



# **GOVERNMENT OF PUNJAB**

**ECONOMIC AND FUNCTIONAL CLASSIFICATION**

**OF MUNICIPAL BUDGETS IN PUNJAB**

**FOR THE YEAR 2007-08**

**(2005-06 (A/C) & 2006-07(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-eighth in the series since 1970-71. According to the budget, all the Municipal Councils/Corporations in the State anticipated the total revenue of Rs. 1184.39 crores in 2006-07(RE) as compared to Rs. 1138.80 Crores in 2005-06 (A/C) . The classification further observed that there is progressive increase in the total expenditure .The revised estimates for the year 2006-07 estimated the expenditure at Rs.1243.19 crores as compared to Rs.1035.42 crores in the 2005-06(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:14-7-09

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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 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 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 2005-06 (A/C) 2006-07 (R/E)

**ACCOUNT 1**

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

**(Rs.in Lakhs)**

S.N		Accounts 2005-06	Revised Estimates 2006-07	S .N		Accounts 2005-06	Revised Estimates 2006-07
0	1.	2.	3.	4.	5.	6.	7.
<b>1</b>	<b>Consumption Expenditure (1.1+1.2)</b>	<b>51011.34</b>	<b>59212.83</b>	<b>1</b>	<b>Tax Revenue</b>	<b>81764.50</b>	<b>86800.01</b>
	Wages and Salaries	40230.87	44172.54	<b>1.1</b>	<b>Direct Taxes(a+b)</b>	<b>8111.27</b>	<b>9092.71</b>
1.2	Net purchase of commodities & services including RM (a (-) b)	10780.47	15040.29	<b>Revenue</b>	Profession and trade Tax	-	-
(a)	Purchases of commodities & Services	19415.40	23698.90	(b)	Servant Tax	-	-
(b)	Less sale of commodities and services	8634.93	8658.61	(c )	Taxes on Houses and Lands	8111.27	9092.71
<b>2</b>	<b>Transfer Payments (2.1+2.2+2.3)</b>	<b>2299.69</b>	<b>3094.48</b>	<b>1.2</b>	<b>Indirect Taxes (a to l)</b>	<b>73653.23</b>	<b>77707.30</b>
2.1	Interest	215.20	1.60	(a)	Octroi	70715.18	72999.45
2.2	Grants	260.14	413.03	(b)	Terminal Tax	-	-
2.3	Other current transfers	1824.35	2679.85	(c )	Taxes on Vehicles	243.56	276.95
				(d)	Taxes on Animals (Including registration of dogs)	-	-
				(e)	Fees for Vehicles licenses	132.71	146.04
				(f)	License fee for job porters	-	-
				(g)	Dangerous and offensive trade License fee	183.59	222.46
				(h)	Tolls on vehicles and animals	-	-
				(i)	Local rates	-	-
				(j)	Fees for letting of Fire-works	-	-
				(k)	Miscellaneous-other Taxes and duties	2258.31	3340.46
				(l)	Advertisement Tax	119.88	721.94
	<b>Total (1+2)</b>	<b>53311.03</b>	<b>62307.31</b>		<b>Total (of Sr. No. 1 or 1.1+1.2)</b>	<b>81764.50</b>	<b>86800.01</b>

C.O.

**CHAPTER II  
THE SET OF ACCOUNTS**

Five accounts containing the reclassified data from the Budget of Municipalities/Corporations for 2005-06 (A/C) 2006-07 (R/E)

**ACCOUNT 1**

(Rs.in Lakhs)

**Transaction in Commodities & Services and Transfers**

S. N		Accounts 2005-06	Revised Estimates 2006-07	S. N		Accounts 2005-06	Revised Estimates 2006-07
	<b>Total from previous page</b>	<b>53311.03</b>	<b>62307.31</b>		<b>Total from previous page</b>	<b>81764.50</b>	<b>86800.01</b>
<b>3.</b>	<b>Savings on current account</b>	<b>49541.79</b>	<b>45425.23</b>	<b>2</b>	<b>Income from property and Entrepreneurship</b>	<b>13997.39</b>	<b>9546.53</b>
	<b>Expenditure</b>			<b>2.1</b>	Revenue Profit transferred by Departmental commercial Undertakings	-	-
				2.2	Income on investment	-	-
				2.3	Interest receipts	251.43	114.00
				2.4	Income from Municipal Properties (rents on land buildings)	13745.96	9432.53
				3	Miscellaneous Receipts	6567.77	10295.02
				4	Revenue grants and contributions	523.16	1090.98
	<b>Total(1+2+3)</b>	<b>102852.82</b>	<b>107732.54</b>		<b>Total (Sr.No.1+2+3+4)</b>	<b>102852.82</b>	<b>107732.54</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		2005-06 Accounts	2006-07 Revised Estimates	S.N		2005-06 Accounts	2006-07 Revised Estimates
1.	2.	3.	4.	5.	6.	7.	8.
<b>Expenditure</b>	<b>Wages &amp; Salaries</b>	-	-	<b>1</b>	<b>Gross Sale Proceeds</b>	-	-
2.	Commodities and services	-	-	<b>Revenue</b>			
				(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**

