



**GOVERNMENT OF PUNJAB**

**ECONOMIC AND FUNCTIONAL CLASSIFICATION**

**OF MUNICIPAL BUDGETS IN PUNJAB**

**FOR THE YEAR 2009-10**

**(2007-08 (A/C) & 2008-09(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 40<sup>th</sup> in the series since 1970-71. According to the budget, all the Municipal Councils/Corporations in the State anticipated the total revenue of Rs. 1549.21 crores in 2008-09(RE) as compared to Rs. 1272.61 crores in 2007-08 (A/C) . The classification further observed that there is progressive increase in the total expenditure .The revised estimates for the year 2008-09 estimated the expenditure at Rs.1357.12 crores as compared to 1185.61 crores in the 2007-08(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 the State of Punjab.

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

CHANDIGARH

DATED 25 JULY 2011

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## **Main Highlights of the Findings**

The role of Urban Local bodies i.e. Municipal Committees/Councils & Corporations is increasing day by day in augmentation of multifarious amenities in their command areas. Main highlights of the findings emerging from the study of economic classification of Budget of these committees/councils & Corporations are as under:

- 1) The total expenditure of these Committees/Councils and Corporations has increased from Rs.10 6563.19 lakhs in 2007-08 (A) to Rs.122499.26 lakhs in 2008-09 (RE) showing an increase of 14.95%.
- 2) The available figure shows that more than half of the expenditure is the consumption expenditure. Total consumption expenditure is Rs.61290.14 lakhs in 2007-08(A) which constitute 57.51% of total expenditure. Expenditure only on salaries and wages is Rs.49802.83 lakhs which is 46.74%. In other words major portion of expenditure is consumed by salary & wages.
- 3) Gross Capital expenditure that is expenditure on building, roads and other constructions, machinery & equipments and purchase of vehicles is Rs.41866.38 lakhs in 2007-08 (A) as against Rs.52398.06 lakhs in 2008-09 (RE) showing an increase of 25.15%. The expenditure on Gross Capital Formation (i.e. development) is 39.29% of the total expenditure in the year 2007-08 (A).
- 4) Current receipts by these Municipal Committees/Councils & Corporations are Rs.129634.22 lakhs in 2008-09 (RE) whereas these are Rs.114537.24 lakhs in 2007-08 (A) which shows an increase of 13.18% over the previous year. The current receipts are Rs.114537.24 lakhs whereas the expenditure is Rs.106563.19 lakhs which shows that the receipts are more than that of the expenditure.
- 5) The tax revenue is the main source of revenue which is 82081.88 lakhs (71.66%) in 2007-08 (A) and Rs.95139.80 lakhs (73.39%) in 2008-09 (RE). Other sources of revenue include Income from property and Entrepreneurship Rs.7919.20 lakhs (6.92%), miscellaneous receipts Rs.8177.52 lakhs (7.14%) and Revenue grants & contributions Rs. 16358.64 lakhs (14.28%) in the year 2007-08 (A).

## 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 authorisation 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 transactions 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 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 2007-08 (A/C) 2008-09 (R/E)

**ACCOUNT 1**

**Transaction in commodities and Services and transfers:**

**(Rs.in Lakhs)**

Expenditure				Revenue			
S.N		Accounts 2007-08	Revised Estimates 2008-09	S .N		Accounts 2007-08	Revised Estimates 2008-09
0	1.	2.	3.	4.	5.	6.	7.
<b>1</b>	<b>Consumption Expenditure (1.1+1.2)</b>	<b>61290.14</b>	<b>66011.16</b>	<b>1</b>	<b>Tax Revenue</b>	<b>82081.88</b>	<b>95139.80</b>
1.1	Wages and Salaries	49802.83	54870.71	<b>1.1</b>	<b>Direct Taxes(a+b+c)</b>	<b>12922.21</b>	<b>14153.30</b>
1.2	Net purchase of commodities & services including RM (a (-) b)	11487.31	11140.45	(a)	Profession and trade Tax	7.48	11.28
(a)	Purchases of commodities & Services	21434.19	22108.94	(b)	Servant Tax	-	-
(b)	Less sale of commodities and services	9946.88	10968.49	(c )	Taxes on Houses and Lands	12914.73	14142.02
<b>2</b>	<b>Transfer Payments (2.1+2.2+2.3)</b>	<b>2461.34</b>	<b>2453.82</b>	<b>1.2</b>	<b>Indirect Taxes (a to l)</b>	<b>69159.67</b>	<b>80986.50</b>
2.1	Interest	49.74	68.38	(a)	Vat	52226.66	61970.15
2.2	Grants	1923.28	1904.00	(b)	Octroi	15142.65	17052.81
2.3	Other current transfers	488.32	481.44	(c)	Terminal Tax	-	-
				(d)	Taxes on Vehicles	128.89	137.90
				(e)	Taxes on Animals (Including registration of dogs)	1.27	1.36
				(f)	Fees for Vehicles licenses	294.29	333.30
				(g)	License fee for job porters	0.14	-
				(h)	Dangerous and offensive trade License fee	106.64	166.19
				(i)	Tolls on vehicles and animals	34.75	36.34
				(j)	Local rates	-	-
				(k)	Fees for letting of Fire-works	-	-
				(l)	Miscellaneous-other Taxes and duties	53.28	64.20
				(m)	Advertisement Tax	1171.10	1224.25
	<b>Total (1+2)</b>	<b>63751.48</b>	<b>68464.98</b>		<b>Total (of Sr. No. 1 or 1.1+1.2)</b>	<b>82081.88</b>	<b>95139.80</b>

C.O.

