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# GUIDEPOINTS FOR THE STATE FINANCE COMMISSIONS

REPORTS OF THE WORKING GROUPS

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# Terms of Reference and Composition of the Working Groups

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## Working Group on Local Finance Data Base (Group-1)

### *Terms of Reference*

1. Review the adequacy of existing data collection formats and strategy.
2. Determine steps for coding and computerisation of local finance data.
3. Suggest procedures for securing access to local finance data base (i.e., where should it be centralised, methods of updating, expertise and facilities).

### *Composition of the Group*

Dr S.R. Hashim	Institute of Economic Growth
Shri Rameshram Mishra	SFC, Tamil Nadu
Shri Atmanand	SFC, Bihar
Dr Gopal Krishan	Panjab University
Dr H.M. Golandaz	Reg. Centre for Urban & Environ. Studies
Dr P.K. Mohanty	Ministry of Urban Affairs & Employment
Dr K.B. Srivastava	NIRD, Hyderabad
Dr Kamlesh Misra	NIPFP, New Delhi
Shri R.K. Dahiya	NIUA, New Delhi

## Working Group on State Finance Commission and the Functional Domain of Local Bodies with Reference to Plan and Non-Plan Component of Expenditure (Group-2)

### *Terms of Reference*

1. Review the terms of reference of the different Finance Commissions with respect to Plan and Non-Plan Component of Expenditure/Functions.
2. Suggest alternative ways in which the State Finance Commissions, in setting out the principles, could take into account different situations : only non-plan component; both the Plan and non-Plan components; the non-Plan and the implications of Plan expenditure for the non-Plan component.

### *Composition of the Group*

Shri V. Ramachandran	Rajiv Gandhi Foundation,
Shri J.P. Gupta	SFC, Punjab
Shri Suresh Prabhu	SFC, Maharashtra
Shri R. Arumugham	SFC, Tamil Nadu
Ms. Sushma Singh	Ministry of Rural Areas & Employment
Dr N. J. Kurian	Planning Commission
Dr S.P. Jain	NIRD, Hyderabad
Dr Gangadhar Jha	NIUA, New Delhi

## Working Group on Expenditure Norms (Group-3)

### *Terms of Reference*

1. Evolve "working guidelines" for setting out the minimum norms of expenditure.
2. Suggest methods of adjusting the norms to specific State or region situations.
3. Propose methodologies for undertaking studies on establishing expenditure norms.

### *Composition of the Group*

Dr Raja J. Chelliah	NIPFP, New Delhi
Dr C.S. Misra	SFC, Madhya Pradesh
Shri Vinay Sharma	SFC, Gujarat
Shri M.S. Srinivasan	Ministry of Urban Affairs & Employment
Professor M.A. Oommen	Institute of Social Sciences
Dr Dinesh Mehta	NIUA, New Delhi
Dr M.P. Mathur	NIUA, New Delhi

## Working Group on Augmentation of Resources (Group-4)

### *Terms of Reference*

1. Suggest measures for augmentation of financial resources of local bodies referring to (a) better utilisation of taxable capacity/tax effort, (b) wider use of cost recovery/user charge, (c) flexibility in terms of adjusting the tax rates, fees and levies.
2. Explore the scope of privatisation of municipal services.

### *Composition of the Group*

Dr Parthasarathi Shome	NIPFP, New Delhi
Shri D.M. Sukthankar	NIUA, New Delhi
Shri T.M. Abraham	SFC, Kerala
Shri M.K. Miglani	Govt. of Haryana
Dr Meera Mehta	FIRE Project, New Delhi
Ms Usha Raghupathi	NIUA, New Delhi
Dr R.M. Kapoor	Times Research Foundation, Calcutta
Professor Om Prakash Mathur	NIPFP, New Delhi
Dr Indira Rajaraman	NIPFP, New Delhi
Dr Kavita Rao	NIPFP, New Delhi

## Working Group on Transfers to Local Bodies (Group-5)

### *Terms of Reference*

1. Examine relative merits of shared taxes and grants-in-aid.
2. Provide guidance on factors/principles that might be used in determining the distribution of "shared taxes" and "grants" to local bodies.

### *Composition of the Group*

Shri Virendra Prakash	SFC, Delhi
Shri T. Srinivasan	SFC, Rajasthan
Shri A.K. Dutta	SFC, Madhya Pradesh
Dr M.P. Bhat	SFC, Gujarat
Shri I.K. Pichayya	SFC, Andhra Pradesh
Prof. Abhijit Datta	Institute of Social Sciences, New Delhi
Dr P.K. Mohanty	Ministry of Urban Affairs & Employment
Dr Kamlesh Misra	NIPFP, New Delhi

## **REPORT OF THE WORKING GROUP ON LOCAL FINANCE DATA BASE**

**Chairman : Professor S. R. Hashim**

1. The passage of the Constitution, Seventy-third and Seventy-fourth Amendment Acts, 1992, lays down the foundation for a much more strengthened local-self-governing bodies at various levels in rural and urban areas, opening up a new vista for decentralised decision-making, participatory development and efficient organization of essential services at local level. For efficient working of the local bodies as well as for continuing assessment of financial needs and potentialities of these bodies by the State governments and State Finance Commissions, existence of a reliable, systematic and regular database with a minimum level of essential information is necessary. at present there exists no standard format for data maintenance at the level of Municipalities and Panchayats even within the same State.