S N.		Accounts 2005-06	Revised Estimates 2006-07	S.N		Accounts 2005-06	Revised Estimates 2006-07
1.	2.	3.	4.	5.	6.	7.	8.
<b>1.</b>	<b>Gross capital formation (A+B)</b>	<b>36845.28</b>	<b>49708.83</b>	1.	<b>Gross savings</b>	<b>49541.79</b>	<b>45425.23</b>
(A)	<b>General Departments (1.1+1.2)</b>	<b>36570.67</b>	<b>49629.33</b>	1.1	Savings on current Account of Municipal Committees/Corporations	49541.79	45425.23
<b>Expenditure</b>				1.2	Provisions for depreciation of D.C.U.'s.	-	-
1.1	Buildings and other construction	35929.58	48523.33	2	Capital transfer Capital Grants, contributions and recoveries)	436.86	193.71
(a)	New Outlay	35928.12	48521.33	3	Balance: Deficit on all transactions on commodities and services and transfers	(-)13133.37	4089.89
(b)	Renewals and replacement	1.46	2.00		<b>(Rs. In Lakhs</b>		
1.2	Machinery and equipments	641.09	1106.00				
(a)	New Outlay	641.09	1106.00				
(b)	Renewals and replacement	-	-				
<b>(B)</b>	<b>Commercial Undertakings (Total 1.3+1.4+1.5)</b>	<b>274.61</b>	<b>79.50</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>274.61</b>	<b>79.50</b>				
(a)	Gross Expenditure in inventories	104.52	193.20				
(b)	Gross income form inventories	379.13	272.70				
2.	Capital Transfers	-	-				
	<b>Total(A+B)</b>	<b>36845.28</b>	<b>49708.83</b>		<b>Total (1+2+3)</b>	<b>36845.28</b>	<b>49708.83</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>Asset Liabilities of Capital Outgoing &amp; Incoming</b>							
<b>S N.</b>		<b>Accounts 2005-06</b>	<b>Revised Estimates 2006-07</b>	<b>S.N</b>		<b>Accounts 2005-06</b>	<b>Revised Estimates 2006-07</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>1</b>	<b>Loans and Advances(a+b)</b>	<b>4920.97</b>	<b>3530.45</b>	<b>1</b>	<b>Loans</b>	<b>1576.47</b>	<b>1581.66</b>
(a)	For Capital formation	4428.87	3177.40	<b>2</b>	Net Increase Financial Assets and Liabilities	3344.50	1948.79
(b)	For Current consumption	492.10	353.05				
2.	Unearmarked Investment	-	-				
3.	Investment in securities	-	-				
<b>Total (Sr.No.1+2+3)</b>		<b>4920.97</b>	<b>3530.45</b>	<b>Total (Sr.No.1+2)</b>		<b>4920.97</b>	<b>3530.45</b>

**ACCOUNT V**

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

**Cash & Capital Reconciliation of Accounts**

S.N		Accounts 2005-06	Revised Estimates 2006-07	S.N	Incomings	Accounts 2005-06	Revised Estimates 2006-07
					(Rs. In Lakhs)		
<b>Outgoings</b>							
1.	2.	3.	4.	5.	6.	7.	8.
1.	Deficit/ Surplus on all Transactions on commodities and Services and Transfers (Balancing item of account – III)	(-)13133.37	4089.89	1.	Decrease in cash Balances	(-)9788.87	6038.68
2.	Net increase in financial Assets and Liabilities (Balancing item of Account IV)	3344.50	1948.79		-	-	-
<b>Total (1+2)</b>		<b>(-) 9788.87</b>	<b>6038.68</b>	<b>Total (1)</b>		<b>(-)9788.87</b>	<b>6038.68</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 Committee /Councils/and 5 Corporation in Punjab was Rs113964.93 Lakhs during 2006-07 (Revised Estimates) as compared to Rs.93500.81 Lakhs during the years 2005-06 (Accounts) registering an increase of 21.89 percent in 2006-07 (Revised Estimates) over 2005-06 (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 2005-06</b>	<b>Revised Estimates 2006-07</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>1.</b>	<b>Final Outlays (a+b)</b>	87856.62 (93.96)	108921.66 (95.57)
	(a) Consumption expenditure of Municipal Committees/Corporations (Vide Account I)	51011.34 (58.06)	59212.83 (54.36)
	(b) Gross capital formation (Vide Account III)	36845.28 (41.94)	49708.83 (45.64)
<b>2.</b>	<b>Transfer payments to the rest of the economy (Total a+b)</b>	<b>2299.69</b>	<b>3094.48</b>
	(a) Current transfer (Vide Account No. I)	2299.69	3094.48
	(b) Capital transfer (Vide Account No. III)	-	-
<b>3.</b>	<b>Financial investment and Loans to the rest of the Economy (Net) (Vide Account IV)</b>	<b>3344.50</b>	<b>1948.79</b>
<b>Total Expenditure (1+2+3)</b>		<b>93500.81</b>	<b>113964.93</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. 108921.66 lakhs i.e.95.57 percent in 2006-07 (Revised Estimates) as against Rs. 87856.62 lakhs i.e 93.96 percent in 2005-06 (Accounts) of the total expenditure. Rs. 59212.83 lakhs (54.36 percent) constituted consumption expenditure during the year 2006-07 (Revised) as against Rs.51011.34 lakhs (58.06 percent) during 2005-06(Accounts) 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.5043.27 lakhs for the year 2006-07 (Revised Estimates) . The corresponding figures for the year 2005-06(A) is Rs.5644.19 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 45.64 percent (Rs.49708.83 Lakhs) as compared to 41.94 percent ( Rs.36845.28 Lakhs) during 2005-06 (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 2005-06</b>	<b>Revised Estimates 2006-07</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)	4920.97	3530.45
3.	Unearmarked Investment (Vide Account IV)	-	-
<b>Total Financial Assistance for Capital Formation (1+2+3)</b>		<b>4920.97</b>	<b>3530.45</b>

