394	66525	-9620	-29413	1969	2382	25340	37237	14322	13846

Table- 6.1(contd.)

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2013-14 & 2014-15

Current Expenditure

State: Punjab

(Rs. In Lakh)

S.No.	Industry	Current Transfer						Total Current Expenditure	
		Non-Govt.		Inter Local Bodies		Subsidy (SUB.)		2013-14	2014-15
	Year	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
1	Total	12824	5006	0	0	251	6	231911	197107
2	Construction (Repair/Maintenance)	53	78	0	0	1	0	41891	49358
3	Water supply	25	56	0	0	1	0	10932	2352
4	Other Services	26	92	0	0	228	0	38942	50034
(a)	Education Services	1	3	0	0	227	0	2977	1231
(b)	Health Services	14	5	0	0	1	0	18521	23719
(c)	Sanitation	11	84	0	0	0	0	17444	25084
5	Sub-Total (2 to4)	104	226	0	0	230	0	91765	101744
6	Public Administration (1-5)	12720	4780	0	0	21	6	140146	95363

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 decreased from Rs. 231911 lakh in 2013-14 to Rs. 197107 lakh in 2014-15 respectively. Water supply is decreased from Rs. 10932 lakh to Rs. 2352 lakh and other services is increased from Rs.38942 lakh to Rs.50034 lakh. The compensation of employees is also decreased from Rs. 134306 lakh to Rs. 88964 lakh in the year 2013-14 and 2014-15.

Table-6.2

**INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR
2013-14 & 2014-15**

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	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
1	Total	4433	6296	17660	7486	60369	33917	281	93	795	116	111	8	22	13	403	1664
2	Construction (Repair /Maintenance)	1948	3531	9707	3560	25535	16676	116	76	1	5	0	0	14	2	0	0
3	Water Supply	3	7	269	15	5118	936	4	4	413	40	1	0	0	0	0	1
4	Other Services	263	93	247	78	9558	4345	17	7	10	11	0	6	0	0	0	0
4.1	Education Services	133	38	1	0	305	310	0	0	1	0	0	0	0	0	0	0
4.2	Health Services	47	55	16	10	4121	89	0	0	3	11	0	0	0	0	0	0
4.3	Sanitation	83	0	230	68	5132	3946	17	7	6	0	0	6	0	0	0	0
5	Sub Total (2 to 4)	2214	3631	10223	3653	40211	21957	137	87	424	56	1	6	14	2	0	1
6	Public Administration (1-5)	2219	2665	7437	3833	20158	11960	144	6	371	60	110	2	8	11	403	1663

Table-6.2(contd.)

INDUSTRY WISE-CLASSIFICATION OF LOCAL BODIES FOR THE YEAR 2013-14 & 2014-15

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	2013-14	2014-15					2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
1	Total	-14065	-501	456	3287	29	13	751	2318	4433	2457	0	0	75678	57167	307589	254274
2	Construction (Repair /Maintenance)	17	3	26	15	0	3	4	130	351	0	0	0	37719	24001	79610	73359
3	Water Supply	0	0	50	783	0	0	0	66	0	3	0	0	5858	1855	16790	4207
4	Other Services	0	0	29	311	29	0	1	112	33	16	0	0	10187	4979	49129	55013
4.1	Education Services	0	0	3	0	0	0	0	0	0	0	0	0	443	348	3420	1579
4.2	Health Services	0	0	5	4	0	0	0	0	0	0	0	0	4192	169	22713	23888
4.3	Sanitation	0	0	21	307	29	0	1	112	33	16	0	0	5552	4462	22996	29546
5	Sub Total (2 to 4)	17	3	105	1109	29	3	5	308	384	19	0	0	53764	30835	145529	132579
6	Public Administration (1-5)	-14082	-504	351	2178	0	10	746	2010	4049	2438	0	0	21914	26332	162060	121695

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. 307589 lakh in 2013-14 to Rs.254274 Lakh in 2014-15 respectively is due to decrease in Construction, Water Supply, Education Services and Sanitation. But there is increase in capital expenditure on health services from Rs.22713 lakh in 2013-14 to Rs.23888 lakh in 2014-15.

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 2013-14 & 2014-15 is given in Table-2

Statement: 3.1 Distribution of Gross Receipts

(Rs. In Lakh)

S.No.	Item	2013-14	2014-15	Increase/Decrease (in %)
1.	Tax Receipts	144326 (34.29)	135128 (44.37)	(-)6.37
1.1	Direct Taxes	70277 (16.70)	103568 (34.01)	47.37
1.2	Indirect Taxes	74049 (17.59)	31560 (10.36)	(-)57.38
2.	Income from Property including Interest	59518 (14.14)	28127 (9.24)	(-)52.74
3.	Misc. Receipts	24687 (5.87)	13611 (4.47)	(-)44.87
4.	Revenue Grants & Contribution from Govt.	192330 (45.70)	127643 (41.92)	(-)33.63
5.	Transfer from Non-Govt. including Inter Local Body Transfer	0 (0.00)	0 (0.00)	0.00
	Total	420861 (100.00)	304509 (100.00)	(-)27.65

