



# **GOVERNMENT OF PUNJAB**

**ECONOMIC AND FUNCTIONAL CLASSIFICATION**

**OF MUNICIPAL BUDGETS IN PUNJAB**

**FOR THE YEAR 2006-07**

**(2004-05 (A/C) & 2005-06(R.E))**

**ECONOMIC AND STATISTICAL ORGANISATION, PUNJAB,  
CHANDIGARH**

## **PREFACE**

Budgetary operations have assumed greater significance now a days. Government budget not only undertakes the programming of Public Sector plan outlays but also provides the mechanism for the use of selective fiscal and credit policies to modify private incentives. The role of the budgets of Local Authorities is equally significant and Urban Local Bodies have a vital role in augmentation of multifarious amenities in their command areas.

The United Nations Report entitled, "A Manual for Economic & Functional Classification to Government Transactions, 1958" is the main source of guidance on classification work.

Functional Classification Scheme classifies expenditure according to broad purpose to be served. It is designed to show how expenditure is divided among different types of services provided. All types of expenditure are given under a particular head irrespective of the fact where they appear in the budget. The functional classification enables to bring out distinction between developmental and non-developmental expenditure.

The present classification of the municipal budget is the thirty-seven in the series since 1970-71. According to the budget, all the Municipal Councils/Corporations in the State anticipated the total revenue of Rs. 1102.44 crores in 2005-06(RE) as compared to Rs. 841.19 Crores in 2004-05 (A/C) . The classification further observed that there is progressive increase in the total expenditure .The revised estimates for the year 2005-06 estimated the expenditure at Rs.1012.01 crores as compared to Rs.829.24 crores in the 2004-05(A/C).

I hope that this report will be found useful by the Administrators and Research Scholars interested in the study of budgetary transactions of the Municipal Committees of State of Punjab.

Suggestions, if any, for improvement of the coverage and contents of this report are welcome.

CHANDIGARH

DATED: 9-7-2008

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## Chapter 1

### Introduction

The budget exhibits the detailed information regarding revenue and expenditure and other financial transactions. It is framed for the judicious scrutiny and authorization of expenditure and revenue proposals in a given financial year in terms of various departments and purposes. But this document does not give clearly the economic significance of various heads of revenue and expenditure. Rather it becomes difficult to have clear pictures of capital formation, savings etc. This lacuna is removed by reclassifying and regrouping the financial transactions into meaningful economic categories.

In the democratic set-up of government, The Municipalities / Corporations also play an important role in the development of the urban areas. Under Rule II of the Municipal Accounts code, 1930, all the Municipal Committees / Corporations are required to submit their annual budgets on the G-1 Form to their respective Deputy Commissioners / Commissioners for approval. Since this is an important sector of the economy, proper analysis of its transactions is very useful. Thus, the importance of economic and functional classification of the Budgets of Municipal Committees/Corporations need no emphasis. For the purpose of economic-functional classification the approved copies of the Budgets were procured from all the Municipalities/Corporations and compiled and classified at State level. The present economic-functional classification is based on the pattern of Economic & purpose Classification of the State Government Budget.

### Principals of Economic Classification

The system of classification adopted here is based on a series of distinctions useful for analyzing their economic impact on the rest of the economy. Current transactions in goods and services are separated from transfers. The current transaction of municipal administration are distinguished from the current operations of departmental commercial undertaking as current expenditure of the former on wages and salaries and goods and services are final outlay but these of the later are intermediate expenditure such as cost of raw material, fuels etc. We may say such expenditure represents expenses of production and not expenditure such as cost of raw material, fuels etc. We may say such expenditure represents expenses of production not expenditure on final goods and services. Purely financial transactions are again separated from transactions in goods and services and transfers.

The details of the significant economic heads are given under the following five accounts:-

- Account I. Transactions in Commodities and Services and Transfers:  
Current Account of Municipal Committees/Corporations.
- Account II. Transactions in Commodities and Services and Transfers:  
Current Account of Departmental Commercial Undertakings.
- Account. III Transactions in Commodities and Services and Transfers:  
Capital Account of Administration and Departmental Commercial Undertakings of Municipal Committees/Corporations.
- Account. IV. Changes in Financial Assets and Liabilities. Capital Account of Municipal Committees/Corporations.
- Accounts. V. Cash and Capital Reconciliation Account of Municipal Committees/Corporations.

**CHAPTER II**  
**THE SET OF ACCOUNTS**  
**Five accounts containing the reclassified data from the Budget of Municipalities/Corporations for 2004-05 (A/C) 2005-06 (R/E)**  
**ACCOUNT 1**

(Rs.in Lakhs)

Transaction in commodities and Services and transfers:							
S.N	Expenditure	Accounts 2004-05	Revised Estimates 2005-06	Serial No.	Revenue	Accounts 2004-05	Revised Estimates 2005-06
0	1.	2.	3.	4.	5.	6.	7.
<b>1</b>	<b>Consumption Expenditure (1.1+1.2)</b>	<b>41989.64</b>	<b>46936.26</b>	<b>1</b>	<b>Tax Revenue</b>	<b>62938.03</b>	<b>76281.81</b>
1.1	Wages and Salaries	35909.67	40344.30	<b>1.1</b>	<b>Direct Taxes(a+b)</b>	<b>7819.95</b>	<b>8741.99</b>
1.2	Net purchases of commodities & services including RM (a (-) b)	6079.97	6591.96	(a)	Profession and trade Tax	96.78	100.00
(a)	Purchases of commodities & Services	12881.54	15471.44	(b)	Servant Tax	-	-
(b)	Less sale of commodities and services	6801.57	8879.48	(c)	Taxes on Houses and Lands	7723.17	8641.99
<b>2</b>	<b>Transfer Payments (2.1+2.2+2.3)</b>	<b>1688.74</b>	<b>2868.90</b>	<b>1.2</b>	<b>Indirect Taxes (a to l)</b>	<b>55118.08</b>	<b>67539.82</b>
2.1	Interest	110.11	183.28	(a)	Octroi	54056.76	65672.09
2.2	Grants	284.83	715.62	(b)	Terminal Tax	-	-
2.3	Other current transfers	1293.80	1970.00	(c)	Taxes on Vehicles	127.59	152.18
				(d)	Taxes on Animals (Including registration of dogs)	00.12	00.20
				(e)	Fees for Vehicles licenses	147.70	165.43
				(f)	License fee for job porters	-	1.40
				(g)	Dangerous and offensive trade License fee	123.33	152.17
				(h)	Tolls on vehicles and animals	41.57	34.04
				(i)	Local rates	-	-
				(j)	Fees for letting of Fire-works	-	-
				(k)	Miscellaneous-other Taxes and duties	566.84	1218.57
				(l)	Advertisement Tax	54.17	143.74
	<b>Total (1+2)</b>	<b>43678.38</b>	<b>49805.16</b>		<b>Total (of Sr. No. 1 or 1.1+1.2)</b>	<b>62938.03</b>	<b>76281.81</b>

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**CHAPTER II**  
**THE SET OF ACCOUNTS**  
**Five accounts containing the reclassified data from the Budget of Municipalities/Corporations for 2004-05 (A/C) 2005-06 (R/E)**  
**ACCOUNT 1**

(Rs.in Lakhs)

Transaction in Commodities & Services and Transfers							
Serial No.	Expenditure	Accounts 2004-05	Revised Estimates 2005-06	Serial No.	Revenue	Accounts 2004-05	Revised Estimates 2005-06
	<b>Total from previous page</b>	<b>43678.38</b>	<b>49805.16</b>		<b>Total from previous page</b>	<b>62938.03</b>	<b>76281.76</b>
<b>3.</b>	<b>Savings on current account</b>	<b>31185.30</b>	<b>48984.38</b>	<b>2</b>	<b>Income from property and Entrepreneurship</b>	<b>5731.36</b>	<b>14702.06</b>
				2.1	Profit transferred by Departmental commercial Undertakings	-	-
				2.2	Income on investment	-	-
				2.3	Interest receipts	11.22	202.50
				2.4	Income from Municipal Properties (rents on land buildings)	5720.14	14499.56
				3	Miscellaneous Receipts	4912.77	6120.68
				4	Revenue grants and contributions	1281.52	1685.04
	<b>Total(1+2+3)</b>	<b>74863.68</b>	<b>98789.54</b>		<b>Total (Sr.No.1+2+3+4)</b>	<b>74863.68</b>	<b>98789.54</b>