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

Total capital formation out of the budgetary resources was 93.37 percent undertaken by the Municipal Committees / Corporations directly during 2006-07 (Revised Estimates) whereas the corresponding contribution to the total capital formation was 88.22 percent in 2005-06 (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 2005-06</b>	<b>Revised Estimates 2006-07</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Gross Capital Formation by Municipal Committees / Corporations (A/c III)	36845.28 (88.22)	49708.83 (93.37)
2.	Renewals and replacements (A/C-III)	1.46	2.00
3.	Net Capital formation by Municipal Committees / Corporations(1-2)	36843.82	49706.83
4.	Financial Assistance for capital formation to the rest of the economy (A/C-IV)	4920.97	3530.45
<b>Total capital formation (Net) of the Budgetary Resources of Municipal Committees / Corporations(3+4)</b>		<b>41764.79</b>	<b>53237.28</b>

The above table depicts that total outlay provided for capital formation by Municipal Committees/Councils /Corporations out of their budgetary resources Rs.53237.28 lakhs in 2006-07 (RE), Rs.41764.79 lakhs in 2005-06(Accounts), showing an increase of 27.47 percent in 2006-07(RE), over 2005-06 (Accounts), .The percentage of total outlay for Capital Formation to the total expenditure during the years 2006-07 (RE) and 2005-06 (Accounts) was 46.71% and 44.67% 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 2005-06</b>	<b>Revised Estimates 2006-07</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Tax Revenue (A/C-I)	81764.50	86800.01
2.	Income from property and Entrepreneurship (A/C-I)	13997.39	9546.53
3.	Miscellaneous Receipts (A/C-I)	6567.77	10295.02
4.	Revenue grants and contributions (A/C-I)	523.16	1090.98
<b>Total (1+2+3+4)</b>		<b>102852.82</b>	<b>107732.54</b>

**Current receipts:** - The total current revenue of Municipal Committees/Corporations in Punjab was Rs.107732.54 Lakhs in 2006-07 (RE) as against Rs.102852.82 lakhs in 2005-06(Accounts). The revenue increase has been worked out to 4.74 percent during 2006-07 (R.E) over 2005-06(Accounts). Out of the total revenue of Rs.107732.54 lakhs in 2006-07 (RE) Rs.86800.01 lakhs (80.57%) was from tax revenue. The corresponding percentage for 2005-06(Accounts) was 79.49 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 2005-06</b>	<b>Revised Estimate 2006-07</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Consumption expenditure (Vide Item I, Account I)	51011.34 (95.69)	59212.83 (95.03)
2.	Transfer payments (Vide Item II, Account I)	2299.69 (4.31)	3094.48 (4.97)
<b>Total (1+2)</b>		<b>53311.03</b>	<b>62307.31</b>