2. It is a common knowledge that research on fiscal aspects of the local government institutions is seriously hampered by the unavailability of a nation or even a State-wide database. In many cases, data are available only at the aggregate level - with serious obstacles to combining data sets in a way that would make them representative for the country as a whole. In others, local finance data exist, but are not available due to policies prohibiting access because of data protection concerns and confidentiality. Furthermore, much of the local finance data available are gathered for administrative and budgetary purposes and, in their original form, can only be put to scientific use with great difficulty. The result is that there is no way of finding out what is spent on the services provided by the local bodies and how is each service financed. The need for standardized and comparable local finance data has also been stressed during the three meetings of the State Finance Commissions held at Delhi, Hyderabad and Mausoorie.

3. Thus, there is a need (a) for creating a standardised, systematic and regular database within the local bodies, and (b) a regular flow of a minimum of essential data from these bodies to a national data bank accessible to authorities, academic institutions and the public. This is the task to which the Working Group on Local Finance Data Base addressed itself.

4. The Working Group was of the opinion that the rationale for creating a national network for local finance database lies in the fact that such a database would provide strong support for understanding the problems of local governments in the country. It would also permit the understanding of fiscal phenomenon which are permanent and/or periodic, temporary or episodic, random or isolated; or assist in the ability to ascertain whether the units under observation react in a similar or dissimilar way to changes in their environment or in the set of conditions in which they function. Such information is vital for understanding capabilities and viabilities of local governments in the country. The Group is of the view that creation of national and State-level local finance database would serve, among others, the following purposes:

- a. It would strengthen support for policy making at the local level.
- b. It would provide a data bank to enhance the technical and analytical capabilities of subsequent State Finance Commissions.
- c. It would permit comparative study of local finances and assist in identifying strengths and weakness of local governments.
- d. It would provide rich information to State governments to assist them in designing policies for local governments; and
- e. It would enhance the future research capabilities of individuals and institutions so as to enable them to provide technical and analytical support to subsequent State Finance Commissions and State governments.

5. The Group was of the view that in creating local finance database, it is a high priority to achieve comparability between data which are generally not produced with standardization in mind. To achieve this objective the Group deliberated on the following four important aspects of local finance database.

- a. What should be the minimum level of data that should be maintained by the local bodies?
- b. In what format should local finance data be maintained?
- c. What mechanism should be adopted for centralization and computerization of local finance database? and
- d. What procedures can be adopted for public access to local finance database?

6. The Group agreed that a minimum level of data should be maintained by the Panchayats and the Municipalities. This should include data on incomes, expenditures, and the levels of services provided in the local area. It is also suggested that the database should include information on indicators of capacity, revenue effort, and indicators that could be used by the State governments to bring about equalization in the finances of local governments. It is also suggested that some data on the general characteristics of Municipalities and Panchayats should also be maintained in the databank. Such general information could include, among others, the total population, SC/ST population, area, level of literacy, number of health centres, and number of schools. In case of Panchayats the Group suggests including information on total cultivated area and total irrigated area in the data bank.

7. The Group agreed on the following minimum level of data to be maintained by the local bodies which will then serve as the basis for the national local finance database in the country:

- a. Receipts and expenditures under major heads as indicated in the NIPFP formats and deficit/surplus balance.
- b. Details of demand collection and balance in respect of various tax and non-tax revenues of local bodies.
- c. Basis of taxation, rates, duties, and tolls.
- d. Assets created during each year.
- e. Details of services provided yearwise and expenditure thereon.
- f. Liabilities of the local bodies on loans, on payment due but not paid, on staff payments including P.F. and pension, on deposits and advances, and
- g. Grants/arrear revenues paid by government and balance due from government on assigned taxes and other revenues of State.

8. The minimum level of data as listed above should be maintained by the local bodies in detailed registers. At present the information as outlined above is contained in hundreds of registers maintained by the local bodies. The Group is of the view that the local bodies should maintain the following registers needed for furnishing data for storage at the national level. Samples of these registers from the State of Tamilnadu are included in annexure.

- a. Assessment and collection registers for various taxes and non-tax revenues.
- b. Annual accounts register, cash book registers, posting register.
- c. Expenditure register: Register of bills passed, estimates and allotment register, posting register.
- d. Register of properties of local government, register of other assets and liabilities, register of roads/wells, lights, drains, sewage, and water supply.
- e. Register of loans, register of provident fund, and register of pension.
- f. Miscellaneous demand register and register of grants.
- g. In addition, Panchayats should maintain a register which deals with funds flow on account of agency functions.