**CHAPTER II  
THE SET OF ACCOUNTS**

Five accounts containing the reclassified data from the Budget of Municipalities/Corporations for 2007-08 (A/C) 2008-09 (R/E)

**ACCOUNT 1**

(Rs.in Lakhs)

**Transaction in Commodities & Services and Transfers**

<b>Expenditure</b>				<b>Revenue</b>			
<b>S. N</b>		<b>Accounts 2007-08</b>	<b>Revised Estimates 2008-09</b>	<b>S. N</b>		<b>Accounts 2007-08</b>	<b>Revised Estimates 2008-09</b>
	<b>Total from previous page</b>	<b>63751.48</b>	<b>68464.98</b>		<b>Total from previous page</b>	<b>82081.88</b>	<b>95139.80</b>
<b>3.</b>	<b>Savings on current account</b>	<b>50785.76</b>	<b>61169.24</b>	<b>2</b>	<b>Income from property and Entrepreneurship</b>	<b>7919.20</b>	<b>17233.49</b>
				2.1	Profit transferred by Departmental commercial Undertakings	-	-
				2.2	Income on investment	-	-
				2.3	Interest receipts	77.18	10.12
				2.4	Income from Municipal Properties (rents on land buildings)	7842.02	17223.37
				3	Miscellaneous Receipts	8177.52	9879.67
				4	Revenue grants and contributions	16358.64	7381.26
	<b>Total(1+2+3)</b>	<b>114537.24</b>	<b>129634.22</b>		<b>Total (Sr.No.1+2+3+4)</b>	<b>114537.24</b>	<b>129634.22</b>

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

**Transaction in commodities and Services and Transfers**

(Rs.in '000)

Expenditure				Revenue			
S.N		2007-08 Accounts	2008-09 Revised Estimates	S.N		2007-08 Accounts	2008-09 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**  
**Transaction in commodities and Services and Transfers**

(Rs. In Lakhs)

Expenditure				Revenue			
S N.		Accounts 2007-08	Revised Estimates 2008-09	S.N		Accounts 2007-08	Revised Estimates 2008-09
1.	2.	3.	4.	5.	6.	7.	8.
<b>1.</b>	<b>Gross capital formation (A+B)</b>	<b>41866.38</b>	<b>52398.06</b>	1.	<b>Gross savings</b>	<b>50785.76</b>	<b>61169.24</b>
(A)	<b>General Departments (1.1+1.2)</b>	<b>41942.50</b>	<b>51945.70</b>	1.1	Savings on current Account of Municipal Committees/Corporations	50785.76	61169.24
1.1	Buildings and other construction	41055.31	50555.83	1.2	Provisions for depreciation of D.C.U.'s.	-	-
(a)	New Outlay	40978.21	50162.06	2	Capital transfer (Capital Grants, contributions and recoveries)	879.20	11169.72
(b)	Renewals and replacement	77.10	393.77	3	Balance: Deficit on all transactions on commodities and services and transfers	(-)9798.58	(-)19940.90
1.2	Machinery and equipments	887.19	1389.87				
(a)	New Outlay	887.19	1389.87				
(b)	Renewals and replacement	-	-				
(B)	<b>Commercial Undertakings (Total 1.3+1.4+1.5)</b>	<b>(-)76.12</b>	<b>452.36</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>(-)76.12</b>	<b>452.36</b>				
(a)	Gross Expenditure in inventories	202.13	272.62				
(b)	Gross income from inventories	126.01	724.98				
2.	Capital Transfers	-	-				
	<b>Total(A+B)</b>	<b>41866.38</b>	<b>52398.06</b>		<b>Total (1+2+3)</b>	<b>41866.38</b>	<b>52398.06</b>

**ACCOUNT IV**

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

**(Rs. In Lakhs)**

**Asset Liabilities of Capital Outgoing & Incoming**

<b>Outgoings</b>				<b>Incomings</b>			
<b>S N.</b>		<b>Accounts 2007-08</b>	<b>Revised Estimates 2008-09</b>	<b>S.N</b>		<b>Accounts 2007-08</b>	<b>Revised Estimates 2008-09</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>2717.56</b>	<b>4060.09</b>	<b>1</b>	<b>Loans</b>	<b>1772.23</b>	<b>2423.87</b>
(a)	For Capital formation	2445.80	3654.08	2	Net Increase Financial Assets and Liabilities	945.33	1636.22
(b)	For Current consumption	271.76	406.01				
2.	Unearmarked Investment	-	-				
3.	Investment in securities	-	-				
<b>Total (Sr.No.1+2+3)</b>		<b>2717.56</b>	<b>4060.09</b>	<b>Total (Sr.No.1+2)</b>		<b>2717.56</b>	<b>4060.09</b>