**Current Outgoing:** - The current outgoings which consist of consumption expenditure and transfer payments were Rs.62307.31 lakhs during 2006-07 (RE) and Rs.53311.03 lakhs during 2005-06 (Accounts). This shows an increase of 16.87 percent during 2006-07 (RE) over 2005-06 (Accounts). Consumption expenditure constitute the major portion of the current outgoings. Its contribution to total current outgoing were 95.69 percent and 95.03 percent respectively during the above periods whereas the contribution of Transfer payment to total current outgoings during the above periods were only 4.31 percent and 4.97 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 2005-06</b>	<b>Revised Estimate 2006-07</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)	49541.79	45425.23
(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)	1.46	2.00
<b>Net Savings a-(b+c)</b>		<b>49540.33</b>	<b>45423.23</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 2005-06</b>	<b>Revised Estimate 2006-07</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	Investment by Municipal Committees/Corporations (Net) (Table 3)	36843.82	49708.83
2.	Savings by Municipal Committees/Corporations (Net)(A/C-I)	49541.79	45425.23
<b>Income deficit of Municipal Committees/Corporations (2-1)</b>		<b>12697.97</b>	<b>(-)4283.60</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 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 2005-06</b>	<b>Revised Estimates 2006-07</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)	(-)13133.37	4089.89
2	Net increase in financial Assets (Vide in Account IV)	3344.50	1948.79
<b>Deficit Denoting total Requirements of finance (1+2)</b>		<b>(-)9788.87</b>	<b>6038.68</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 2005-06</b>	<b>Revised Estimate 2006-07</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1	Wages and Salaries (Vide Account I, Item 1.1)	40230.87	44172.54
2	Net output of Departmental commercial undertakings	-	-
3	Wages and salaries components of Municipal Committees / Corporations outlay on buildings and constructions	11964.55	16526.57
<b>Total (1+2+3)</b>		<b>52195.42</b>	<b>60699.11</b>

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

The budgetary operations of all the Municipal Committees / Corporations during the year 2006-07 (RE) are expected to generate a total income of Rs.60699.11 lakhs. During 2005-06 (Accounts) such income generated works out to Rs. 52195.42 Lakhs.

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

<b>Economic Classification</b>			
<b>S.N</b>	<b>Heads</b>	<b>Accounts 2005-06</b>	<b>Revised Estimates 2006-07</b>
<b>0</b>	<b>1</b>	<b>3</b>	<b>4</b>
1.	Consumption expenditure	58519.63 (57.14)	66968.26 (54.26)
2	Grants	-	-
3	Interest	215.20 (0.21)	1.60 (0.00)
4	Subsidy	-	-
5	Other current transfer payments	1824.35 (1.78)	2679.85 (2.17)
6	Total current expenditure (1 to 5)	60559.18 (59.13)	69649.71 (56.43)
7	Gross capital formation	36675.19 (35.81)	49822.53 (40.38)
	i) Buildings and other construction	35928.12 (35.08)	48521.33 (39.32)
	ii) Machinery and equipments	641.09 (0.63)	1106.00 (0.90)
	iii) Increase in inventories	104.52 (0.10)	193.20 (0.16)
	iv) Renewals and replacements	1.46 (0.00)	2.00 (0.00)
8	Capital transfers	-	-
9	Unearmarked investment /Grants	260.14 (0.25)	413.03 (0.33)
10	Loans and Advances	4920.97 (4.80)	3530.45 (2.86)
11	Total capital expenditure (7 to10 )	41856.30 (40.87)	53766.01 (43.57)
<b>Grand Total ( Current &amp; Capital Expenditure</b>		<b>102415.48 (100.00)</b>	<b>123415.72 (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 2005-06	Revised Estimate 2006-07
0	1	2	3
1	<b>Total Revenue</b> as shown in the Municipal Budgets	113880.21	118439.22
	<i>Less-</i>		
2	Sale of commodities and services treated as deduction of consumption expenditure	1126.64	903.18
3	Inventories as treated income in the Municipal budgets	379.13	272.70
4	Capital transfers (Capital grants and contributions and recoveries).	436.86	193.71
5	Sale-Proceeds of Water Supply	7508.29	7755.43
6	Loans (incomings)	1576.47	1581.66
	<i>Add-</i>		
7	Profit of departmental commercial undertakings	-	-
8	Total adjustments (2 to 7)	11027.39	10706.68
	<b>Total revenue as shown in economic classification (1- 8)</b>	<b>102852.82</b>	<b>107732.54</b>

(Rs. In Lakhs)

<b>Expenditure</b>			
Serial No.	Items	Accounts 2005-06	Revised Estimates 2006-07
0	1	2	3
1	<b>Total Expenditure</b> as shown in the Municipal Budgets	103542.12	124318.90
	<i>Less-</i>		
2	Sale of commodities and services, treated as deduction of consumption expenditure	8634.93	8658.61
3	Gross increase in inventories	104.52	193.20
4	Current expenditure of departmental commercial undertakings	-	-
5	Loans (incomings)	1576.47	1581.66
	<i>Add-</i>		
6	Net increase in inventories	274.61	79.50
7	Total adjustments	10041.31	10353.97
	<b>Total expenditure as shown in the economic classification.</b>	<b>93500.81</b>	<b>113964.93</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-2005-06 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	15803.61	3788.92	19592.53	1126.64	18465.89	-	40.26	18506.15
2	Defence	-	-	-	-	-	-	-	-
3	Education	6.78	2.55	9.33	-	9.33	-	-	9.33
4	Medical and public health	15516.90	882.41	16399.31	-	16399.31	-	-	16399.31
5	Social security and welfare services	-	-	-	-	-	-	-	-
6	Housing and community services	2672.47	7893.57	10566.04	(Rs. In Lakhs)		-	907.17	11473.21
7	Cultural recreational and religious services	1400.71	344.52	1745.23	-	1745.23	-	-	1745.23
<b>8</b>	<b>Economic services</b>	<b>4830.40</b>	<b>6503.43</b>	<b>11333.83</b>	-	<b>11333.83</b>	-	<b>876.92</b>	<b>12210.75</b>
i)	Agricultural, Forestry, Fishing and hunting.	-	-	-	-	-	-	-	-
ii)	Water supply	4830.40	6503.43	11333.83	-	11333.83	-	876.92	12210.75
iii)	Transport services	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
<b>9</b>	<b>Other purposes</b>	-	-	-	-	-	<b>215.20</b>	-	<b>215.20</b>
i)	Interest	-	-	-	-	-	215.20	-	215.20
ii)	Loans and advances	-	-	-	-	-	-	-	-
<b>Grand total</b>		<b>40230.87</b>	<b>19415.40</b>	<b>59646.27</b>	<b>1126.64</b>	<b>58519.63</b>	<b>215.20</b>	<b>1824.35</b>	<b>60559.18</b>