**ACCOUNT II**  
**Current account of Departmental Commercial Undertakings of**  
**Municipal Committees / Corporations**

Transaction in commodities and Services and Transfers							(Rs.in '000)	
S.N	Expenditure	2004-05 Accounts	2005-06 Revised Estimates	Serial No.	Revenue	2004-05 Accounts	2005-06 Revised Estimates	
1.	2.	3.	4.	5.	6.	7.	8.	
1.	Wages & Salaries	-	-	1	<b>Gross Sale Proceeds</b>	-	-	
2.	Commodities and services	-	-	(a)	Electricity Department of Amritsar	-	-	
<b>3.</b>	<b>Repairs &amp; Maintenance</b>	-	-		Municipal Corporation	-	-	
i)	Wages & Salaries	-	-	(b)	Transport	-	-	
ii)	Commodities and services	-	-	(c)	Water Supply	-	-	
4.	Interest	-	-					
5.	Provision for depreciation	-	-					
6.	Profit transferred to current account	-	-					
<b>Total</b>		-	-	<b>Total</b>		-	-	

There is no Departmental commercial undertakings in Punjab under Municipal Corporations and Councils.



**ACCOUNT III**  
**Capital Account of Administration and Departmental Commercial Undertakings of**  
**Municipal Committees Corporations (Rs. In Lakhs)**

Transaction in commodities and Services and Transfers							
S N.	Expenditure	Accounts 2004-05	Revised Estimates 2005-06	Serial No.	Revenue	Accounts 2004-05	Revised Estimates 2005-06
1.	2.	3.	4.	5.	6.	7.	8.
<b>1.</b>	<b>Gross capital formation (A+B)</b>	<b>28967.08</b>	<b>38504.91</b>	1.	<b>Gross savings</b>	<b>31185.30</b>	<b>48984.38</b>
(A)	<b>General Departments (1.1+1.2)</b>	<b>28656.54</b>	<b>38353.22</b>	1.1	Savings on current Account of Municipal Committees/Corporations	31185.30	48984.38
1.1	Buildings an other construction	28042.08	37311.68	1.2	Provisions for depreciation of D.C.U.'s.	-	-
(a)	New Outlay	28042.08	37311.68	2	Capital transfer Capital Grants, contributions and recoveries)	272.46	272.69
(b)	Renewals and replacement	-	-	3	Balance: Deficit on all transactions on commodities and services and transfers	(-)2490.68	(-)10752.16
1.2	Machinery and equipments	614.46	1041.54				
(a)	New Outlay	614.46	1041.54				
(b)	Renewals and replacement	-	-				
<b>(B)</b>	<b>Commercial Undertakings (Total 1.3+1.4+1.5)</b>	<b>310.54</b>	<b>151.69</b>				
1.3	Buildings and other Constructions	-	-				
(a)	New Outlay	-	-				
(b)	Renewals and replacements	-	-				
1.4	Machinery & Equipments	-	-				
(a)	New Outlay	-	-				
(b)	Renewals and replacements	-	-				
<b>1.5</b>	<b>Net increase in Inventories</b>	<b>310.54</b>	<b>151.69</b>				
(a)	Gross Expenditure in inventories	180.40	232.25				
(b)	Gross income form inventories	490.94	383.94				
2.	Capital Transfers	-	-				
	<b>Total(1+2)</b>	<b>28967.08</b>	<b>38504.91</b>		<b>Total (1+2+3)</b>	<b>28967.08</b>	<b>38504.91</b>

**Account IV**

**Changes in financial assets and Liabilities Capital Account of Municipal Committees / Corporations.**

**(Rs. In Lakhs)**

<b>Asset Liabilities of Capital Outgoing &amp; Incoming</b>							
<b>S N.</b>	<b>Outgoings</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-06</b>	<b>Serial No.</b>	<b>Incomings</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-06</b>
<b>1.</b>	<b>2.</b>	<b>3.</b>	<b>4.</b>	<b>5.</b>	<b>6.</b>	<b>7.</b>	<b>8.</b>
1.	<b>Loans and Advances(a+b)</b>	<b>3607.48</b>	<b>3930.63</b>	<b>1</b>	<b>Loans</b>	<b>1690.72</b>	<b>1918.37</b>
(a)	For Capital formation	3246.73	3537.56	2	Balance: Net Increase Financial Assets and Liabilities	1916.76	2012.25
(b)	For Current consumption	360.75	393.07				
2.	Unearmarked Investment						
3.	Investment in securities						
<b>Total (Sr.No.1+2+3)</b>		<b>3607.48</b>	<b>3930.63</b>	<b>Total (Sr.No.1+2)</b>		<b>3607.48</b>	<b>3930.63</b>

**ACCOUNT V**

**Cash and Capital Reconciliation Accounts of Municipal Committees / Corporations**

**(Rs. In Lakhs)**

<b>Cash &amp; Capital Reconciliation of Accounts</b>							
	<b>Serial No. Outgoings</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-06</b>		<b>Serial No. Incomings</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-06</b>
<b>1.</b>	<b>2.</b>	<b>3.</b>	<b>4.</b>	<b>5.</b>	<b>6.</b>	<b>7.</b>	<b>8.</b>
1.	Deficit/ Surplus on all Transactions on commodities and Services and Transfers (balancing item of account – III)	(-)2490.68	(-)10752.16	1.	Decrease in cash Balances	(-)573.92	(-)8739.91
2.	Net increase in financial Assets and Liabilities (Balancing item of Account IV)	1916.76	2012.25		-	-	-
<b>Total (1+2)</b>		<b>(-) 573.92</b>	<b>(-)8739.91</b>	<b>Total (1)</b>		<b>(-)573.92</b>	<b>(-)8739.91</b>

## CHAPTER – III

### Major Findings

The main findings emerging from the economic classification of Municipal Budgets are discussed below:-

**Total Expenditure-** The total expenditure of 128 Municipal Committee /Councils/and 5 Corporation in Punjab was Rs90322.32 Lakhs during 2005-06 (Revised Estimates) as compared to Rs.74562.22 Lakhs during the years 2004-05 (Accounts) registering an increase of 21.14 percent in 2005-06 (Revised Estimates) over 2004-05 (Accounts). The Municipal Committees/Corporation incurred expenditure mainly on wages and salaries of Municipal staff, construction of roads, payments and maintenance of streets and drainage works. The allocation by types of expenditure is given in Table No.-I

**Table No.1 Total Expenditure**

(Rs. In Lakhs)

<b>Expenditure</b>			
<b>S.N</b>	<b>Items</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-06</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	<b>Final Outlays (a+b)</b>	70956.72 (95.16)	85441.17 (94.60)
	(a) Consumption expenditure of Municipal Committees/Corporations (Vide Account I)	41989.64 (59.18)	46936.26 (54.93)
	(b) Gross capital formation (Vide Account III)	28967.08 (40.82)	38504.91 (45.07)
2.	<b>Transfer payments to the rest of the economy (Total a+b)</b>	<b>1688.74</b>	<b>2868.90</b>
	(a) Current transfer (Vide Account No. I)	1688.74	2868.90
	(b) Capital transfer (Vide Account No. III)	-	-
	<b>Financial investment and Loans to the rest of the Economy (Net) (Vide Account IV)</b>	<b>1916.76</b>	<b>2012.25</b>
<b>Total Expenditure (1+2+3)</b>		<b>74562.22</b>	<b>90322.32</b>

Note:-128 Municipal Committees and 5 corporations in Punjab are taken in this analysis.