9. It is the opinion of the Group that the above seven registers if maintained by the local bodies will provide comprehensive information on most aspects of local government finances. These registers will provide the basic input necessary for the creation of the local finance data base. The Group has studied the data formats prepared by NIPFP and is of the view that the data requirement suggested in the formats can be extracted from these registers and used for creation of the local finance database.

10. The group endorsed the view that local bodies should maintain data on the basis of functional classification. This would require that Municipalities and Panchayats maintain data by type of function they perform. Thus the data formats prepared by NIPFP for the Urban local bodies could be used as a guide for such a classification with some modifications. The modification in the NIPFP formats should be based on the budgets of Bombay and Madras Municipal Corporations. The Group also suggests that data formats for Zila Parishads and the Panchayat Samitis should also be based on the functional classification.

11. The Group felt that whatever data are produced and wherever they are stored, access to such data on local finance is at present extremely difficult, if not impossible. The main keys to turning the enormous efforts in gathering local finance statistics into scientifically useful and cumulative knowledge are to develop a mechanism and facility for making local finance data available for policy makers, State Finance Commissions and researchers.

12. The Group reviewed several options for making local finance database available to users. In India national statistical data are made available to researchers and policy makers through the network of the NIC. This is done under conditions imposed by a necessary concern for data protection. However, such mechanisms should be analyzed in their respective local contexts and compared for their relative advantages and disadvantages, in order to come to a generally acceptable understanding and standard which facilitates both availability and protection.

13. The current system of organising data at the local levels suffers from several problems. The formats in which data are maintained by local bodies not only differs across States but also within States. The organizational system is such that, without adequate and systematically organised documentation, Policy makers such as the State Finance Commissions have to make investments which are in most cases out of proportion to their means and which do not necessarily guarantee the quality of the outcome. It is thus, necessary that local finance data has to be made available in formats that are most conducive for policy making, analysis and research. This calls for a mechanism to organize local finance data in ways that can be made readily accessible to policy makers working in the area of local finances.

14. One way of achieving this goal would be to develop institutional arrangements whereby responsibility for particular kinds of data are assigned to particular institutions which bring together the data, organize it so that others can work with it, and document the data and the institutional background for the data in a readily mastered way. With the development of academic computer communications networks, it would then be possible for widely dispersed researchers and policy makers to work together or individually on common databases. Such a way of organizing local finance data should produce both more accurate public policy and research that could be conducted more economically by rationalising the use of scarce resources and reducing unnecessary duplication of tasks within individual groups of policy makers and policy institutions.

15. The working group agreed that at the level of Municipalities, data could be collected from individual Municipalities since the number would not exceed 4000. However, in case of Panchayat Raj Institutions the task is more complicated due to the large number of

Panchayats and a three tier system of rural government. In order to operationalize the collection and computerization of Panchayat data, the Group agreed that Panchayat data should be aggregated at the Panchayat Samiti level (Block). Each Panchayat Samiti should compile and aggregate the information received from respective Panchayats within the block and submit the same along with data on its own finances to the Zila Parishad. The Zila Parishad in turn will be responsible for assisting the HUB staff in the process of computerization of all information pertaining to Panchayats, Panchayat Smaitis (Block) and its own finances. The computerization of the data should be undertaken at the district head quarters by NIC with the assistance of the Zila Parishad. The attached figure, presents the flow chart that shows the logistics for the creation of the database.