**ACCOUNT V**

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

**Cash & Capital Reconciliation of Accounts**

**(Rs. In Lakhs)**

<b>Outgoings</b>				<b>Incomings</b>			
<b>S.N</b>		<b>Accounts 2007-08</b>	<b>Revised Estimates 2008-09</b>	<b>S.N</b>		<b>Accounts 2007-08</b>	<b>Revised Estimates 2008-09</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)	(-)9798.58	(-)19940.90	1.	Decrease in cash Balances	(-)8853.25	(-)18304.68
2.	Net increase in financial Assets and Liabilities (Balancing item of Account IV)	945.33	1636.22			-	-
<b>Total (1+2)</b>		<b>(-)8853.25</b>	<b>(-)18304.68</b>	<b>Total (1)</b>		<b>(-)8853.25</b>	<b>(-)18304.68</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 Committees/Councils and 5 Corporation in Punjab was Rs122499.26 Lakhs during 2008-09 (RE) as compared to Rs.106563.19 Lakhs during the years 2007-08 (A) registering an increase of 14.95 percent in 2008-09 (RE) over 2007-08 (A). The Municipal Committees/Corporation incurred expenditure mainly on wages and salaries of Municipal staff, construction of roads, pavements 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 2007-08</b>	<b>Revised Estimates 2008-09</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	<b>Final Outlays (a+b)</b>	103156.52 (96.80)	118409.22 (96.66)
	(a) Consumption expenditure of Municipal Committees/Corporations (Vide Account I)	61290.14 (59.41)	66011.16 (55.75)
	(b) Gross capital formation (Vide Account III)	41866.38 (40.59 )	52398.06 (44.25)
2.	<b>Transfer payments to the rest of the economy (Total a+b)</b>	<b>2461.34</b>	<b>2453.82</b>
	(a) Current transfer (Vide Account No. I)	2461.34	2453.82
	(b) Capital transfer (Vide Account No. III)	-	-
3.	<b>Financial investment and Loans to the rest of the Economy (Net) (Vide Account IV)</b>	<b>945.33</b>	<b>1636.22</b>
<b>Total Expenditure (1+2+3)</b>		<b>106563.19</b>	<b>122499.26</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 / Corporations. Final outlays constitute the major expenditure Rs.118409.22 lakhs i.e.96.66 percent in 2008-09 (RE) as against Rs. 103156.52 lakhs i.e 96.80 percent in 2007-08 (A) of the total expenditure. Rs. 66011.16 lakhs (55.75 percent) constituted consumption expenditure during the year 2008-09 (RE) as against Rs.61290.14 lakhs (59.41 percent) during 2007-08(A) of the final outlay.

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

The transfer payments, loans and advances to the rest of the economy were proposed Rs.4090.04 lakhs for the year 2008-09 (RE) . The corresponding figures for the year 2007-08(A) is Rs.3406.67 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 44.25 percent (Rs.52398.06 Lakhs) during 2008-09 (RE) as compared to 40.59 percent ( Rs.41866.38 Lakhs) during 2007-08 (A)

**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 2007-08</b>	<b>Revised Estimates 2008-09</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 (vide Account IV)	2717.56	4060.09
3.	Unearmarked Investment (Vide Account IV)	-	-
<b>Total Financial Assistance for Capital Formation (1+2+3)</b>		<b>2717.56</b>	<b>4060.09</b>

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

Total capital formation out of the budgetary resources was 93.46 percent undertaken by the Municipal Committees/Corporations directly during 2008-09(RE) whereas the corresponding contribution to the total capital formation was 94.07 percent in 2007-08 (A) 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 2007-08</b>	<b>Revised Estimates 2008-09</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Gross Capital Formation by Municipal Committees / Corporations (A/c III)	41866.38 (94.07)	52398.06 (93.46)
2.	Renewals and replacements (A/C-III)	77.10	393.77
3.	Net Capital formation by Municipal Committees / Corporations(1-2)	41789.28	52004.29
4.	Financial Assistance for capital formation to the rest of the economy (A/C-IV)	2717.56	4060.09
<b>Total capital formation (Net) of the Budgetary Resources of Municipal Committees / Corporations(3+4)</b>		<b>44506.84</b>	<b>56064.38</b>

The above table depicts that total outlay provided for capital formation by Municipal Committees/Councils /Corporations out of their budgetary resources was Rs.56064.38 lakhs in 2008-09 (RE), Rs.44506.84 lakhs in 2007-08(A), showing an increase of 25.97 percent in 2008-09 (RE), over 2007-08 (A). The percentage of total outlay for Capital Formation to the total expenditure during the years 2008-09 (RE) and 2007-08 (A) was 45.77% and 41.77% 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 2007-08</b>	<b>Revised Estimates 2008-09</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Tax Revenue (A/C-I)	82081.88 (71.66%)	95139.80 (73.39%)
2.	Income from property and Entrepreneurship (A/C-I)	7919.20 (6.92%)	17233.49 (13.30%)
3.	Miscellaneous Receipts (A/C-I)	8177.52 (7.14%)	9879.67 (7.62%)
4.	Revenue grants and contributions (A/C-I)	16358.64 (14.28%)	7381.26 (5.69%)
<b>Total (1+2+3+4)</b>		<b>114537.24</b>	<b>129634.22</b>