#### **Final outlays:**

The Final outlays represent the direct demand for consumption expenditure, capital formation etc of the Municipal Committees / Corporation. Final outlays constitute the major expenditure i.e.94.60 percent in 2005-06 (Revised Estimates) as against 95.16 percent in 2004-05 (Accounts) of the outlays of Rs.85441.17 lakhs and 70956.72 lakhs respectively.Rs. 46936.26 lakhs (54.93 percent) constituted consumption expenditure as against Rs.41989.64 lakhs (59.18 percent) during 2004-05(Accounts).

#### **Transfer payments, financial investments and loans (net)**

The transfer payments, loans and advances to the rest of the economy were proposed Rs.4881.15 lakhs for the year 2005-06 (Revised Estimates) . The corresponding figures for the year 2004-05(A) is Rs.3605.50 lakhs.

#### **Gross capital Formation:-**

Gross capital Formation the final outlay, the consolidated revised estimates of the Municipal Committees/Corporations in Punjab proposed the gross Capital Formation as 45.07 percent (38504.91 Lakhs) as compared to 40.82 percent (28967.08 Lakhs) during 2004-05 (Accounts)

**Table No.2 Total Financial Assistance for Capital Formation****(Rs.in Lakhs)**

<b>Financial Assistance</b>			
<b>S.N</b>	<b>Items</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-06</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1	Investment in securities (Vide Account IV)	-	-
2.	Loans and capital formation	3607.48	3930.62
3.	Unearmarked Investment (Vide Account IV)	-	-
<b>Total Financial Assistance for Capital Formation (1+2+3)</b>		<b>3607.48</b>	<b>3930.62</b>

**Capital Formation out of Budgetary Resources: -**

Total capital formation out of the budgetary resources was 90.74 percent undertaken by the Municipal Committees / Corporations directly during 2005-06 (Revised Estimates) whereas the corresponding contribution to the total capital formation was 88.93 percent in 2004-05 (Accounts) respectively

**Table No.3 Gross Capital formation out of the budgetary resources of Municipal Committees / Corporations****(Rs.in Lakhs)**

<b>Gross Capital Formation</b>			
<b>S.N</b>	<b>Items</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-056</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Gross Capital Formation by Municipal Committees / Corporations (A/c III)	28967.08 (88.93)	38504.91 (90.74)
2.	Renewals and replacements (A/C-III)	-	-
3.	Net Capital formation by Municipal Committees / Corporations(1-2)	28967.08	38504.91
4.	Financial Assistance for capital formation to the rest of the economy (A/C-IV)	3607.48	3930.62
<b>Total capital formation (Net) of the Budgetary Resources of Municipal Committees / Corporations(3+4)</b>		<b>32574.56</b>	<b>42435.53</b>

The above table depicts that total outlay provided for capital formation by Municipal Committees/Councils /Corporation out of their budgetary resources Rs.42435.53 lakh in 2005-06 (RE), Rs.32574.56 in 2004-05(Accounts), showing an increase of 30.27 percent in 2005-06(RE), over 2004-05 (Accounts), .The percentage of total outlay for Capital Formation to the total expenditure during the years 2005-06 (RE) and 2004-05 (Accounts) was 46.98% and 43.69% respectively.

**Table No.4 Current Receipts of Municipal Committees / Corporations**

**(Rs. In Lakhs)**

<b>Receipts</b>			
<b>S.N</b>	<b>Items</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-06</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Tax Revenue (A/C-I)	62938.03	76281.76
2.	Income from property and Entrepreneurship (A/C-I)	5731.36	14702.06
3.	Miscellaneous Receipts (A/C-I)	4912.77	6120.68
4.	Revenue grants and contributions (A/C-I)	1281.52	1685.04
<b>Total (1+2+3+4)</b>		<b>74863.68</b>	<b>98789.54</b>

**Current receipts:** - The total current revenue of Municipal Committees/Corporations in Punjab was Rs.98789.54 Lakhs in 2005-06 (RE) as against 74863.68 lakhs in 2004-05(Accounts). The revenue increase has been worked out to 31.96 percent during 2005-06 (R.E) over 2004-05(Accounts) out of the total revenue of 98789.54 lakhs in 2005-06 (RE) Rs.76281.76 lakhs (77.22%) was from tax revenue. The corresponding percentage for 2004-05(Accounts) was 83.34 percent.

**Table No.5 Current outgoings of Municipal Committees / Corporations  
(Rs.in Lakhs)**

<b>Out goings</b>			
<b>S.N</b>	<b>Items</b>	<b>Accounts 2004-05</b>	<b>Revised Estimate 2005-06</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Consumption expenditure (Vide Item I, Account I)	41989.64 (96.13)	46936.26 (94.23)
2.	Transfer payments (Vide Item II, Account I)	1688.74 (3.87)	2868.90 (5.76)
<b>Total (1+2)</b>		<b>43678.38</b>	<b>49805.16</b>

**Current Outgoing:** - The current outgoings which consist of consumption expenditure and transfer payments were Rs.49805.16 lakhs during 2005-06 (RE) and Rs.43678..38 lakhs during 2004-05 (Accounts). This shows an increase of 14.03 percent during 2005-06 (RE) over 2004-05 (Accounts). Consumption expenditure constitute the major portion of the current outgoings. Its contribution to total current outgoing were 96.13 percent and 94.23 percent respectively during the above periods whereas the contribution of Transfer payment to total current outgoings during the above periods were only 3.87 percent and 5.76 percent respectively.

**Table No.6 Gross Net savings of the Municipal Committees / Corporations****(Rs. In Lakhs)**

<b>Gross Net Savings</b>			
<b>S.N</b>	<b>Items</b>	<b>Accounts 2004-05</b>	<b>Revised Estimate 2005-06</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	<b>Gross Savings:-</b>		
(a)	Savings of Municipal Administration (Vide Item No. 3 in Account I)	31185.30	48984.38
(b)	Depreciation provision of Departmental Commercial Undertakings (Vide Item No. 5 in Account II)	-	-
(c)	Expenditure on Renewals and Replacement (Vide Item No. 1.1 (b) &1.3(b) in Account III)	-	-
<b>Net Savings a-(b+c)</b>		<b>31185.30</b>	<b>48984.38</b>

**Gross and Net Savings:-** Gross savings comprises of savings of Municipal Administration i.e. the surplus of Municipal Current receipts over Municipal current expenditure and depreciation provisions of Departmental Commercial undertakings of Municipal Committees / Corporations. Net savings are equal to gross savings less expenditure on renewals and replacements.



## Income Deficit/Surplus.

The income deficit/surplus of the 128 Municipal Committees and 5 Corporations in the State as measured by the excess of net investment over net savings is given as in Table No. 7.

**Table No.7 Income deficit/surplus of all the Municipal Committees/Corporations**

(Rs. In Lakhs)

<b>Income Deficit</b>			
<b>S.N</b>	<b>Items</b>	<b>Accounts 2004-05</b>	<b>Revised Estimate 2005-06</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Investment by Municipal Committees/Corporations (Net) (Table 3)	28967.08	38504.91
2.	Savings by Municipal Committees/Corporations (Net)(A/C-I)	31185.30	48984.38
<b>Income deficit of Municipal Committees/Corporations (2-1)</b>		<b>2218.22</b>	<b>10479.47</b>

## Other Deficit/Surplus

The deficit in income account as indicated above is a measure of the gap to be filled up by Municipal Committees/Corporations net borrowings. Another measure of deficit is provided by the sum of balancing items in Account III and Account IV. This deficit which denotes total requirements of finance for the Municipal Committees/Corporations is shown in table given below.