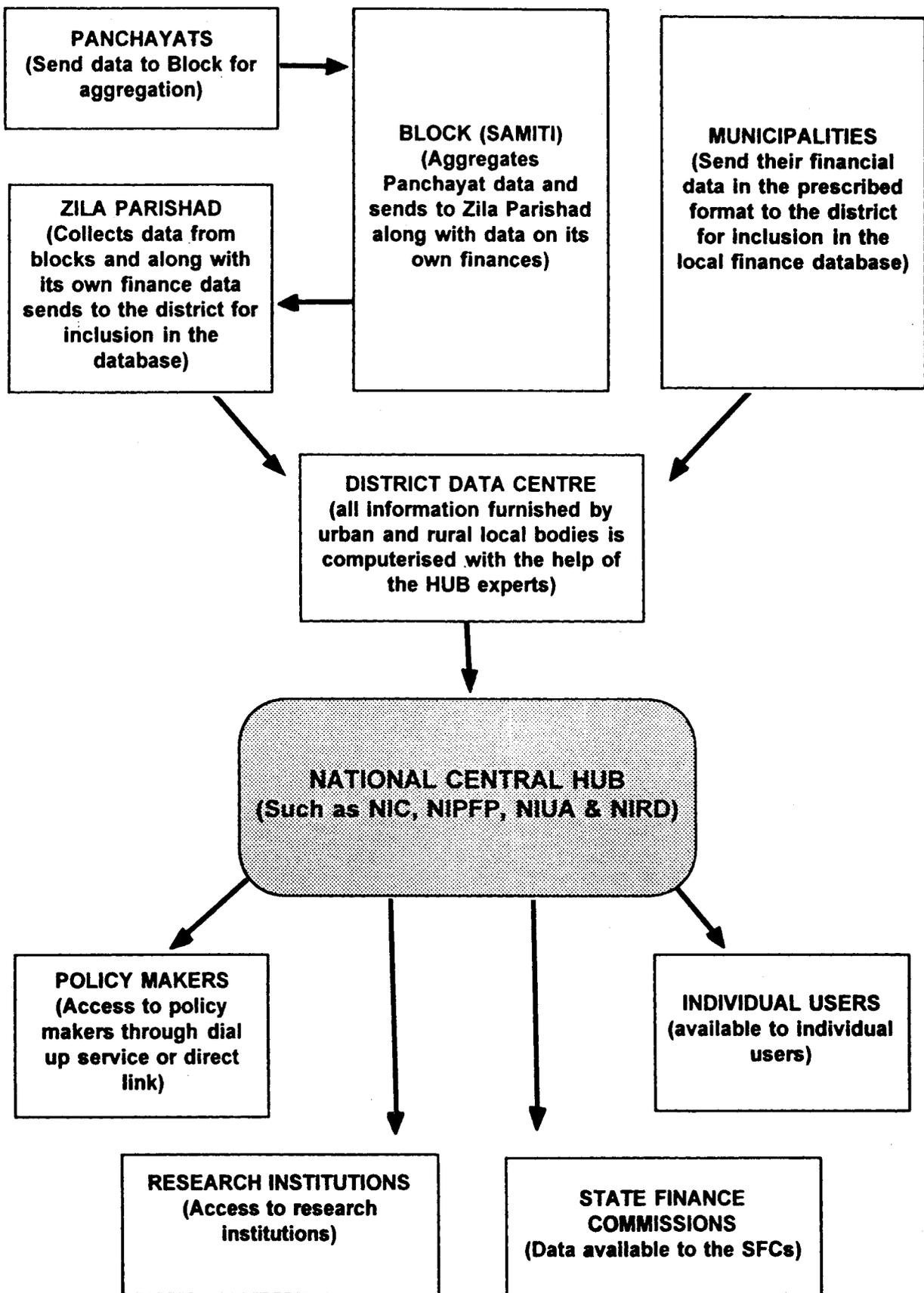
16. The Group is of the view that there is a pressing need for the development of a common public use policy for local finance database. At the level of the State and of the individual local governments, a public use policy should be worked out that would be responsive to the needs of a broader range of analysis that can be done by any individual, local government or institution. It is the diversity of analysis of public use data by researchers and policy makers who vary in their policy interests, which produces the kind of social knowledge that is most useful for policy making. There will also be a need to organise publicly available knowledge and documentation about the complexities of available local finance data.

17. The group is of the view that the design of public access to the local finance database be user friendly with facilities for down loading of relevant data through the use of modems. It is thus important that the hub (Place of location of database) should have dial up facilities for users. The Group has taken the view that institutions such as NIPFP, NIUA and NIRD can act as nodes connected to the central hub from where users can have access to the local finance database.

18. The Group is of the view that massive efforts will be required on the part of Municipalities and the Panchayats in order to make the establishment of local finance database a reality. This would also require allocation of funds for the purpose. It is the opinion of the Group, that many local bodies in the country are neither in a position to spare any funds for

the purpose nor are they capable of hiring technical expertise with their limited own resources. The Group thus, recommends strongly that the initial funding and technical expertise for the purpose of establishing a local finance data base be provided through a plan scheme either at the Central or the State level.

# DATA COLLECTION, COMPUTERIZATION AND DISTRIBUTION TO END USERS



# **ANNEXURE**

# **SAMPLE OF REGISTERS FOR URBAN LOCAL BODIES**













## ANNEXURE I

**COMPARATIVE ANNUAL ACCOUNT  
DETAILED ANNUAL ACCOUNT  
AND ANNUAL ACCOUNT  
OF RECEIPTS & CHARGES OF THE  
..... MUNICIPALITY  
FOR THE YEAR 199 199**

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G. O. Ms. 921, Rural Development & Local Administration  
dated 29th April 1972

Available at:- Manicka Vilas, Press Periyakulam-626501 © 698

## 1- ABSTRACT OF THE ANNUAL ACCOUNT OF THE \_\_\_\_\_

Particulars 1	A		B		C		D		E	
	Rs	p								
<b>REVENUE :—</b>										
Opening balance										
Receipts										
Collection charges by adjustments										
Contribution by adjustment										
Receipt net										
Charges										
Closing balance										
<b>CAPITAL :—</b>										
Opening balance										
Receipts										
Contribution by adjustments										
Receipts-Total										
Charges										
Closing Balance										
<b>CLOSING BALANCE REVENUE AND CAPITAL</b>										

- Notes :—
- 1) The opening balances should be taken from the account for
  - 2) The figures of receipts and Charges should be taken from the
  - 3) The figures for collection charges and contribution by transfer

MUNICIPALITY FOR THE YEAR 199 —199 .