**Current receipts:** - The total current revenue of Municipal Committees/Corporations in Punjab was Rs.129634.22 Lakhs in 2008-09 (RE) as against Rs.114537.24 lakhs in 2007-08(A). The revenue increase has been worked out to 13.18 percent during 2008-09 (RE) over 2007-08(A). Out of the total revenue of Rs.129634.22 lakhs in 2008-09 (RE) Rs.95139.80 lakhs (73.39%) was from tax revenue. The corresponding percentage for 2007-08(A) was 71.66 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 2007-08</b>	<b>Revised Estimate 2008-09</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Consumption expenditure (Vide Item I, Account I)	61290.14 (96.14)	66011.16 (96.42)
2.	Transfer payments (Vide Item II, Account I)	2461.34 (3.86)	2453.82 (3.58)
<b>Total (1+2)</b>		<b>63751.48</b>	<b>68464.98</b>

**Current Outgoing:** - The current outgoings which consist of consumption expenditure and transfer payments were Rs.68464.98 lakhs during 2008-09 (RE) and Rs.63751.48 lakhs during 2007-08 (A). This shows an increase of 7.39 percent during 2008-09 (RE) over 2007-08 (A). Consumption expenditure constitute the major portion of the current outgoings. Its contribution to total current outgoing were 96.14 percent and 96.42 percent respectively during the above periods whereas the contribution of Transfer payment to total current outgoings during the above periods were only 3.86 percent and 3.58 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 2007-08</b>	<b>Revised Estimate 2008-09</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	<b><u>Gross Savings:-</u></b>		
(a)	Savings of Municipal Administration (Vide Item No. 3 in Account I)	50785.76	61169.24
(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)	77.10	393.77
<b>Net Savings a-(b+c)</b>		<b>50708.66</b>	<b>60775.47</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 2007-08</b>	<b>Revised Estimate 2008-09</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Investment by Municipal Committees/Corporations (Net) (Table 3)	41789.28	52004.29
2.	Savings by Municipal Committees/Corporations (Net)(A/C-I)	50785.76	61169.24
<b>Income deficit/surplus of Municipal Committees/Corporations (2-1)</b>		<b>8996.48</b>	<b>9164.95</b>

## Other Deficit/Surplus

The deficit/ surplus 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/surplus is provided by the sum of balancing items in Account III and Account IV. This deficit/surplus which denotes total requirements of finance for the Municipal Committees/Corporations is shown in table given below.

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

(Rs. In Lakhs)

<b>Income Deficit</b>			
<b>S.N</b>	<b>Items</b>	<b>Accounts 2007-08</b>	<b>Revised Estimates 2008-09</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 in Account III)	(-9798.58)	(-19940.90)
2	Net increase in financial Assets (Vide in Account IV)	945.33	1636.22
<b>Deficit Denoting total Requirements of finance (1+2)</b>		<b>(-8853.25)</b>	<b>(-18304.68)</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 2007-08</b>	<b>Revised Estimate 2008-09</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1	Wages and Salaries (Vide Account I, Item 1.1)	49802.83	54870.71
2	Net output of Departmental commercial undertakings	-	-
3	Wages and salaries components of Municipal Committees / Corporations outlay on buildings and constructions	13671.42	16835.09
<b>Total (1+2+3)</b>		<b>63474.25</b>	<b>71705.80</b>

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

The budgetary operations of all the Municipal Committees / Corporations during the year 2008-09 (RE) are expected to generate a total income of Rs.71705.80 lakhs. During 2007-08(A) such income generated works out to Rs. 63474.25 Lakhs.

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

<b>Economic Classification</b>			
<b>S.N</b>	<b>Heads</b>	<b>Accounts 2007-08</b>	<b>Revised Estimates 2008-09</b>
<b>0</b>	<b>1</b>	<b>3</b>	<b>4</b>
1.	Consumption expenditure	70447.93 (59.82)	75482.25 (56.24)
2	Grants	-	-
3	Interest	49.74 (0.04)	68.38 (0.05)
4	Subsidy	-	-
5	Other current transfer payments	488.32 (0.41)	481.44 (0.36)
	Total current expenditure (1 to 5)	70985.99 (60.27)	76032.07 (56.65)
6	Gross capital formation	42144.63 (35.79)	52218.32 (38.91)
	i) Buildings and other construction	40978.21 (34.80)	50162.06 (37.38)
	ii) Machinery and equipments	887.19 (0.75)	1389.87 (1.04)
	iii) Increase in inventories	202.13 (0.17)	272.62 (0.20)
	iv) Renewals and replacements	77.13 (0.07)	393.77 (0.29)
7	Capital transfers	-	-
8	Unearmarked investment /Grants	1923.28 (1.63)	1904.00 (1.42)
9	Loans and Advances	2717.56 (2.31)	4060.09 (3.03)
	Total capital expenditure (6 to 9 )	46785.47 (39.73)	58182.41 (43.35)
<b>Grand Total ( Current &amp; Capital Expenditure</b>		<b>117771.46 (100.00)</b>	<b>134214.48 (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	Items	Accounts 2007-08	Revised Estimate 2008-09
0	1	2	3
1	<b>Total Revenue</b> as shown in the Municipal Budgets	127261.56	154921.28
	<i>Less-</i>		
2	Sale of commodities and services treated as deduction of consumption expenditure	789.09	1497.40
3	Inventories as treated income in the Municipal budgets	126.01	724.98
4	Capital transfers (Capital grants and contributions and recoveries).	879.20	11169.72
5	Sale-Proceeds of Water Supply	9157.79	9471.09
6	Loans (incomings)	1772.23	2423.87
	<i>Add-</i>		
7	Profit of departmental commercial undertakings	-	-
8	Total adjustments	12724.32	25287.06
<b>Total revenue as shown in economic classification (1- 8)</b>		<b>114537.24</b>	<b>129634.22</b>