**Table 6.1 Contd-Economic and Functional Classification of Municipal Budgets-2005-06 Accounts**

(Capital Expenditure)									
SN.	Building and other Construction Bo+Ro+Co	Machinery and equipment M E	Net increase in stocks (Wrok-store) increase in inventions	Renewals and replacements	Loans-Advances		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
							(Rs. In Lakhs)		
1	3835.10	-	-	-	-	-	47.25	3882.35	22388.50
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	9.33
4	206.42	-	-	-	-	-	-	206.42	16605.73
5	-	-	-	-	-	-	-	-	-
6	23731.35	569.50	104.52	-	64.31	-	212.89	24682.57	36155.78
7	1408.15	-	-	-	-	-	-	1408.15	3153.38
<b>8</b>	<b>6747.10</b>	<b>71.59</b>	-	1.46	<b>949.95</b>	-	-	<b>7770.10</b>	<b>19980.85</b>
i)	-	-	-	-	-	-	-	-	-
ii)	6747.10	71.59	-	1.46	949.95	-	-	7770.10	19980.85
iii)	-	-	-	-	-	-	-	-	-
iv)	-	-	-	-	-	-	-	-	-
<b>9</b>	-	-	-	-	<b>3906.71</b>	-	-	<b>3906.71</b>	<b>4121.91</b>
i)	-	-	-	-	-	-	-	-	215.20
ii)	-	-	-	-	3906.71	-	-	3906.71	3906.71
		<b>641.09</b>	<b>104.52</b>	<b>1.46</b>	<b>4920.97</b>	-	<b>260.14</b>	<b>41856.30</b>	<b>102415.48</b>

**Table 6.2- Economic and Functional Classification of Municipal Budgets-2006-07 (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 sale of good &amp; services income side.</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	17106.03	4615.25	21721.28	903.18	20818.10	-	141.01	20959.11
2	Defence	-	-	-	-	-	-	-	-
3	Education	16.72	3.42	20.14	-	20.14	-	-	20.14
4	Medical and public health	16951.29	1021.05	17972.34	-	17972.34	-	-	17972.34
5	Social security and welfare services	-	-	-	-	-	-	-	-
6	Housing and community services	2919.25	10610.70	13529.95	-	13529.95	-	1305.69	14835.64
7	Cultural recreational and religious services	1682.58	418.44	2101.02	-	2101.02	-	-	2101.02
<b>8</b>	<b>Economic services</b>	<b>5496.67</b>	<b>7030.04</b>	<b>12526.71</b>	<b>-</b>	<b>12526.71</b>	<b>-</b>	<b>1233.15</b>	<b>13759.86</b>
i)	Agricultural, Forestry,	-	-	-	-	-	-	-	-
ii)	Fishing and hunting. Water supply	5496.67	7030.04	12526.71	-	12526.71	-	1233.15	13759.86
iii)	Transport services	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
<b>9</b>	<b>Other purposes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.60</b>	<b>-</b>	<b>1.60</b>
i)	Interest	-	-	-	-	-	1.60	-	1.60
ii)	Loans and advances	-	-	-	-	-	-	-	-
<b>Grand total</b>		<b>44172.54</b>	<b>23698.90</b>	<b>67871.44</b>	<b>903.18</b>	<b>66968.26</b>	<b>1.60</b>	<b>2679.85</b>	<b>69649.71</b>