F		G				H		I					
Remunerative Enterprises		Total (Col 2 to 7)		Endowments		Deposits		Advances		Total (Col. 9 to 11)		Grand Total (Col. 8 and 12)	
7		8		9		10		11		12		13	
Rs	p	Rs	p	Rs	p	Rs	p	Rs	p	Rs	p	Rs	p

the previous month / year

Statement of receipts and charges and from the accounts

and adjustment are to be supported by necessary T/E vecher with full particulate.

4

## II-GENERAL

### ABSTRACT OF RECEIPTS AND EXPENDITURE.

#### MUNICIPALITY, YEAR 199 — 199 .

Receipts	Page No.	Amount		Expenditure	Page No.	Amount
(1)	(2)	(3)		(4)	(5)	(6)
<b>OPENING BALANCE:-</b>		Rs	Ps.	1) General Administration ...		Rs. P
Cash ...				2) Public Works ...		
Treasury or Bank ...				3) Education ...		
Investments ...				4) Water-Supply and Drainage ...		
Taxes and Fees ...				5) Town-Planning ...		
a) Taxes ...				6) Obligatory Services ...		
i) Collected by Municipality ...				7) Discretionary Services ...		
ii) Collected by other agencies ...				8) Remunerative Services ...		
b) Fees ...				9) Endowments ...		
Grants and contribution ...				10) Loans ...		
I Income from properties ...				11) Deposits ...		
II Income from Special Services ...				12) Advances ...		
Remunerative Services ...				Total of Expenditure ...		
I Miscellaneous ...				<b>CLOSING BALANCE :—</b>		
II Endowments ...				Cash ...		
III Loans ...				Treasury or Bank ...		
X Deposits ...				Investments ...		
Advances ...						
<b>Total Receipts</b> ...						
<b>Grand Total including Opening Balance</b> ...				<b>Total</b> ...		

- Note :** 1) This only is an abstract designed to show the financial transaction of the Municipality in a year. For details refer to detailed Account on pages 5 to 18.
- 2) The totals under each Major Head alone need be entered under columns (3) and (6)

**DETAILED ACCOUNT OF RECEIPTS & EXPENDITURE**  
**FOR THE YEAR—199 —199 OF..... MUNICIPALITY**

Actuals (Previous year) 199 199 1	Revised Estimate for 199 199 2	Heads of account and item number 3	Actuals for the Year 4	Final Budget appropri- ation 5
		<b>OPENING BALANCE :</b>		
		Cash ...		
		Treasury or Bank ...		
		Investments ...		
		<b>RECEIPTS</b>		
		<b>TAXES AND FEES</b>		
		<b>A Taxes :—</b>		
		<b>(a) Collected by Municipality</b>		
		<b>(i) Property Tax :—</b>		
		1) Tax for general purposes ... 1		
		Less - Refunds		
		2) Scavenging Tax ... 2		
		Less - Refunds		
		3) Lighting Tax ... 3		
		Less - Refunds		
		4) Water Tax ... 4		
		Less - Refunds		
		5) Drainage Tax ... 5		
		Less - Refunds		
		6) Education Tax ... 6		
		Less Refunds		
		Total of items 1 to 6		
		<b>ii) Profession Tax :—</b>		
		Tax for General purposes ... 7		
		Less—Refunds		
		2) Education Tax ... 8		
		Less—Refunds		
		Total of items 7 to 8		

**Items 7 and 8—Refunds — To include apportionment to tax to other local bodies**

Actuals (Previous year) 199 199	Revised Estimate for 199 199	Heads of account and item number	Actuals for the the year 4	Final Budget appropri- ation 5
1	2	3	4	5
		<b>RECEIPTS—Cont</b>		
		<b>1 TAXES AND FEES cont</b>		
		iii) Taxes on charges and animals -- 9 Less—Refunds		
		iv) Tax on Carts -- 10 Less - Refunds		
		v) Betterment Contribution (Section 23 of T.N T.P. Act) ... 11		
		vi) ... 12		
		vii) ... 13		
		viii) ... 14		
		ix) ... 15		
		Total of items 9 to 15		
		Total of items 1 to 15		
		<b>b) Collected by other agencies :—</b>		
		i) Motor Vehicles Tax ... 16 contribution under section 10 (1) (e) (iv) and(v) of T.N.V.T. Act 1931		
		ii) Entertainment Tax -- 17 (under T.N.E.T. Act 1939)		
		iii) Surcharge on entertainment ... 18 and Show Tax		
		iv) Duty on transfer of property -- 19		
		v) Additional Surcharge ... 20 on Land Revenue		
		vi) Magisterial fines -- 21		
		vii) Pilgrim tax -- 22		
		viii) Compensation for fee -- 23 Income forgone in respect of motor vehicle licences		
		ix) -- 24		
		x) Assignment of Cinematography -- 25 licences		
		Total of items 16 to 25		
		<b>B. Fees :—</b>		
		a) Fees under Place of Public ... 26 Resorts Act		

Items 1 to 10 the net amount after deducting the refunds should be shown the column (4)  
Gross amount and refunds shown in inner column.