**Table No. 7-Cont: Income deficit of all the Municipal Committees/Corporation.**

(Rs. In Lakhs)

<b>Income Deficit</b>			
<b>S.N</b>	<b>Items</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-06</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1	Deficit in all transactions on commodities and Services and transfers (Vide balancing item no. 6 in Account III)	(-)2490.68	(-)10752.16
2	Net increase in financial Assets (Vide balancing items no. 6 Account IV)	1916.76	2012.25
<b>Deficit Denoting total Requirements of finance (1+2)</b>		<b>(-)573.92</b>	<b>(-)8739.91</b>

**Table No. 8 Total income generation by the Municipal Committees / Corporations  
(Rs. In Lakhs)**

<b>Income Generation</b>			
<b>S.N</b>	<b>Items</b>	<b>Accounts 2004-05</b>	<b>Revised Estimate 2005-06</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1	Wages and Salaries (Vide Account I, Item 1.1)	35909.67	40344.30
2	Net output of Departmental commercial undertakings	-	-
3	Wages and salaries components of Municipal Committees / Corporations outlay on buildings and constructions	9338.01	12424.79
<b>Total (1+2+3)</b>		<b>45247.68</b>	<b>52769.09</b>

**Contribution to income generation by the Municipal Committees / Corporations:-**

The budgetary operations of all the Municipal Committees / Corporations during the year 2005-06 (RE) are expected to generate a total income of Rs.52769.09 lakhs. During 2004-05 (Accounts) such income generated works out to Rs. 45247.68 Lakhs.

**Table No.9 Economic classification – Percentage distribution of expenditure**

<b>Economic Classification</b>			
<b>S.N</b>	<b>Heads</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-06</b>
<b>0</b>	<b>1</b>	<b>3</b>	<b>4</b>
1.	Consumption expenditure	47319.75 (58.09)	53762.51 (54.23)
2	Grants	-	-
3	Interest	110.11 (0.14)	183.28 (0.18)
4	Subsidy	-	-
5	Other current transfer payments	1293.80 (1.59)	1970.00 (1.99)
6	Total current expenditure (1 to 5)	48723.66 (59.82)	55915.79 (56.40)
7	Gross capital formation	28836.94 (35.40)	38585.47 (38.92)
	i) Buildings and other construction	28042.08 (34.43)	37311.68 (37.63)
	ii) Machinery and equipments	614.46 (0.75)	1041.54 (1.05)
	iii) Increase in inventories	180.40 (0.22)	232.25 (0.24)
	iv) Renewals and replacements	-	-
8	Capital transfers	-	-
9	Unearmarked investment /Grants	284.837 (0.35)	715.62 (0.72)
10	Loans and Advances	3607.48 (4.45)	3930.62 (3.96)
11	Total capital expenditure (7 to10 )	32729.25 (40.18)	43231.71 (43.60)
<b>Grand Total ( Current &amp;</b>		<b>81452.91 (100.00)</b>	<b>99147.50 (100.00)</b>

Note-: Figures in Brackets shows the percentage of respective column.

## CHAPTER IV

### Reconciliation

In this chapter an attempt has been made to reconcile the figures relating to the total revenue and expenditure of Municipal Committees / Corporations budget with the total revenue and expenditure as worked out by the economic classification scheme. The various adjustments in the economic classification to arrive at the figures given in the Municipal budget for the year under review are spelt on in detail in the statement given below:-

(Rs. In Lakhs)

<b>Revenue</b>			
S.N	Revenue	Accounts 2004-05	Revised Estimate 2005-06
0	1	2	3
1	<b>Total Revenue</b> as shown in the Municipal Budgets	84119.37	110244.07
2	Sale of commodities and services treated as deduction of consumption expenditure	1471.46	2053.23
3	Inventories as treated income in the Municipal budgets	490.94	383.94
4	Capital transfers (Capital grants and contributions and recoveries).	272.46	272.69
5	Sale-Proceeds of Water Supply	5330.11	6826.25
6	Loans (incomings)	1690.72	1918.37
7	Profit of departmental commercial undertakings	-	-
8	Total adjustments (2 to 7)	9255.69	11454.48
<b>Total revenue as shown in economic classification (Sr 1 (-) 8)</b>		<b>74863.68</b>	<b>98789.54</b>

(Rs. In Lakhs)

<b>Expenditure</b>			
Serial No.	Items	Accounts 2004-05	Revised Estimates 2005-06
0	1	2	3
1	<b>Total Expenditure</b> as shown in the Municipal Budgets	82924.37	101200.73
2	Sale of commodities and services, treated as deduction of consumption expenditure	1471.46	2053.23
3	Gross increase in inventories	180.40	232.25
4	Current expenditure of departmental commercial undertakings	-	-
5	Loans (incomings)	1690.72	1918.37
6	Net increase in inventories	310.54	151.69
7	Total adjustments	4709.03	6522.87
<b>Total expenditure as shown in the economic classification.</b>		<b>74562.22</b>	<b>90322.32</b>

## CHAPTER V

Notes on the Accounts, their Derivation and Rationale Account I. Transactions in Commodities and Services and Transfers:

Current Account of Municipal Committees/Corporations in the State:

### **Account -1**

This account deals with the current revenue and expenditure of all the Municipal Committees/Corporations in the State. All departments other than those listed under Account II in the chapter are considered as administrative for the purpose of this classification. The current expenditure of administrative departments consists of the final outlay, of Municipal Committees/Corporations on current account which represents consumption. The final outlays are made up of purchases of commodities and services and wages and salaries payments. Besides final outlays, Municipal Committees/Corporations make transfer payments, i.e. grants scholarships, prizes etc. to the rest of the economy which indirectly add, to the disposable income of the community. To meet the current expenditure, Municipal Committees/Corporations appropriate a part of the income of the community through a variety of taxes, miscellaneous receipts accruing during the course of administration. In addition, Municipal Committees/Corporations have an investment income from property and entrepreneurship. The Municipal Committees/Corporations also receive revenue grants, contributions and recoveries from the State Government and others. The excess of the current receipts over current expenditure denote the savings of the Municipal Committees/Corporations available for capital formation. Some of the items included in this Account are explained as below:-

### **Expenditure:-**

Item 1.1 Wages and Salaries: - This item includes pay of the establishments (other than traveling and daily allowances), other allowances and honorarium and 50 per cent to the expenditure incurred on unclassified miscellaneous heads. Wages and Salaries also include contributions to provident funds.

Item 1.2 Commodities and Services:- This item includes all expenditure under contingency, office supplies, fuel and light, expenditure on repairs and maintenance, printing, traveling and daily allowances, telephone and telegraph charges, taxes and rent of hired buildings and machinery and equipment, 50 per cent lump-sum miscellaneous unclassified, charges and other items for current operation.

Item No.2 Transfer Payments: - Transfer payments include grants, scholarships, stipends, prizes and awards, etc.

Item No.3 Savings on current account: The balancing item on the current account of the Municipal Committees/Corporations represents the savings of this sector, i.e. surplus of current receipts over current expenditure.

### **Revenue:**

Item No. 1 Tax Revenue: Tax revenue is classified into direct and indirect taxes. Direct taxes are levied by public authorities at regular intervals on income from employment, property, capital, gains, etc. and on financial assets and the net or total worth of enterprises non-profit institutions or households. Taxes falling under this category of Municipal Committees/Corporations are profession and trade tax, servant taxes on house and lands, taxes on goods and services that the chargeable to business expenses and taxes on the possession or use of goods and services by households are treated as indirect taxes. The main categories in the Municipal Committees/Corporations Budgets are octroi, terminal tax, taxes on vehicles and animals, fees for vehicle licenses, dangerous and offensive trade license fees, licence fees for job porters, tolls on vehicles and animals, local rates, advertisement tax, miscellaneous other taxes and duties.

Item No.2 Income from property and entrepreneurship: - This records the income receivable by the Municipal Committees/Corporations from departmental Commercial Undertakings as well as the net rent, interest and dividend accruing to them from the ownership of building or financial assets.

Item No.3 Miscellaneous Receipts: - This item includes fines and penalties, births and deaths registration fees, copying fees etc.

Item No.4 Revenue Grants, Contributions and Recoveries: - These are current receipts accruing from the State Government and various Committees and Boards.

**Account II** - Transactions in Commodities and Services and Transfers:

Current Account of Departmental Commercial Undertakings.