**Table 6.2 Contd. Economic and Functional Classification of Municipal Budgets-2006-07 Revised Estimates**

**(Rs. In Lakhs)**

<b>(Capital Expenditure)</b>									
<b>SN.</b>	<b>Building and other construction</b>	<b>Machinery and equipment Bo+Ro+Co</b>	<b>Net increase in stocks</b>	<b>Renewals and replacements</b>	<b>Loans &amp; Advances</b>		<b>Unear-marked invest-ment/ Grants</b>	<b>Total Capital expenditure</b>	<b>Grand Total 9+18</b>
					<b>For Capital Formation</b>	<b>For Current consumption</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	4361.45	-	-	-	-	-	14.79	4376.24	25335.35
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	20.14
4	466.16	-	-	-	-	-	-	466.16	18438.50
5	-	-	-	-	-	-	-	-	-
6	32310.91	974.60	193.20	-	4.99	-	398.24	33881.94	48717.58
7	3021.73	-	-	-	-	-	-	3021.73	5122.75
<b>8</b>	<b>8361.08</b>	<b>131.40</b>	<b>-</b>	<b>2.00</b>	<b>1309.52</b>	<b>-</b>	<b>-</b>	<b>9804.00</b>	<b>23563.86</b>
i)	-	-	-	-	-	-	-	-	-
ii)	8361.08	131.40	-	2.00	1309.52	-	-	9804.00	23563.86
iii)	-	-	-	-	-	-	-	-	-
iv)	-	-	-	-	-	-	-	-	-
<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2215.94</b>	<b>-</b>	<b>-</b>	<b>2215.94</b>	<b>2217.54</b>
i)	-	-	-	-	-	-	-	-	1.60
ii)	-	-	-	-	2215.94	-	-	2215.94	2215.94
	<b>48521.33</b>	<b>1106.00</b>	<b>193.20</b>	<b>2.00</b>	<b>3530.45</b>	<b>-</b>	<b>413.03</b>	<b>53766.01</b>	<b>123415.72</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 2005-06 (Accounts) and 2006-07 (Revised Estimates).

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

(Rs.in Lakhs)

<b>Functional Classification</b>			
SN	Heads/ Sub Heads	Accounts 2005-06	Revised Estimates 2006-07
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
1.	General Government Services	22388.50 (21.86)	25335.35 (20.53)
2	Defence	-	-
3.	Education	9.33 (0.01)	20.14 (0.02)
4.	Medical and public health	16605.73 (16.21)	18438.50 (14.94)
5.	Social security and welfare services	-	-
6.	Housing and community services	36155.78 (35.30)	48717.58 (39.47)
7.	Cultural recreational and religious services	3153.38 (3.08)	5122.75 (4.15)
<b>8.</b>	<b>Economic services</b>	<b>19980.85</b> <b>(19.51)</b>	<b>23563.86</b> <b>(19.09)</b>
i)	Agricultural, Forestry, Fishing and hunting.	-	-
ii)	Water supply	19980.85 (19.51)	23563.86 (19.09)
iii)	Transport services	-	-
iv)	Electricity Services	-	-
<b>9.</b>	<b>Other Services</b>	<b>4121.91</b> <b>(4.03)</b>	<b>2217.54</b> <b>(1.80)</b>
i)	Interest	215.20 (0.21)	1.60 (0.00)
ii)	Loans and advances	3906.71 (3.82)	2215.94 (1.80)
	<b>Total</b>	<b>102415.48</b> <b>(100.00)</b>	<b>123415.72</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. 123415.72 Lakhs in 2006.07 (Revised Estimates) and Rs. 102415.48 Lakhs in 2005-06 (Accounts).

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

SN	Heads/ Sub Heads	Accounts 2005-06	Revised Estimates 2006-07
0	1	2	3
<b>A</b>	<b>Development Expenditure</b>	<b>75905.07</b> <b>(74.11)</b>	<b>95862.83</b> <b>(77.67)</b>
1.	Education	9.33 (0.01)	20.14 (0.02)
2.	Medical and public health	16605.73 (16.21)	18438.50 (14.94)
3.	Social security and welfare services	-	-
4.	Housing and community services	36155.78 (35.30)	48717.58 (39.47)
5.	Cultural recreational and religious services	3153.38 (3.08)	5122.75 (4.15)
6.	Economic Services	19980.85 (19.51)	23563.86 (19.09)
<b>B.</b>	<b>Non Development Expenditure</b>	<b>26510.41</b> <b>(25.89)</b>	<b>27552.89</b> <b>(22.33)</b>
1.	General government Services.	22388.50 (21.86)	25335.35 (20.53)
2.	Defence	-	-
<b>3.</b>	<b>Other Services</b>	<b>4121.91</b> <b>(4.03)</b>	<b>2217.54</b> <b>(1.80)</b>
i)	Interest	215.20 (0.20)	1.60 (0.00)
ii)	Loans and Advances	3906.71 (3.82)	2215.94 (1.80)
<b>Grand Total (A+B)</b>		<b>102415.48</b> <b>(100.00)</b>	<b>123415.72</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>2005-06 Accounts</b>		<b>2006-07 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	61288	61402	62380	63230
		Sujanpur	27844	25232	26215	26215
		Fatehgarh Churian	9952	9182	9565	9565
		Quadian	14589	14623	13415	13415
		Dhariwal	10502	11617	13127	11569
		DeraBaba Nanak	10414	5999	3785	7852
		Sri Hargobind pur	2509	2510	3952	3228
		Dina Nagar	20497	21170	22960	22970
		Batala	87532	80613	129912	112673
		Pathankot	153298	155558	129076	131351
		<b>Total</b>		<b>398425</b>	<b>387906</b>	<b>414387</b>
<b>2</b>	<b>Amritsar</b>	Amritsar Corp	1934066	1345352	1084929	1777137
		Ajnala	21874	17313	18211	18125
		Rayya	14174	10004	12230	12134
		Jan diala Guru	25622	21730	26324	25900
		Majitha	5184	5015	5627	4887
		Ramdass	2748	2856	2443	2706
		Raja Sansi	11940	11890	13370	13320
		<b>Total</b>		<b>2015608</b>	<b>1414160</b>	<b>1163134</b>
<b>3.</b>	<b>Tarn Taran</b>	Tarn Taran	27179	27135	30940	31148
		Khem Karan	2460	2236	2600	2600
		Patti	18548	18380	28880	28980
		<b>Total</b>		<b>48187</b>	<b>47751</b>	<b>62420</b>
<b>4</b>	<b>Kapurthala</b>	1. Kpurthala	121393	101324	120000	120000
		2.Sultanpur Lodhi	13256	13237	19675	15113
		3. Phagwara	124672	91336	122150	130740
		4. Begowal	8418	8406	7386	9317
		5. Bhulath	8668	6328	7755	6688
		6. Dhilwan	9342	4644	6600	6600
		<b>Total</b>		<b>285749</b>	<b>225275</b>	<b>283566</b>