Actuals (Previous year) 199 199	Revised Estimate for 99 199	Heads of account and item number	Actuals for the the year	Final Budget appropri ation
1	2	3	4	5
		RECEIPTS—Cont		
		1. Taxes and Fees—Cont		
		B. Fees—cont		
		(b) Licence fees :—		
		i) Dangerous and Offensive Trades ... 27		
		ii) Encroachment ... 28		
		iii) Others ... 29		
		iv) ... 30		
		c) Market Fees ... 31		
		d) Cart Stand Fees ... 32		
		e) Slaughtehr House Fees ... 33		
		f) Ferries ... 34		
		g) Fairs and Festivals ... 35		
		h) Warrant and Distraint Fees ... 36		
		i) Miscellaneous ... 37		
		j) Scavenging fee ... 38		
		k) Fees and other income, fine and forfeitures ... 39		
		l) ... 40		
		Total of items 26 to 40		
		TOTAL I — TAXES AND FEES (Items 1 to 40)		
		II. GRANTS AND CONTRIBUTIONS		
		A. Revenue :—		
		a) Grants in aid of General resources ... 41		
		b) Roads ... 42		
		c) Secondary and special schools ... 43		
		d) Fairs and festivals ... 44		
		e) Maternity and Child Welfare ... 45		
		f) Anti Mosquito, etc ... 46		
		g) Compost Subsidy ... 47		
		h) Grants in aid of Elementary Edn ... 48		
		i) Contribution under Section 37 and proviso to Sec 37 of Elementary Education Act 1920 ... 49		
		j) Water supply and Drainage ... 50		
		k) Miscellaneous ... 51		

Item 27—To include installation fees

Item 28—To include Pandal Licence fees

Item 29—To include building licence fees right of collection fees on Advertisement Boards etc.,

Item 37—To include Vaccination fees, fees for extracts from Birth and Death Register fees for use of Burial Burning ghats Licence fees under Prevention of Food Adulteration Act

Item 51—To include Miscellaneous Contribution from private individuals, subsidy from Government for maintenance of Care Home.

Actuals (Previous year) 199 199	Revised Estimate for 199 199	Heads of account and item number	Actuals for the the year	Final Budget appropri- ation
1	2	3	4	5
		<b>RECEIPTS—Cont</b>		
		<b>II. GRANTS AND CONTRIBUTION-Cont</b>		
		l) Family Planning grant — 52		
		m) Fixed medical grant — 53		
		n) Antiplague scheme grant — 54		
		Total of Items 41 to 54		
		<b>B. Capital</b>		
		a) Roads — 55		
		b) Secondary and Special Schools — 58		
		e) Hospitals and Dispensaries — 57		
		d) Preventive Medicine — 58		
		e) Elementary Schools — 59		
		f) Water Supply and Drainage — 60		
		g) Town planning — 61		
		h) Miscellaneous — 62		
		i) — 63		
		j) — 64		
		k) — 65		
		Total of Items 55 to 65		
		<b>TOTAL II GRANTS &amp; CONTRIBUTIONS</b> (Items 41 to 65)		
		<b>III. INCOME FROM PROPERTIES :—</b>		
		<b>A. Revenue</b>		
		a) Rent of Lands and Buildings — 66		
		b) Travellers Bungalow and Rest Houses — 67		
		c) Hire of Plant Machinery etc. — 68		
		d) Sale of Rubbish — 69		
		e) Avenue Receipts — 70		
		f) Produce of Lands — 71		
		g) Income from Kalvana Manda- pam and Cineme house — 72		
		h) Income from properties, other Receipts — 73		
		i) — 74		
		j) — 75		

Item 66—To include receipts under parks and garden sale of flower, etc

Item 67—To include rent realised for occupation of lands and buildings appurtenanting Choultries and Rest Houses.