The Departmental Commercial Undertakings, briefly be defined agencies producing goods and services that are not provided free of charge. The essential characteristics distinguishing these departments from other administrative departments are that they charge for what they provide according to use and are thus able to meet a part or most of their costs from their sale proceeds. In this study electricity, transport and water supply have been classified as Departmental Commercial Undertakings.

The expenditure side of the Departmental Commercial Undertakings spell out the current expenditure into wages and salaries, commodities and services, repairs and maintenance, interest, provision for depreciation and profit which is transferred to Administrative Departments. Repairs and maintenance expenditure is shown separately because of the importance of such expenditure of the efficient working of commercial enterprises. This expenditure is further divided equally between wages and salaries and commodities and services since the required details are not available in budgets of the Municipal Committees/Corporations. On the revenue side the gross sale proceeds are given.

**Account III**- Transactions in Commodities and Services and Transfers:-

Capital Account of Administration and Departmental Commercial Undertakings of Municipal Committees/Corporations.

This Account is concerned with the total capital outlay representing physical assets and formation by the Administrative Departments and Commercial Undertakings of the Municipal Committee/Corporations. The savings transferred from Account I and capital grants received by the Municipal Committees/Corporations constituted the source of finance for all expenditure recorded in this Account.

The difference between savings and capital formation is often used in economic analysis as a measure of budgetary deficit. The deficit which is shown as balancing item in Account III along-with net increase in financial assets and liabilities in Account IV gives the total requirements of finances of the Municipal Committees/Corporations. Gross fixed capital formation classified into buildings and other constructions and machinery and equipments as given below of Administrative Departments of Departmental Commercial Undertaking.

Item 1.1 Buildings and Other Constructions: - This item includes all expenditure on works of buildings and reservoirs, constructions of roads and payments of streets.

Item 1.2 (a) Machinery and equipments: Machinery and equipments includes expenditure incurred on the purchase of tools and plants by the Municipal Committees/Corporations of the State.

1.2 (b) Renewals and replacements: - Expenditure on repairs and renewals on water supply works has been divided into renewals and repairs on 50:50 basis.

Item 1.5 Increase in Inventories: - This item represents increase or decrease in work stores and stock of goods, etc. Suspense Account is included under the head 'Work Stores'.

**Revenue:-**

Receipt on capital Account: - Receipts available for capital formation consists of gross savings on Current Account brought over from accounts I and II, capital grants, contributions and recoveries from the State Government and other institutions.

**Account IV- Changes in financial assets and Liabilities:-**

Capital Account of Municipal Committees/Corporations in the State.

This Account which shows the changes in the financial assets and liabilities of the Municipal Committees/Corporations in the State is converted with transactions in financial investments and repayment of loans and advances. The balancing items of this Account representing net financial assets and liabilities when added to the deficit in Account III which gives the total requirements of finance of the Municipal Committees/Corporations for fixed assets formation and for the accumulation of financial claims against the rest of the economy.

**Account V- Cash and capital reconciliation account of Municipal Committees/Corporations in the State.**

This account sums up the net position in respect of Accounts III and IV showing the effect of all transactions of the Municipal Committees/Corporations in the State, on its cash position. As stated earlier, Account III gives the net position in respect of all transactions in commodities and services and transfers while account IV bring out the net position in respect of financial assets and liabilities

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## *Functional Classification*

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## CHAPTER VI

### PRINCIPLES OF FUNCTIONAL CLASSIFICATION

Economic classification groups the primary items of expenditure by their economic character while functional classification groups them according to the particular purpose they serve. It is designed to show how expenditure is divided into different types of service provided. It gives information about public expenditure devoted to a particular service or group of services, say education, health or housing and community, services etc.

The functional classification excludes current expenditure on goods and services of Departmental Commercial Undertakings. These enterprises produce goods and services that are sold largely outside the public sector. Their current expenditure on goods and services is an intermediate expenditure which represents cost of production and net expenditure on final goods and services. It may also be noted that the functional classification is not applied to receipts except to those which may be considered as offsets to expenditure on goods and services included in this type of classification such as proceed from sale of goods and services.

All items of expenditure have been grouped under different broad functional categories. The U.N reports i.e., a Manual for Economic and functional Classification of Government Transactions, 1958 and a System of National Accounts, 1968 serve as guidelines.

The list of major and minor purpose categories as under:-

1. General public services.
  - 1.1 General administration, external affairs, public order and safety.
  - 1.2 General research.
2. Defence
3. Education
  - 3.1 Administration, regulation and research.
  - 3.2 Schools, universities and institutions including subsidiary services.
4. Health.
  - 4.1 Administration, regulation and research.
  - 4.2 Hospitals, clinics and other Health Services.
5. Social security and welfare services.
6. Housing and other Community amenities.
7. Cultural, Recreational and Religious services.
8. Economic Services.
  - 8.1 General Administration Regulation and Research.
  - 8.2 Agricultural Forestry, Fishing and Hunting.
  - 8.3 Mining, Manufacturing and Construction.
  - 8.4 Electricity, Gas, Steam and water.
  - 8.5 Water Supply.
  - 8.6 Transport and Communication.
  - 8.7 Other Economic Services.
9. Other Services.
  - 9.1 Relief Operation.
  - 9.2 Interest (other misc. services)
  - 9.3 Public Debt.

Economic and Functional Classification have been combined into a single two way cross classification by significant economic and functional categories. It relates to budgetary expenditure for the year 2003-04 (Accounts) 2004-05 (Revised Estimates). The Table 6.1 splits up horizontally, the expenditure on each service for the years under review into significant economic categories. The broad division of economic classification are current and capital expenditure while that of functional classification are general government services, defence, education medical and public health, social security welfare services, housing and community amenities, cultural, recreational and religious services, economic services and other purposes. From this, it is very easy to see the nature of expenditure on each group of services. For example, it can be seen how much is spent on goods and services of a gross capital formation for promoting education health, water supply etc. Table 6.2 depicts the percentage distribution of the total expenditure among the functional categories. These figures when presented for number of years would be useful in studying trends in the expenditure.

**Table 6.1- Economic and Functional Classification of Municipal Budgets-2004-05 Accounts**

(Current Expenditure)									
S.No.	Economic classification/ Functional classification	Wages and Salaries	Purcha-se of goods and services g+ R.M	Consum- tion expenditure (2+3)	Less Outside sales	Net consumption expenditure (4-5)	Inter- set	Other current transfers	Total current expenditure (6+7+8)
0	1	2	3	4	5	6	7	8	9
1	General Government Services	11459.94	3873.23	15333.17	1471.46	13861.71	-	-	13861.71
2	Defence	-	-	-	-	-	-	-	-
3	Education	4.28	0.37	4.65	-	4.65	-	-	4.65
4	Medical and public health	13012.24	787.20	13799.44	-	13799.44	-	-	13799.44
5	Social security and welfare services	-	-	-	-	-	-	-	-
6	Housing and community services	5753.84	4298.98	10052.82	(Rs. In Lakhs)	-	-	646.90	10699.72
7	Cultural recreational and religious services	1405.34	142.91	1548.25		-	-	-	1548.25
<b>8</b>	<b>Economic services</b>	<b>4274.03</b>	<b>3778.85</b>	<b>8052.88</b>	-	<b>8052.88</b>	-	<b>646.90</b>	<b>8699.78</b>
i)	Agricultural, Forestry, Fishing and hunting.	-	-	-	-	-	-	-	-
ii)	Water supply	4274.03	3778.85	8052.88	-	8052.88	-	946.90	8699.78
iii)	Transport services	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
<b>9</b>	<b>Other purposes</b>	-	-	-	-	-	<b>110.11</b>	-	<b>110.11</b>
i)	Interest	-	-	-	-	-	110.11	-	110.11
ii)	Loans and advances	-	-	-	-	-	-	-	-
<b>Grand total</b>		<b>35909.67</b>	<b>12881.54</b>	<b>48791.21</b>	<b>1471.46</b>	<b>47319.75</b>	<b>110.11</b>	<b>1293.80</b>	<b>48723.66</b>