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2005-06 Accounts		2006-07 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
5	Jalandhar	Jalandhar Corp	1143110	1251986	1386135	1385276
		2. Adampur	18246	18222	16380	16380
		3. Alowalpur	4505	4638	4650	4914
		4. Bhogpur	9345	12945	16017	13991
		5. Kartarpur	26699	21390	37662	38252
		6. Nakodar	46174	33760	45865	44748
		7. Nur Mahal	24618	16322	22080	27782
		8. Philaur	37553	18685	38748	39060
		9. Gorya	30312	22711	25999	25780
		10. Shakhkot	15391	13870	12940	13854
		11. Lohian Khas	8971	7096	8268	8488
			<b>Total</b>	<b>1364924</b>	<b>1421625</b>	<b>1614744</b>
6	Nawan Shehar	1. Nawan Shehar	53051	52737	67950	67950
		2. Banga	28917	26139	34120	35370
		3. Balachaur	17510	11898	19600	23500
		4. Rahon	11131	8001	11612	12003
		<b>Total</b>	<b>110609</b>	<b>98775</b>	<b>133282</b>	<b>138823</b>
7	Hoshiarpur	1. Hoshiarpur	150998	143439	176800	172793
		2. Garhshankar	23992	19330	22505	22505
		3. Sham Chaurasi	2107	1822	3379	3379
		4. Hariana	6346	6081	7470	7344
		5. Mukerian	30762	26150	34700	24992
		6. Urmar Tanda	30054	27190	29696	30061
		7. Gardhiwala	10992	6416	12034	8750
		8. Dasuya	21320	20590	30163	30173
		9. Mahilpur	11439	11896	17000	17246
			<b>Total</b>	<b>288010</b>	<b>262914</b>	<b>333747</b>
8	Rupnagar	1. Rupnagar	46461	37624	49500	46795
		2. Anandpur Sahib	9460	10002	10272	10390
		3. Morinda	31590	31511	31716	31529
		4. Nangal	160157	122882	162025	180614
		<b>Total</b>	<b>247668</b>	<b>202019</b>	<b>253513</b>	<b>269328</b>