(Rs. In Lakhs)

<b>Expenditure</b>			
Serial No.	Items	Accounts 2007-08	Revised Estimates 2008-09
0	1	2	3
1	<b>Total Expenditure</b> as shown in the Municipal Budgets	118560.55	135711.88
	<i>Less-</i>		
2	Sale of commodities and services, treated as deduction of consumption expenditure	9946.88	10968.49
3	Gross increase in inventories	202.13	272.62
4	Current expenditure of departmental commercial undertakings	-	-
5	Loans (incomings)	1772.23	2423.87
	<i>Add-</i>		
6	Net increase in inventories	(-)76.12	452.36
7	Total adjustments	11997.36	13212.62
<b>Total expenditure as shown in the economic classification.</b>		<b>106563.19</b>	<b>122499.26</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 form 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 2007-08(A) 2008-089 (RE). 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 7.1 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-2007-08 Accounts**

**(Rs. In Lakhs)**

<b>(Current Expenditure)</b>									
<b>S.No.</b>	<b>Economic classification/ Functional classification</b>	<b>Wages and Salaries</b>	<b>Purchase of goods and services</b>	<b>Consum- ption 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	15468.75	3499.99	18968.74	789.09	18179.65	-	487.80	18667.45
2	Defence	-	-	-	-	-	-	-	-
3	Education	23.30	0.91	24.21	-	24.21	-	-	24.21
4	Medical and public health	19369.70	1705.69	21075.39	-	21075.39	-	-	21075.39
5	Social security and welfare services	-	-	-	-	-	-	-	-
6	Housing and community services	6882.47	9511.63	16394.10	-	16394.10	-	0.52	16394.62
7	Cultural recreational and religious services	869.07	185.79	1054.86	-	1054.86	-	-	1054.86
<b>8</b>	<b>Economic services</b>	<b>7189.54</b>	<b>6530.18</b>	<b>13719.72</b>	-	<b>13719.72</b>	-	-	<b>13719.72</b>
i)	Agricultural, Forestry, Fishing and hunting.	287.70	8.62	296.32	-	296.32	-	-	296.32
ii)	Water supply	6901.84	6521.56	13423.40	-	13423.40	-	-	13423.40
iii)	Transport services	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
<b>9</b>	<b>Other purposes</b>	-	-	-	-	-	<b>49.74</b>	-	<b>49.74</b>
i)	Interest	-	-	-	-	-	49.74	-	49.74
ii)	Loans and advances	-	-	-	-	-	-	-	-
<b>Grand total</b>		<b>49802.83</b>	<b>21434.19</b>	<b>71237.02</b>	<b>789.09</b>	<b>70447.93</b>	<b>49.74</b>	<b>488.32</b>	<b>70985.99</b>

**Table 6.1 Contd-Economic and Functional Classification of Municipal Budgets-2007-08 Accounts**

**(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-Advances</b>		<b>Grants</b>	<b>Total capital expenditure</b>	<b>Grand Total 9+17</b>
					<b>For Capital Formation</b>	<b>For Current Consumption</b>			
<b>0</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>
1	4137.06	-	-	-	-	-	31.21	4168.27	22835.72
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	24.21
4	736.06	-	-	-	-	-	-	736.06	21811.45
5	-	-	-	-	-	-	-	-	-
6	25013.28	887.19	202.13	-	144.57	-	50.57	26297.74	42692.36
7	1953.81	-	-	-	-	-	-	1953.81	3008.67
<b>8</b>	<b>9138.00</b>		-	77.10	<b>1684.33</b>	-	<b>1841.50</b>	<b>12740.93</b>	<b>26460.65</b>
i)	--	-	-	-	--	-	-	-	296.32
ii)	9138.00		-	77.10	1684.33	-	1841.50	12740.93	26164.33
iii)	-	-	-	-	-	-	-	-	-
iv)	-	-	-	-	-	-	-	-	-
<b>9</b>	-	-	-	-	<b>888.66</b>	-	-	<b>888.66</b>	<b>938.40</b>
i)	-	-	-	-	-	-	-	-	49.74
ii)	-	-	-	-	888.66	-	-	888.66	888.66
	<b>40978.21</b>	<b>887.19</b>	<b>202.13</b>	<b>77.10</b>	<b>2717.56</b>	-	<b>1923.28</b>	<b>46785.47</b>	<b>117771.46</b>

**Table 6.2- Economic and Functional Classification of Municipal Budgets-2008-09 (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>Purchase of goods and services</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	16820.99	3941.81	20762.80	1497.40	19265.40	-	461.44	19726.84
2	Defence	-	-	-	-	-	-	-	-
3	Education	22.84	0.01	22.85	-	22.85	-	-	22.85
4	Medical and public health	20654.84	1999.25	22654.09	-	22654.09	-	-	22654.09
5	Social security and welfare services	-	-	-	-	-	-	-	-
6	Housing and community services	7815.26	9100.56	16915.82	-	16915.82	-	20.00	16935.82
7	Cultural recreational and religious services	1012.83	167.63	1180.46	-	1180.46	-	-	1180.46
<b>8</b>	<b>Economic services</b>	<b>8543.95</b>	<b>6899.68</b>	<b>15443.63</b>	<b>-</b>	<b>15443.63</b>	<b>-</b>	<b>-</b>	<b>15443.63</b>
i)	Agricultural, Forestry, Fishing and hunting.	295.33	19.61	314.94	-	314.94	-	-	314.94
ii)	Water supply	8248.62	6880.07	15128.69	-	15128.69	-	-	15128.69
iii)	Transport services	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
<b>9</b>	<b>Other purposes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68.38</b>	<b>-</b>	<b>68.38</b>
i)	Interest	-	-	-	-	-	68.38	-	68.38
ii)	Loans and advances	-	-	-	-	-	-	-	-
<b>Grand total</b>		<b>54870.71</b>	<b>22108.94</b>	<b>76979.65</b>	<b>1497.40</b>	<b>75482.25</b>	<b>68.38</b>	<b>481.44</b>	<b>76032.07</b>