**Table 6.1 Contd-Economic and Functional Classification of Municipal Budgets-2004-05 Accounts**

(Capital Expenditure)									
SN.	Building and other Construction Bo+Ro+Co	Machinery and equipment M E	Net increase in stocks (Wrok-store)	Renewals and replacements	Loans		Unear-marked investment/ Grants	Total capital expenditure	Grand Total 9+18
					For Capital Formation	For Current Consumption			
10	11	12	13	14	15	16	17	18	19
1	3566.62	0.60	-	-	-	-	243.70	(Rs. In Lakhs) 9810.92	17672.63
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	4.65
4	769.29	3.42	-	-	-	-	-	772.71	14572.15
5	-	-	-	-	-	-	-	-	-
6	15320.95	426.54	180.40	-	566.73	-	41.13	16535.75	27235.47
7	864.26	-	-	-	-	-	-	864.26	2412.51
<b>8</b>	<b>7520.96</b>	<b>183.90</b>	<b>-</b>	<b>-</b>	<b>54.71</b>	<b>-</b>	<b>-</b>	<b>7759.57</b>	<b>16459.35</b>
i)	-	-	-	-	-	-	-	-	-
ii)	7520.96	183.90	-	-	54.71	-	-	775957	16459.35
iii)	-	-	-	-	-	-	-	-	-
iv)	-	-	-	-	-	-	-	-	-
<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2986.04</b>	<b>-</b>	<b>-</b>	<b>2986.04</b>	<b>3096.15</b>
i)	-	-	-	-	-	-	-	-	110.11
ii)	-	-	-	-	2986.04	-	-	2986.04	2986.04
		<b>614.46</b>	<b>180.40</b>	<b>-</b>	<b>3607.48</b>	<b>-</b>	<b>284.83</b>	<b>32729.25</b>	<b>81452.91</b>

**Table 6.2- Economic and Functional Classification of Municipal Budgets-2005-06 (Revised Estimates)**

**(Rs. In Lakhs)**

<b>(Current Expenditure)</b>									
<b>S.No.</b>	<b>Economic classification Functional classification</b>	<b>Wages and Salaries</b>	<b>Purcha-se of goods and services g&amp; R.M</b>	<b>Consumption expenditure (2+3)</b>	<b>Less Outside sales</b>	<b>Net consumption expenditure (4-5)</b>	<b>Interest</b>	<b>Other current transfers</b>	<b>Total current expenditure (6+7+8)</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
1	General Government Services	13257.78	4302.46	17560.24	2053.23	15507.01	-	-	155 07.01
2	Defence	-	-	-	-	-	-	-	-
3	Education	4.58	0.36	4.94	-	4.94	-	-	4.94
4	Medical and public health	14482.89	871.96	15354.85	-	15354.85	-	-	15354.85
5	Social security and welfare services	-	-	-	-	-	-	-	-
6	Housing and community services	6213.84	5160.42	11374.26	-	11374.26	-	985.00	12359.26
7	Cultural recreational and religious services	1749.75	287.38	2037.13	-	2037.13	-	-	2037.13
<b>8</b>	<b>Economic services</b>	<b>4635.46</b>	<b>4848.86</b>	<b>9484.32</b>	<b>-</b>	<b>9484.32</b>	<b>-</b>	<b>985.00</b>	<b>10469.32</b>
i)	Agricultural, Forestry,	-	-	-	-	-	-	-	-
ii)	Fishing and hunting. Water supply	4635.46	4848.86	9484.32	-	9484.32	-	985.00	10469.32
iii)	Transport services	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
<b>9</b>	<b>Other purposes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183.28</b>	<b>-</b>	<b>183.28</b>
i)	Interest	-	-	-	-	-	183.28	-	183.28
ii)	Loans and advances	-	-	-	-	-	-	-	-
<b>Grand total</b>		<b>40344.30</b>	<b>15471.44</b>	<b>55815.74</b>	<b>2053.23</b>	<b>53762.51</b>	<b>183.28</b>	<b>1970.00</b>	<b>55915.79</b>

**Table 6.2 Contd. Economic and Functional Classification of Municipal Budgets-2005-06 Revised Estimates**

**(Rs. In Lakhs)**

<b>(Capital Expenditure)</b>									
<b>SN.</b>	<b>Building and other construction</b>	<b>Machinery and equipment</b>	<b>Net increase in stocks</b>	<b>Renewals and replacements</b>	<b>Loans</b>		<b>Unear-marked invest-ment/ Grants</b>	<b>Total Capital expenditure</b>	<b>Grand Total</b>
					<b>For Capital Consumption</b>	<b>For Current Formation</b>			
<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>
1	4049.89	-	-	-	-	-	680.32	4730.21	20237.22
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	4.94
4	825.61	-	-	-	-	-	-	825.61	16180.46
5	-	-	-	-	-	-	-	-	-
6	23127.42	857.40	232.25	-	338.38	-	35.30	24590.75	36950.01
7	1117.36	-	-	-	-	-	-	1117.36	3154.49
<b>8</b>	<b>8191.40</b>	<b>184.14</b>	-	-	<b>149.86</b>	-	-	<b>8525.40</b>	<b>18994.72</b>
i)	-	-	-	-	-	-	-	-	-
ii)	8191.40	148.14	-	-	149.86	-	-	8525.40	18994.72
iii)	-	-	-	-	-	-	-	-	-
iv)	-	-	-	-	-	-	-	-	-
<b>9</b>	-	-	-	-	<b>3442.38</b>	-	-	<b>3442.38</b>	<b>3625.66</b>
i)	-	-	-	-	-	-	-	-	183.28
ii)	-	-	-	-	3442.38	-	-	3442.38	3442.38
	<b>37311.68</b>	<b>1041.54</b>	<b>232.25</b>	-	<b>3930.62</b>	-	<b>715.62</b>	<b>43231.71</b>	<b>99147.50</b>

## CHAPTER VII

### DETAILED FUNCTIONAL CLASSIFICATION SCHEME

This chapter presents a detailed scheme for the functional classification of the Municipal Committees / Corporations budgetary expenditure. The principles of the scheme have already been discussed in the previous chapter.

The detailed scheme which is presented in the following pages is put forward as an illustration of the classification of Municipal Committees / Corporations expenditure by purpose. It can be further expanded by introducing more Programme/activities under the main category of expenditure.

Table 7.1 presents the functional classification of Municipal Committees / Corporations budgetary expenditure with percentage distribution for the years 2004-05 (Accounts) and 2005-06 (Revised Estimates).

**Table No. 7.1 Functional classification of Municipal Committees/  
Corporations Budgetary Expenditure and their percentages.**

(Rs.in Lakhs)

<b>Functional Classification</b>			
<b>SN</b>	<b>Heads/ Sub Heads</b>	<b>Accounts 2004-05</b>	<b>Revised Estimates 2005-06</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	General Government Services	17672.63 (21.70)	20237.22 (20.41)
2	Defence	-	-
3.	Education	4.65 (0.01)	4.94 (0.01)
4.	Medical and public health	14572.15 (17.89)	16180.46 (16.32)
5.	Social security and welfare services	-	-
6.	Housing and community services	27235.47 (33.43)	36950.01 (37.27)
7.	Cultural recreational and religious services	2412.51 (2.96)	3154.49 (3.18)
<b>8.</b>	<b>Economic services</b>	<b>16459.35</b> <b>(20.21)</b>	<b>18994.72</b> <b>(19.16)</b>
i)	Agricultural, Forestry, Fishing and hunting.	-	-
ii)	Water supply	16459.35 (20.21)	18994.72 (19.16)
iii)	Transport services	-	-
iv)	Electricity Services	-	-
<b>9.</b>	<b>Other Services</b>	<b>3096.15</b> <b>(3.80)</b>	<b>3625.66</b> <b>(3.65)</b>
i)	Interest	110.11 (0.13)	183.28 (0.18)
ii)	Loans and advances	2986.04 (3.67)	3442.38 (3.47)
	<b>Total</b>	<b>81452.91</b> <b>(100.00)</b>	<b>99147.50</b> <b>(100.00)</b>

Figures in bracket show percentages to total.