Item 70—To include sale proceeds of usufructs from Avenue trees (lease of fruit bearing trees, sale proceeds of loppings dead trees, etc

Actuals (Previous year) 199 199 1	Revised Estimate for 199 199 2	Heads of account and item number 3	Actuals for the Year 4	Final Budget appropri- ation 5
		<b>III INCOME FROM PROPERTIES—cont</b>		
		<b>B. Capital :—</b>		
		<b>a) Sale Proceeds of Land and         Buildings :—</b>		
		i) Elementary Education           ... 76		
		ii) Town-Planning                 ... 77		
		iii) Others                         ... 78		
		b)   ... 79		
		c)   ... 80		
		<b>TOTAL III-INCOME FROM PROPERTIES</b> Items 66 to 80		
		<b>IV INCOME FROM SPECIAL SERVICES</b>		
		<b>a) Education :—</b>		
		i) Secondary and Special Schools ... 81		
		ii) Elementary Schools           ... 82		
		Total —		
		b) Lighting                             ... 83		
		c) Medical Institutions             ... 84		
		<b>d) Water Supply and Drainage :—</b>		
		i) Excess Water charges         ... 85		
		ii) Tap Rate charges             ... 86		
		iii) Other Receipts             ... 87		
		iv)                                     ... 88		
		<b>e) Sewage forms :—</b>		
		i) Sale of grass and usufructs ... 89		
		ii) Silt clearance               ... 90		
		iii) Leasing of Lands           ... 81		
		<b>f) Town Planning :—</b>		
		i) Rent of Lands and Buildings ... 92		
		ii) Other Receipts             ... 93		
		g)                                 ... 84		
		h)                                 ... 95		
		Total —		

Items 85 —To include Meter Costs

Actuals Previous year) 199	Revised Estimate for 199 199	Heads of account and item number	Actuals for the the year	Final Budget appropri- ation
1	2	3	4	5
		<b>IV. INCOME FROM SPECIAL SERVICES</b> (items 81 to 95)		
		<b>V. REMUNERATIVE SERVICES :—</b> (Where separate accounts are kept)		
		a) Electric Licence Scheme — 96		
		b) Exhibition — — 97		
		c) — 98		
		<b>TOTAL V REMUNERATIVE SERVICES.</b> (Items 96 to 98)		
		<b>VI. MISCELLANEOUS :—</b>		
		a) Recoveries on account of services rendered — 99		
		b) Income from investments :—		
		i) General — 100		
		ii) Income from investments lighting — 101		
		iii) Income from investments water supply — 102		
		c) Lapsed Deposits — 103		
		d) Surplus from Provident Fund — 104		
		e) Legal expenses recovered — 105		
		f) Profits transferred :—		
		i) From electric licence scheme — 106		
		ii) From others — 107		
		g) Miscellaneous — 108		
		h) Miscellaneous receipts from zoo — 109		
		i) Sundery receipts other-receipts — 110		
		j) Sale proceeds of tools and plants stores stock and cement ... 111		
		k) — 112		
		<b>TOTAL — VI MISCELLANEOUS</b> (Items 99 to 112)		
		<b>VII. ENDOWMENTS</b>		
		a) Interest from Investments — 113		
		b) Income from Properties — 114		
		c) Contribution — 115		
		d) Other receipts — 116		
		e) — 117		
		<b>TOTAL — VII. ENDOWMENTS</b> (Item 113 to 117)		

Item 108 — To include numbering fees, interest on arrears of revenue, sale election of rules, electoral roll, etc. Break up figures required may be furnished under Explanatory remarks.

Actuals (Previous year) 199 189 1	Revised Estimate for 199 199 2	Heads of account and item number 3	Actuals for the the year 4	Final Budget appropri- ation 5
		<b>VIII LOANS :—</b>		
		a) General purposes — 118		
		b) Roads — 119		
		c) Secondary Education — 120		
		d) Medical Relief — 121		
		e) Public Health — 122		
		f) Market Cart stands and Slaughter houses — 123		
		g) Lighting — 124		
		h) Elementary — 125		
		i) Water supply and Drainage — 126		
		j) Town planning — 127		
		k) — 128		
		<b>TOTAL—VIII LOANS</b> (Items 118 to 128)		
		<b>IX DEPOSITS :—</b>		
		a) Provident Fund (Superior) — 129		
		b) Provident Fund (Last Grade) — 130		
		c) Additional Provident Fund — 131		
		d) Cash Deposits — 132		
		e) Suspense Accounts — 133		
		f) Library Cess — 134		
		g) Pension Fund — 135		
		h) — 136		
		<b>TOTAL—IX DEPOSITS</b> Items 129 to 136)		
		<b>X. ADVANCES :—</b>		
		a) Advances Recovered :—		
		i) Staff Advances — 137		
		ii) Others — 138		
		b) Permanent Advances — 139		
		c) Engineer's Stock — 140		
		<b>Total X. Advances 137 to 140</b>		
		<b>TOTAL RECEIPTS I to X</b> Items 1 to 140		
		<b>GRAND TOTAL INCLUDING OPENING BALANCE</b>		