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.4,20,861 Lakh during 2013-14 to Rs.3,04,509 Lakh in 2014-15 by about (-)27.65%. Further analysis of receipts indicate that during 2013-14 major source of income of Local Bodies was revenue grants & contribution from Govt. 45.70% followed by tax receipts (34.29)%. During 2014-15 Tax Receipt were the major source of income for local bodies (44.37)% followed by revenue grants and contribution from Government (41.92)%.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	2013-14	2014-15	Increase/Decrease (in%)
1.	Current Expenditure	235537	207028	(-)12.10
1.1	Consumption Expenditure	218836	192095	(-)12.22
1.2	Transfer payment including Subsidy	13075	5012	(-)61.67
1.3	Net Interest Paid	3626	9921	173.61
2.	Capital Expenditure	75678	57167	(-)24.46
2.1	Physical Assets	70494	52392	(-)25.68
2.2	Financial Assets	751	2318	208.66
2.3	Advances to Non-Govt.(including Capital transfers)	4433	2457	(-)44.57
3	Total Expenditure including Int. (1+2)	311215	264195	(-)15.11
4	Total Expenditure excluding Int. (3-1.3)	307589	254274	(-)17.33

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	2013-14	2014-15	Increase/Decrease (in%)
1.	Current Receipts	420861	304509	(-)27.65
2.	Current Expenditure	235537	207028	(-)12.10
3.	Surplus on Current Account(1-2)	185324	97481	(-)47.40
4.	Depreciation	0	0	0.00
5.	Gross Savings(3+4)	185324	97481	(-)47.40

Statement No. 3.3 shows that gross savings of Local Bodies for the year 2013-14 was to the tune of Rs. 185324 Lakh which had decreased to Rs. 97481 Lakh in 2014-15. In terms of percentage the decrease was (-)47.40.

ECONOMIC CLASSIFICATION OF EXPENDITURE (Administrative Departments)

The aggregated expenditure of local bodies as per the economic classification was to tune of Rs. 2,54,274 Lakh for 2014-15 registering an decrease of (-)17.33% over previous year. The share of compensation of Employees in the total expenditure was to the tune of 34.99% during 2014-15.

Statement 3.4 Economic Classification of Expenditure of Local bodies

(Rs. In Lakh)

S.No.	Items	2013-14	2014-15	Increase / Decrease (in%)
1.	Compensation of Employees	134306 (43.67)	88964 (34.99)	(-)33.76
2.	Net Purchase of Goods & Services including Repairs & Maintenance	84530 (27.48)	103131 (40.56)	22.01
3.	Transfer Payments including Subsidy	13075 (4.25)	5012 (1.97)	(-)61.67
4.	New Capital Formation	84074 (27.33)	49593 (19.50)	(-)41.01
5.	Net Purchase of Second Hand Assets including Land	(-)13609 (-4.42)	2786 (1.09)	(-)120.47
6.	Net Purchase of Financial Assets	751 (0.24)	2318 (0.91)	208.66
7.	Change in Stock	29 (0.01)	13 (0.01)	(-)55.17
8.	Advance to Staff	0 (0.00)	0 (0.00)	0
9.	Capital Transfer to Non- Government	4433 (1.44)	2457 (0.97)	(-)44.57
	Total Expenditure	307589 (100.00)	254274 (100.00)	(-)17.33

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	2013-14	2014-15	Increase/Decrease (in%)
Administrative Departments				
1.	New Capital Formation	84074	49593	(-)41.01
1.1	Construction Works	82462	47699	(-)42.16
1.2	Plant & Machinery	795	116	(-)85.41
1.3	Transport Equipment	281	93	(-)66.90
1.4	Computer Software	111	8	(-)92.79
1.5	Cultivated Assets	403	1664	312.90
1.6	Animal Stock	22	13	(-)40.91
2.	Net Purchase of Second hand Assets	456	3287	620.83
3.	Change in Stock	29	13	(-)55.17
4.	GCF (Admn.) (1+2+3)	84559	52893	(-)37.45

From the above statement 3.5, it may be observed that Gross Capital Formation of the local bodies had decreased from Rs. 84559 Lakh in 2013-14 to Rs. 52893 Lakh during 2014-15 showing a decrease of (-)37.45%.

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

S.No.	Industry	Expenditure	2013-14	2014-15	Increase/Decrease (in%)
1.	Public Administration	Current	140146 (45.56)	95363 (37.51)	(-)31.95
		Capital	21914 (7.13)	26332 (10.35)	20.16
		Total	162060 (52.69)	121695 (47.86)	(-)24.91
2.	Construction	Current	41891 (13.62)	49358 (19.41)	17.82
		Capital	37719 (12.26)	24001 (9.44)	(-)36.37
		Total	79610 (25.88)	73359 (28.85)	(-)7.85
3.	Educational Services	Current	2977 (0.97)	1231 (0.48)	(-)58.65
		Capital	443 (0.14)	348 (0.14)	(-)21.44
		Total	3420 (1.11)	1579 (0.62)	(-)53.83
4.	Health Services	Current	18521 (6.02)	23719 (9.33)	28.07
		Capital	4192 (1.36)	169 (0.06)	(-)95.97
		Total	22713 (7.38)	23888 (9.39)	5.17
5.	Sanitary Services	Current	17444 (5.67)	25084 (9.86)	43.80
		Capital	5552 (1.81)	4462 (1.76)	(-)19.63
		Total	22996 (7.48)	29546 (11.62)	28.48
6.	Water Supply	Current	10932 (3.56)	2352 (0.93)	(-)78.49
		Capital	5858 (1.90)	1855 (0.73)	(-)68.33
		Total	16790 (5.46)	4207 (1.66)	(-)74.94
Total Expenditure		Current	231911 (75.40)	197107 (77.52)	(-)15.01
		Capital	75678 (24.60)	57167 (22.48)	(-)24.46
GRAND TOTAL			307589 (100.00)	254274 (100.00)	(-)17.33

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		