**Table 7.2** gives information regarding expenditure and their percentages under development and non-development categories. Developmental and non-developmental expenditure of Municipal Committees / Corporations comes to Rs. 99147.50 Lakhs in 2005.06 (Revised Estimates) and Rs. 81452.91 Lakhs in 2004-05 (Accounts).

**Table No 7.2 Development and non-development Expenditure**

(Rs.in Lakhs)

SN	Heads/ Sub Heads	Accounts 2004-05	Revised Estimates 2005-06
0	1	2	3
<b>A</b>	<b>Development Expenditure</b>	<b>60684.13</b> <b>(74.50)</b>	<b>75284.62</b> <b>(75.93)</b>
1.	Education	4.65 (0.00)	4.94 (0.01)
2.	Medical and public health	14572.15 (17.89)	16180.46 (16.32)
3.	Social security and welfare services	-	-
4.	Housing and community services	27235.47 (33.44)	36950.01 (37.26)
5.	Cultural recreational and religious services	2412.51 (2.96)	3154.49 (3.18)
6.	Economic Services	16459.35 (20.21)	18994.72 (19.16)
<b>B.</b>	<b>Non Development Expenditure</b>	<b>20768.78</b> <b>(25.50)</b>	<b>23862.88</b> <b>(24.07)</b>
1.	General government Services.	17672.63 (21.70)	20237.22 (20.41)
2.	Defence	-	-
<b>3.</b>	<b>Other Purposes</b>	<b>3096.15</b> <b>(3.80)</b>	<b>3625.66</b> <b>(3.66)</b>
i)	Interest	110.11 (0.14)	183.28 (0.19)
ii)	Loans and Advances	2986.04 (3.66)	3442.38 (3.47)
<b>Grand Total (A+B)</b>		<b>81452.91</b> <b>(100.00)</b>	<b>99147.50</b> <b>(100.00)</b>

Figures in bracket show percentages to total.

## CHAPTER VIII

### NOTES ON FUNCTIONAL CATEGORIES

1. **General Government Services:** - It includes remuneration of Heads of Committees /Corporation, Executive Officer, Secretary and their supporting staff. It also covers expenditure incurred on tax on land and buildings, taxes on vehicles, animals, dogs, advertisement tax, tax on entry of goods into local areas, rents on municipal lands and buildings, the tehbazari fees, building application fees, composition for and other taxes and duties on commodities and services.
2. **Defence:** - No expenditure is incurred at local bodies level under this functional head. The activities relating to this head come under the Centre and State Governments.
3. **Education:** - This head relates to expenditure incurred on general regulation and promotion of school systems, provision, management and support to primary schools, secondary schools and colleges, technical training institutions such as craft schools, sewing schools, and balwari schools. It includes scholarships and grants to individuals for educational and training purposes. Subsidiary Services such as transportation of schools, children, school meals of other ancillary services designed to promote and facilitate school attendance are covered under this head of expenditure
4. **Medical and Public Health**
  - (a) **Medical:-** It includes establishment expenses on hospitals and dispensaries, medical and dental clinics, provision of drugs and appliances and similar field Programme, charges for lunatics antirabic treatment of paupers and outlays in respect of hospitals and dispensaries and services of individual doctors, dentists, etc.
  - (b) **Public Health:** - It includes expenditure on public health direction, municipal engineer and supporting staff, vaccination, prevention and control of malaria and other epidemic diseases, burning and burial of paupers, slaughter houses, conservancy system and prevention of food adulteration.
5. **Social Security and Welfare Services:** - It consists of expenditure on relief measures. It comprises of payment of funds in cases accident, injury, sickness and other benefits to compensate for the loss. Welfare services include expenditure on child welfare, homes for and care of disabled, contributions to family welfare agencies etc.
6. **Housing and Community Services:** - This head includes expenditure on promotion of activities and facilities in respect of housing and capital expenditure in connection with housing. It covers expenditure for provision, assistance or support of housing and slum improvement activities. It also includes, street lighting street watering and fire brigade services, construction of public toilets and urinals, rehri/rickshaw stands, municipal booths and shops, octroi barriers and payment of streets and drains, Disbursement of loans to employees such as safai sewaks and other low income category of people for purchase and construction of houses.
7. **Cultural, Recreational and Religious Services:-** It includes expenditure for unkeep of facilities such as land scaping and development of parks, dak bungalow as and sarais, public libraries, play-grounds, athletic fields, swimming pools, hostels and other lodging places which are not operated on a commercial basis. Expenditure for religious purposes and contributions to religious organizations.
8. **Economic Services-**
  - (a) **Agriculture, Forestry, Fishing and hunting:-** It includes expenditure incurred on plantation or road side trees, bushing and plant protection measures. Expenditure on removal of dairies, construction of dairy sheds, etc.



- (b) **Water Supply:** - It comprises expenditure on the schemes executed by Water Supply and Sewerage Board on behalf of Municipal Committees/Corporations expenditure. It includes expenditure on wages and salaries of staff, road cutting, water rates, water and sewerage connection charges, storm water drainage, purchase of material machinery and equipments, cost of canal water, subsidy regarding water and sewerage connection charges repair of meters and consumer connections, repairs and renewals of pipes and hydrants installation of tube wells, construction of water tanks, development of slums and expenditure on collection, purification and distribution of water. Loans given to households for installation of water and sewerage connections.
  - (c) **Transport Services:** - It includes the expenditure incurred on roads and bridges.
9. **Other purposes:** - Under this head are included interest payments and repayments of loans of general character which have not been classified elsewhere.

**APPENDIX**

**Statement showing the income and expenditure of all Municipal Committees / Corporations as given in their Budgets.**

**(Rs.000)**

<b>Income &amp; Expenditure</b>						
<b>SN</b>	<b>Districts</b>	<b>Name of the MC's</b>	<b>2004-05 Accounts</b>		<b>2005-06 Revised Estimates</b>	
			<b>Income</b>	<b>Expend.</b>	<b>Income</b>	<b>Expend.</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>1</b>	<b>Gurdaspur</b>	Gurdaspur	43123	43559	58000	58285
		Sujanpur	21432	18856	27844	25169
		Fatehgarh Churian	6736	7255	9005	9005
		Quadian	9130	9840	12426	12426
		Dhariwal	9594	11078	9835	9867
		DeraBaba Nanak	2473	3253	2850	2850
		Sri Hargobind pur	1072	1269	2095	1787
		Dina Nagar	17496	18147	21655	21655
		Batala	96148	96148	100739	100734
		Pathankot	118711	119669	153298	155558
		<b>Total</b>	<b>325915</b>	<b>328974</b>	<b>397747</b>	<b>397336</b>
<b>2</b>	<b>Amritsar</b>	Amritsar Corp	911064	783040	1900100	1036000
		Ajnala	15155	15650	19762	17313
		Rayya	9577	7958	13579	13142
		Patti	13914	13773	30103	30103
		Tarn Tarn	27224	27164	30960	30960
		Jandiala	15545	16221	25390	21730
		Majitha	3888	3719	5046	4662
		Ramdas	2252	2284	2728	2856
		Khem Karan	1702	1785	2731	2731
		Raja Sansi	7890	6843	9939	9939
		<b>Total</b>	<b>1008211</b>	<b>878437</b>	<b>2040338</b>	<b>1169436</b>
<b>3</b>	<b>Kapurthala</b>	1. Kpurthala	92946	74095	102500	102500
		2.Sultanpur Lodhi	13254	13159	17605	17605
		3. Phagwara	97441	96216	110265	102205
		4. Begowal	9247	11652	6518	11183
		5. Bhulath	6513	6900	8668	9240
		6. Dhilwan	3932	3830	6100	6100
		<b>Total</b>	<b>223333</b>	<b>205852</b>	<b>251656</b>	<b>248833</b>