**Table 6.2 Contd. Economic and Functional Classification of Municipal Budgets-2008-09 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 &amp; Advances</b>		<b>Grants</b>	<b>Total Capital expenditure</b>	<b>Grand Total 9+17</b>
					<b>For Capital Formation</b>	<b>For Current consumption</b>			
<b>0</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>
1	6686.08	-	-	-	-	-	13.32	6699.40	26426.24
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	22.85
4	1555.95	-	-	-	-	-	-	1555.95	24210.04
5	-	-	-	-	-	-	-	-	-
6	30871.76	1389.87	272.62	-	152.06	-	94.68	32780.99	49716.81
7	1151.99	-	-	-	-	-	-	1151.99	2332.45
<b>8</b>	<b>9896.28</b>		<b>-</b>	<b>393.77</b>	<b>1706.00</b>	<b>-</b>	<b>1796.00</b>	<b>13792.05</b>	<b>29235.68</b>
i)	-	-	-	-	-	-	-	-	314.94
ii)	9896.28		-	393.77	1706.00	-	1796.00	13792.05	28920.74
iii)	-	-	-	-	-	-	-	-	-
iv)	-	-	-	-	-	-	-	-	-
<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2202.03</b>	<b>-</b>	<b>-</b>	<b>2202.03</b>	<b>2270.41</b>
i)	-	-	-	-	-	-	-	-	68.38
ii)	-	-	-	-	2202.03	-	-	2202.03	2202.03
	<b>50162.06</b>	<b>1389.87</b>	<b>272.62</b>	<b>393.77</b>	<b>4060.09</b>	<b>-</b>	<b>1904.00</b>	<b>58182.41</b>	<b>134214.48</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 2007-08 (Accounts) and 2008-09 (Revised Estimates).

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

(Rs.in Lakhs)

Functional Classification			
SN	Heads/ Sub Heads	Accounts 2007-08	Revised Estimates 2008-09
0	1	2	3
1.	General Government Services	22835.72 (19.39)	26426.24 (19.69)
2	Defence	-	-
3.	Education	24.21 (0.02)	22.85 (0.02)
4.	Medical and public health	21811.45 (18.52)	24210.04 (18.04)
5.	Social security and welfare services	-	-
6.	Housing and community services	42692.36 (36.25)	49716.81 (37.04)
7.	Cultural recreational and religious services	3008.67 (2.55)	2332.45 (1.74)
<b>8.</b>	<b>Economic services</b>	<b>26460.65</b> <b>(22.47)</b>	<b>29235.68</b> <b>(21.78)</b>
i)	Agricultural, Forestry, Fishing and hunting.	296.32 (0.25)	314.94 (0.23)
ii)	Water supply	26164.33 (22.22)	28920.74 (21.55)
iii)	Transport services	-	-
iv)	Electricity Services	-	-
<b>9.</b>	<b>Other Services</b>	<b>938.40</b> <b>(0.80)</b>	<b>2270.41</b> <b>(1.69)</b>
i)	Interest	49.74 (0.04)	68.38 (0.05)
ii)	Loans and advances	888.66 (0.76)	2202.03 (1.64)
	<b>Total</b>	<b>117771.46</b> <b>(100.00)</b>	<b>134214.48</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 come to Rs. 134214.48 Lakhs in 2008.09 (Revised Estimates) and Rs. 117771.46 Lakhs in 2007-08 (Accounts).