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2005-06 Accounts		2006-07 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
9.	S.A.S Nagar	1.S.A.S Nagar	263378	252820	285032	259220
		2. Dera Bassi	86948	74583	85300	92249
		3. Zirakpur	154043	137160	183281	173065
		4 Kharar	63464	59738	106668	106168
		5.Kurali	40548	36306	38207	37460
		<b>Total</b>	<b>608381</b>	<b>560607</b>	<b>698488</b>	<b>668162</b>
10	Ludhiana	1.Ludhiana Corp.	2677078	2632047	3150803	3150803
		2. Rajkot	29609	26341	23889	27737
		3. Jagraon	64114	52292	67661	64233
		4. Doraha	41756	39952	48081	47992
		5. Khanna	157769	161255	165766	172329
		6. Samrala	23202	19467	23185	23979
		7. Payal	8676	8777	9207	9207
		8. Machiwara	18578	18627	29700	29617
		9.Mullanpur Dakha	21592	18343	20325	18525
		10. Maloud	6029	5456	6411	5994
		11. Sahnewal	29770	22588	32415	32535
		<b>Total</b>	<b>3078173</b>	<b>3005145</b>	<b>3577443</b>	<b>3582951</b>
11	Firozpur	1. Firozpur	59171	56207	73818	74110
		2.GuruHar Sahai	16191	11318	27024	20076
		3.Talwandi Bhai	15865	15047	17507	19821
		4. Zira	26321	26348	33500	33500
		5. Abohar	116156	77196	173013	169223
		6. Fazilka	67850	52684	79435	65126
		7. Jalalabad	42882	33124	48100	48100
		8. Makhu	8827	8471	10100	10000
		<b>Total</b>	<b>353263</b>	<b>280395</b>	<b>462497</b>	<b>439956</b>
12	Faridkot	1. Faridkot	50772	44592	50308	50929
		2. Kotkapura	79000	79000	125000	121950
		3. Jaitu	32265	29767	26690	30018
		<b>Total</b>	<b>162037</b>	<b>153359</b>	<b>201998</b>	<b>202897</b>
13	Mukatsar	1. Mukatsar	54350	55400	60398	69819
		2. Malout	57525	52653	67850	64972
		3. Giddarbaha	47795	36343	37560	44987
		4. Bariwala	2160	2278	4243	3775
		<b>Total</b>	<b>161830</b>	<b>146674</b>	<b>170051</b>	<b>183553</b>
14	Moga	1. Moga	177605	172766	209734	209561
		2.Bagha Purana	21687	17897	23000	24920
		3. Bathri Kalan	6754	4693	6675	6675
		4. Dharamkot	12783	11288	20323	18100
		<b>Total</b>	<b>218829</b>	<b>206644</b>	<b>259732</b>	<b>259256</b>

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2005-06 Accounts		2006-07 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
15	Bathinda	1. Bathinda	342732	346958	413099	369749
		2.Rampur Phul	36115	19613	36408	23778
		3.Bhucho Mandi	24265	29190	17421	17296
		4. Goniana	14833	15375	12935	12936
		5. Maur Mandi	22735	23814	25880	21295
		6.Raman Mandi	16614	16350	18860	18860
		7. Kot Fattah	3295	2620	7339	7746
		8. Sangat	2239	2560	2659	2705
		<b>Total</b>	<b>462828</b>	<b>456480</b>	<b>534601</b>	<b>474365</b>
16	Mansa	1. Mansa	61470	65479	66538	66878
		2. Budhlada	20295	19007	15071	15908
		3. Baretta	11050	11050	8582	12124
		4. Sardulgarh	6900	14731	9450	16060
		5. Bhiki	11774	8930	13333	6580
		<b>Total</b>	<b>111489</b>	<b>119197</b>	<b>112974</b>	<b>117550</b>
17	Sangrur	1. Sangrur	74936	63235	73706	81060
		2. Sunam	55979	47711	58533	53744
		3.Malerkotala	86715	82785	75795	107284
		4. Lehra gaga	20469	15007	21527	26350
		5. Dhuri	39769	33685	35202	35210
		6.Ahmedgarh	42366	36014	42910	42910
		7.Bhawanigarh	15733	10289	14875	18773
		8.Longowal	7146	3889	7598	6864
		9.Dirba	11826	9612	14947	17313
		10.Khanauri	10991	9249	12015	12650
		11. Moonak	13844	11846	19275	11235
		12.Cheema	14141	13750	10550	10550
		<b>Total</b>	<b>393915</b>	<b>337072</b>	<b>386933</b>	<b>423943</b>
18	Barnala	1. Barnal	111195	81113	111869	118423
		2.Dhanaula	13725	13533	17850	17850
		3. Tapa	13831	14504	16415	16400
		4. Bhadaur	10427	7466	10930	10665
		5. Hundaya	7674	2487	9722	3799
		<b>Total</b>	<b>156852</b>	<b>119103</b>	<b>166786</b>	<b>167137</b>

(Rs.000)

Income & Expenditure						
SN	Districts	Name of the MC's	2005-06 Accounts		2006-07 Revised Estimates	
			Income	Expend.	Income	Expend.
0	1	2	3	4	5	6
19	Patiala	1. Patiala	333724	333142	381500	334382
		2. Rajpura	161369	149385	149250	144039
		3. Nabha	70239	66363	80638	78323
		4. Banur	12419	11121	13086	12181
		6. Samana	20388	20997	38025	38025
		7. Patran	22428	22232	23640	23640
		8. Sanaur	10542	7080	11395	11543
		9. Ghanaur	2578	2079	4450	3433
		10. Ghagga	6405	4999	5550	5324
		<b>Total</b>	<b>640092</b>	<b>617398</b>	<b>707534</b>	<b>650890</b>
		20	Fatehgarh Sahib	1. Gobindgarh	202096	213982
2. Sirhind	46600			47255	56024	52606
3. Bassi Pathana	12111			12111	12997	12997
4. Amloh	8954			7059	10289	13694
5. Khamano	11391			11306	10858	12538
<b>Total</b>	<b>281152</b>			<b>291713</b>	<b>306092</b>	<b>309848</b>
<b>Punjab</b>			<b>11388021</b>	<b>10354212</b>	<b>11843922</b>	<b>12431890</b>