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2004-05 Accounts		2005-06 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
4	Jalandhar	Jalandhar Corp	1060226	949220	1155196	1251986
		2. Adampur	12866	13201	15778	15611
		3. Alowalpur	3288	3240	4171	4171
		4. Bhogpur	11938	12989	15234	15234
		5. Kartarpur	13994	14472	26699	21390
		6. Nakodar	32767	30436	42220	37299
		7. Nur Mahal	15299	12324	24732	16322
		8. Philaur	25164	25164	28740	28740
		9. Gorya	19886	19886	23400	23400
		10. Shakhkot	13628	12830	15841	13870
		11. Lohian Khas	6254	6656	8971	1882
	<b>Total</b>	<b>1215310</b>	<b>1100418</b>	<b>1360982</b>	<b>1435905</b>	
5	Nawa Shair	1. Nawa Shair	34204	33676	49735	49735
		2. Banga	24353	25674	31918	26226
		3. Balachaur	10142	10896	18050	18050
		4. Rattian	8350	6930	11134	9390
		<b>Total</b>	<b>77049</b>	<b>77176</b>	<b>110837</b>	<b>103401</b>
6	Hoshiarpur	1. Hoshiarpur	128091	128249	159000	159000
		2. Garhshankar	17348	16970	22505	22137
		3. Sham Chaurasi	1764	2838	2107	2015
		4. Hariana	6254	5531	6529	6306
		5. Mukerian	18710	18176	26975	26975
		6. Urmar Tanda	19778	17723	27340	26598
		7. Gardhiwala	6324	6024	6900	10372
		8. Dasua	18136	17844	21320	20590
		9. Mahilpur	10943	10634	11439	11896
		<b>Total</b>	<b>227348</b>	<b>223989</b>	<b>284115</b>	<b>285889</b>
7	Rupnagar	1. Rupnagar	31454	31475	34297	34297
		2. Anandpur Sahib	10717	9421	11077	11077
		3. Kurali	30915	30863	31590	32020
		4. Kharar	48377	48377	50036	49995
		5. Morinda	21956	23954	26377	26377
		6. Nangal	127940	109753	136900	157947
		7. S.A.S. Nagar	226824	220375	238905	250803
		<b>Total</b>	<b>498183</b>	<b>474218</b>	<b>529182</b>	<b>562516</b>

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2004-05 Accounts		2005-06 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
8	Ludhiana	1.Ludhiana Corp.	2133157	2291641	2599321	2588122
		2. Rajkot	20318	22697	16093	16230
		3. Jagraon	41852	41879	59000	59000
		4. Doraha	30179	26556	35875	34975
		5. Khanna	111503	114720	137950	137950
		6. Samrala	17692	17709	15860	15297
		7. Payal	4723	4987	6150	6231
		8. Machiwara	15593	15538	20600	19635
		9.Mullanpur Dakha	13157	14039	10344	9935
		10. Maloud	4362	3931	4940	4084
		11. Sahnewal	23950	23553	28322	28322
				<b>Total</b>	<b>2416486</b>	<b>2577250</b>
9	Firozpur	1. Firozpur	57234	53846	63193	56267
		2.GuruHar Sahai	11707	12405	19500	31100
		3.Talwandi Bhai	13578	13932	15835	15047
		4. Zira	29760	28871	30710	30710
		5. Abohar	70876	63320	108412	77196
		6. Dharmkot	-	-	-	-
		7. Fazilka	38896	39134	67850	67880
		8. Jalalabad	23234	23132	35350	35350
		9. Makhu	7759	7637	9400	9400
				<b>Total</b>	<b>253044</b>	<b>242277</b>
10	Faridkot	1. Faridkot	39116	38709	47610	47235
		2. Kotkapura	63034	70395	79000	79000
		3. Jaitu	18813	19722	26650	26650
		<b>Total</b>	<b>120963</b>	<b>128826</b>	<b>153260</b>	<b>152885</b>
11	Mukatsar	1. Mukatsar	44443	47030	58322	63000
		2. Malout	44138	44795	57525	52652
		3. Giddarbaha	26584	27671	47795	36343
		4. Bariwala	2043	2310	2150	2278
		<b>Total</b>	<b>117208</b>	<b>121806</b>	<b>165792</b>	<b>153274</b>
12	Moga	1. Moga	134333	126106	165000	128414
		2.Bagha Purana	15889	16676	21687	17898
		3. Bathri Kalan	4710	4559	5950	4693
		4. Dharamkot	10079	10430	12084	10369
		<b>Total</b>	<b>165011</b>	<b>157771</b>	<b>204721</b>	<b>161374</b>

2

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2004-05 Accounts		2005-06 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
13	Bathinda	1. Bathinda	273697	277494	342732	346958
		2.Rampur Phul	33347	31250	49494	41759
		3.Bhucho Mandi	25202	19825	25523	29190
		4. Goniana	13040	10980	11934	11934
		5. Maur Mandi	33773	19394	44607	23814
		6.Raman Mandi	10373	10365	18075	16350
		7. Kot Fattah	898	1093	1797	2043
		8. Sangat	1425	1878	2239	2560
		<b>Total</b>	<b>391756</b>	<b>372279</b>	<b>496401</b>	<b>474608</b>
14	Mansa	1. Mansa	39282	39409	48688	48688
		2. Budhlada	13813	13229	20295	19007
		3. Baretta	5784	6408	11050	11050
		4. Sardulgarh	10808	11534	11774	11850
		5. Bhiki	4600	8930	6580	6580
		<b>Total</b>	<b>74287</b>	<b>79510</b>	<b>98387</b>	<b>97175</b>
15	Fratehgarh Sahib	1. Gobindgarh	176070	176923	195091	210203
		2. Sirhind	42705	35267	46535	46894
		3.Bassi Pathana	6744	7104	9690	9690
		4. Amloh	7351	7649	10957	13799
		5. Khamano.	7451	7451	9377	9377
		<b>Total</b>	<b>240321</b>	<b>234394</b>	<b>271650</b>	<b>289963</b>
16	Sangrur	1. Sangrur	70020	48088	70206	71375
		2. Sunam	38327	37465	60414	53301
		3. Malerkotla	72109	123059	86701	130756
		4. Lehragaga	12345	17715	15122	15122
		5. Dhuri	27533	27328	33310	33860
		6. Ahmedgarh	31923	31192	41040	40916
		7. Barnala	79855	70865	119953	81225
		8. Tapa	10189	10775	13930	13930
		9. Dhaura	7636	8050	13725	13725
		10. Bhadaur	6899	9861	10542	10542
		11Bhawanigarh	12930	12700	7989	7531
		12. Longowal	4081	3824	6729	5785
		13. Handya	3094	3335	3414	3570
		14. Dirba	8937	7602	11826	9612
		15. Khanauri	7875	10647	10285	10492
		16. Moohak	7992	7229	10789	9127
		17. Cheema	5649	5523	6574	5232
<b>Total</b>	<b>407394</b>	<b>435258</b>	<b>522549</b>	<b>516101</b>		

(Rs.000)

<b>Income &amp; Expenditure</b>						
<b>SN</b>	<b>Districts</b>	<b>Name of the MC's</b>	<b>2004-05 Accounts</b>		<b>2005-06 Revised Estimates</b>	
			<b>Income</b>	<b>Expend.</b>	<b>Income</b>	<b>Expend.</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>17</b>	<b>Patiala</b>	1. Patiala	264073	267128	348400	348400
		2. Rajpura	129092	126699	151010	142991
		3. Nabha	49800	51117	70839	66363
		4. Banur	11003	9208	12419	12487
		5. dera Bassi	57117	55205	60765	62475
		6. Samana	29921	29923	20388	20997
		7. Patran	18220	18005	20842	21338
		8. Sanaur	4876	4660	10542	7080
		9. Ghanaur	3361	3422	2578	4745
		10. Ghagga	3317	3497	3610	3610
		11. Zirakpur	79338	85138	150791	137160
		<b>Total</b>			<b>650118</b>	<b>654002</b>
<b>Punjab Total</b>			<b>8411937</b>	<b>8292437</b>	<b>11024407</b>	<b>10120073</b>