**Table No 7.2 Development and non-development Expenditure**  
(Rs.in Lakhs)

SN	Heads/ Sub Heads	Accounts 2007-08	Revised Estimates 2008-09
0	1	2	3
<b>A</b>	<b>Development Expenditure</b>	<b>93997.34</b> <b>(79.81)</b>	<b>105517.83</b> <b>(78.62)</b>
1.	Education	24.21 (0.02)	22.85 (0.02)
2.	Medical and public health	21811.45 (18.52)	24210.04 (18.04)
3.	Social security and welfare services	-	-
4.	Housing and community services	42692.36 (36.25)	49716.81 (37.04)
5.	Cultural recreational and religious services	3008.67 (2.55)	2332.45 (1.74)
6.	Economic Services	26460.65 (22.47)	29235.68 (21.78)
<b>B.</b>	<b>Non Development Expenditure</b>	<b>23774.12</b> <b>(20.19)</b>	<b>28696.65</b> <b>(21.38)</b>
1.	General government Services.	22835.72 (19.39)	26426.24 (19.69)
2.	Defence	-	-
3.	Other Services	938.40 (0.80)	2270.41 (1.69)
i)	Interest	49.74 (0.04)	68.38 (0.05)
ii)	Loans and Advances	888.66 (0.76)	2202.03 (1.64)
<b>Grand Total (A+B)</b>		<b>117771.46</b> <b>(100.00)</b>	<b>134214.48</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>2007-08 Accounts</b>		<b>2008-09 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>	1.Gurdaspur	65475	62400	97605	97605
		2.Sujanpur	27143	20060	29380	24632
		3.Fatehgarh Churian	10831	10863	12700	12700
		4.Quadian	20330	19638	17475	16675
		5.Dhariwal	12789	14544	15670	15670
		6.DeraBaba Nanak	2815	3331	4044	4044
		7.Sri Hargobind pur	1495	1415	3245	3195
		8.Dina Nagar	21220	21275	25880	25880
		9.Batala	120127	118828	218200	167025
		10.Pathankot	161397	149803	213926	187447
		<b>Total</b>		<b>443622</b>	<b>422157</b>	<b>638125</b>
<b>2</b>	<b>Amritsar</b>	1.Amritsar Corp	2127218	1421654	1606200	1353607
		2.Ajnala	18873	13987	23091	19012
		3.Rayya	12669	12895	14585	12810
		4.Jan diala Guru	25406	24571	30828	24669
		5.Majitha	6115	6132	3235	5179
		6.Ramdas	2948	3159	3160	3160
		7.Raja Sansi	11048	9920	15347	14341
		<b>Total</b>		<b>2204277</b>	<b>1492318</b>	<b>1696446</b>
<b>3.</b>	<b>Tarn Taran</b>	1.Tarn Taran	20713	27164	28789	30960
		2.Khem Karan	2360	2236	2560	2600
		3.Patti	15274	18231	35150	28220
		<b>Total</b>		<b>38347</b>	<b>47631</b>	<b>66499</b>
<b>4</b>	<b>Kapurthala</b>	1. Kpurthala	108726	98721	122715	117835
		2.Sultanpur Lodhi	14615	15272	38550	38550
		3. Phagwara	122713	119926	143836	140100
		4. Begowal	9055	10147	14455	14455
		5. Bhulath	7694	8831	10900	10800
		6. Dhilwan	6102	6307	5880	5718
		<b>Total</b>		<b>268905</b>	<b>259204</b>	<b>336336</b>

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2007-08 Accounts		2008-09 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
5	Jalandhar	Jalandhar Corp	1216261	1315289	2715047	1523245
		2. Adampur	15953	15117	11059	10927
		3. Alawalpur	3515	3502	5750	5700
		4. Bhogpur	19600	19600	16089	17682
		5. Kartarpur	19020	18561	23885	23145
		6. Nakodar	44525	39785	51180	46326
		7. Nur Mahal	22903	21380	31629	30195
		8. Philaur	37002	33010	35754	43930
		9. Gorya	38530	38530	40040	40000
		10. Shahkot	14246	14188	33500	33500
		11. Lohian Khas	8868	7774	11407	12095
			<b>Total</b>	<b>1440423</b>	<b>1526736</b>	<b>2975340</b>
6	Saheed Bhagat Singh Nagar	1. Nawan Shehar	54420	53284	100000	100000
		2. Banga	34609	36183	46500	41900
		3. Balachaur	16715	17081	25050	26800
		4. Rahon	8670	9418	10215	10215
		<b>Total</b>	<b>114414</b>	<b>115966</b>	<b>181765</b>	<b>178915</b>
7	Hoshiarpur	1. Hoshiarpur	276293	234652	141909	211635
		2. Garhshankar	21360	18778	36800	36235
		3. Sham Chaurasi	4136	3408	16200	6450
		4. Hariana	9119	10899	8952	9312
		5. Mukerian	24888	24270	35157	35157
		6. Urmar Tanda	28538	25066	26325	23748
		7. Gardhiwala	11407	10409	12430	10255
		8. Dasuya	20220	29802	20678	30780
		9. Mahilpur	19454	17838	19187	17862
			<b>Total</b>	<b>415415</b>	<b>375122</b>	<b>317638</b>
8	Rupnagar	1. Rupnagar	38604	45158	57000	57104
		2. Anandpur Sahib	10345	10863	11363	11725
		3. Morinda	31851	31258	35570	35370
		4. Nangal	177470	138853	173136	192700
		<b>Total</b>	<b>258270</b>	<b>226132</b>	<b>277069</b>	<b>296899</b>

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2007-08 Accounts		2008-09 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
9.	S.A.S Nagar	1.S.A.S Nagar	253795	256341	286231	261160
		2. Dera Bassi	85454	81837	110270	115419
		3. Zirakpur	172168	180592	200000	212996
		4 Kharar	154530	142544	131067	135572
		5.Kurali	35098	33406	38558	37356
		6.Naya Gaon	504	3456	54220	38215
		<b>Total</b>	<b>701549</b>	<b>698176</b>	<b>820346</b>	<b>800718</b>
10	Ludhiana	1.Ludhiana Corp.	2991890	3123841	3499700	3499700
		2. Raikot	29710	28730	39130	31700
		3. Jagraon	58198	59461	70983	69585
		4. Doraha	43410	42854	49547	49547
		5. Khanna	160256	161398	184317	188257
		6. Samrala	19597	19597	22677	22137
		7. Payal	7687	7444	9500	9583
		8. Machiwara	24251	23480	31000	31060
		9.Mullanpur Dakha	10591	22791	19300	38600
		10. Maloud	5140	5124	6150	6150
		11. Sahnewal	27193	18418	32553	39565
				<b>Total</b>	<b>3377923</b>	<b>3513138</b>
11	Firozpur	1. Firozpur	73818	74110	88700	106600
		2.GuruHar Sahai	27024	29467	32250	33298
		3.Talwandi Bhai	17865	17182	17177	17121
		4. Zira	49600	48200	47350	49350
		5. Abohar	184700	158406	235901	218282
		6. Fazilka	60832	63029	56795	52266
		7. Jalalabad	57370	48100	49530	49530
		8. Makhu	10860	6885	12417	8738
				<b>Total</b>	<b>482069</b>	<b>445379</b>
12	Faridkot	1. Faridkot	53667	54664	53291	55456
		2. Kotkapura	91362	88876	114830	115480
		3. Jaitu	34982	31565	49500	49500
		<b>Total</b>	<b>180011</b>	<b>175105</b>	<b>217621</b>	<b>220436</b>
13	Sri Mukatsar Sahib	1.Sri Mukatsar Sahib	58300	54571	89000	89000
		2. Malout	52624	57034	48460	49318
		3. Giddarbaha	33553	37593	32981	98900
		4. Baiwala	2445	2334	4703	7057
		<b>Total</b>	<b>146922</b>	<b>151532</b>	<b>175144</b>	<b>244275</b>
14	Moga	1. Moga	203767	161726	213612	150002
		2.Bagha Purana	20852	20306	32500	32500
		3. Bandhni Kalan	11926	5946	15440	9540
		4. Dharamkot	15704	15542	23700	23700
		<b>Total</b>	<b>252249</b>	<b>203520</b>	<b>285252</b>	<b>215742</b>

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2007-08Accounts		2008-09 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
15	Bathinda	1. Bathinda	387342	403128	412711	412090
		2.Rampur Phul	48652	46724	53307	46583
		3.Bhucho Mandi	13270	13549	13390	13434
		4. Goniana	18550	13714	25080	24321
		5. Maur Mandi	23563	24972	32151	31951
		6.Raman Mandi	21317	21382	24230	24230
		7. Kot Fattah	2344	1366	2485	1457
		8. Sangat	4046	4018	5728	5695
		9.Talwandi Sabo	-	-	11000	10800
		<b>Total</b>		<b>519084</b>	<b>528853</b>	<b>580082</b>
16	Mansa	1. Mansa	66652	66299	48179	47871
		2. Budhlada	19471	19126	16549	16614
		3. Baretta	9570	8304	9582	8531
		4. Sardulgarh	14795	18009	20231	22369
		5. Bhiki	17603	2727	22288	2207
		<b>Total</b>		<b>128091</b>	<b>114465</b>	<b>116829</b>
17	Sangrur	1. Sangrur	101133	111100	127136	78566
		2. Sunam	50890	44911	67170	54195
		3.Malerkotala	109432	98315	111645	99863
		4. Lehra gaga	15273	15237	21735	21735
		5. Dhuri	36644	38260	50770	50770
		6.Ahmedgarh	42746	41210	44770	43189
		7.Bhawanigarh	17944	17928	20366	12617
		8.Longowal	5515	5251	8129	7885
		9.Dirba	19656	10825	17980	11130
		10.Khanauri	10966	13262	12860	12416
		11. Moonak	18272	17827	10489	10485
		12.Cheema	8638	9023	18055	11540
		<b>Total</b>		<b>437109</b>	<b>423149</b>	<b>511105</b>
18	Barnala	1. Barnala	113999	106407	130942	113859
		2.Dhanaula	8609	18635	6350	17240
		3. Tapa	13717	11020	17075	13530
		4. Bhadaur	8561	7763	13000	12715
		5. Hundaya	4830	4274	17115	3928
		<b>Total</b>		<b>149716</b>	<b>148099</b>	<b>184482</b>

(Rs.000)

<b>Income &amp; Expenditure</b>						
SN	Districts	Name of the MC's	2007-08 Accounts		2008-09 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
<b>19</b>	<b>Patiala</b>	1. Patiala	457544	404751	795271	547477
		2. Rajpura	172387	107477	179330	154498
		3. Nabha	79854	82263	87612	89645
		4. Banur	21079	11142	65244	34260
		6. Samana	41193	35400	43316	42447
		7. Patran	24431	23975	25255	25322
		8. Sanaur	5080	5959	10337	10027
		9. Ghanaur	5575	6173	9600	8203
		10. Ghagga	5258	5093	6005	6563
			<b>Total</b>	<b>812401</b>	<b>682233</b>	<b>1221970</b>
<b>20</b>	<b>Fatehgarh Sahib</b>	1. Gobindgarh	275400	222370	281269	285313
		2. Sirhind	47415	49255	55256	52845
		3. Bassi Pathana	10246	10585	20325	20325
		4. Amlloh	10138	12875	15552	14600
		5. Khamano	12160	12055	12700	12725
			<b>Total</b>	<b>355359</b>	<b>307140</b>	<b>385102</b>
<b>Punjab</b>			<b>12726156</b>	<b>11856055</b>	<b>15492128</b>	<b>13571188</b>