Actuals Previous year) 3 199	Revised Estimate for 199 199	Heads of account and item number	Actuals for the the year 4	Final Budget appropri- ation 5
1	2	3		
		<b>EXPENDITURE</b>		
		<b>I. GENERAL ADMINISTRATION</b>		
		a) Office Staff — 201		
		b) Collection staff — 202		
		c) Contingencies		
		i) Postage — 203		
		ii) Stationary and forms — 204		
		iii) Printing — 205		
		iv) Rent of Buildings — 206		
		v) Electric expenses — 207		
		vi) Other items — 208		
		vii) — 209		
		d) Legal Expenses — 210		
		e) Survey charges — 211		
		f) — 212		
		50% of Town Planning charges debited to General Account		
		g) Capital Items :—		
		i) Equipments — 213		
		ii) Acquisition of lands — 214		
		iii) Others — 215		
		<b>TOTAL GENERAL ADMINISTRATION (Items 201 to 215)</b>		
		<b>2. PUBLIC WORKS</b>		
		(a)—Major Works :—		
		i) Roads — 216		
		ii) Buildings		
		1) Administration — 217		
		2) Medical — 218		
		3) Secondary Schools — 219		
		4) Elementary Schools — 220		
		5) Miscellaneous — 221		

Actuals (Previous year) 199 199 1	Revised Estimate for 199 199 2	Heads of account and item number 3	Actuals for the Year 4	Final Budget appropri- ation 5
		<b>MAJAR WORKS - Cont</b>		
		iii) Miscellaneous :—		
		1) Markets, cart, stand etc., — 222		
		2) Water Supply — 223		
		3) Drainage — 224		
		4) Others — 225		
		(Total of items 216 to 225)		
		b) Minor and Repair Works		
		i) Roads — 226		
		ii) Buildings :—		
		1) Administration — 227		
		2) Medical — 228		
		3) Secondary Schools — 229		
		4) Elementary Schools — 230		
		5) Miscellaneous — 231		
		iii) Miscellaneous :—		
		1) Market Cart-Stand etc — 232		
		2) Water Supply — 233		
		3) Drainage — 234		
		4) Others — 235		
		(Total of item 226 to 235)		
		c) Engineering Staff — 236		
		d) Tools and plants — 237		
		e) Acquisition of lands etc :—		
		i) Elementary Education — 238		
		ii) Water-Supply and drainage — 239		
		f) Work shop — 240		
		<b>TOTAL . 2 PUBLIC WORKS</b> (Items 216 to 240)		
		<b>3 EDUCATION</b>		
		e) Secondary and Specil Schools :—		
		A. Plan		
		i) Teaching Staff — 241		
		ii) Non Teaching Staff — 242		

Item 27 :— To include cost of Tools and Plants and other stores and other subsequent repairs Stores, etc , purchased for any specific works should be charged to those works.



Actuals (Previous year) 199 199 1	Revised Estimate for 199 199 2	Heads of account and item number 3	Actuals for the the year 4	Final Budget appropri- ation 5
		<b>A. PLAN—Cont.</b>		
		ii) Elementary School :—		
		1) Equipment — 264		
		2) Others — 265		
		Total of items 262 to 265		
		<b>TOTAL 3. EDUCATION</b> (Items 241 to 265)		
		<b>4. WATER SUPPLY AND DRAINAGE.</b>		
		<b>A) WATER SUPPLY</b>		
		i) Maintenance Staff — 266		
		ii) Payment of water and Steam Boiler Inspection — 267		
		iii) Repairs to Meters — 268		
		iv) Water supply contingencies — 269		
		Total of items 266 to 269		
		<b>B. DRAINAGE :—</b>		
		i) Maintenance staff — 270		
		ii) Sewage farms — 271		
		iii) Drainage contingencies — 272		
		Total of items 270 to 272		
		<b>C. CAPITAL ITEMS :</b>		
		i) Water-supply — 273		
		ii) Drainage — 274		
		<b>TOTAL 4 WATER SUPPLY AND DRAINAGE</b> Total of items 255 to 274		
		<b>5. TOWN-PLANNING</b>		
		a) Town planning staff — 275		
		b) Survey Charges — 276		
		c) Legal Expenses — 277		
		d) Town Planning contingencies— 278		
		<b>(Total of Items 275 to 278)</b>		

Actuals (Previous year) 89 199	Revised Estimate for 199 199	Heads of account and item number	Actuals for the the year	Final Budget appropri- ation
1	2	3	4	5
		<b>5. TOWN-PLANNING-cont</b>		
		e) Capital Items :—		
		i) Acquisition of Land & Buildings... 279		
		ii) Works of Imprbvements ... 280		
		iii) Miscellaneous ... 281		
		iv) ... 282		
		(Total of items 279 to 282)		
		<b>TOTAL 5 TOWN-PLANNING</b>		
		(Items 275 to 282)		
		<b>6 OBLIGATORY SERVICES :—</b>		
		a) Lighting		
		i) Staff ... 283		
		ii) Lighting charges ... 284		
		iii) Capital Items ... 285		
		b) Public Health		
		i) General Supervision Staff ... 286		
		ii) Epidemic and Endemic diseases :—		
		i) Malaria ... 287		
		ii) Other Diseases ... 288		
		iii) Birth and Deaths ... 289		
		iv) Miscellaneous ... 290		
		e) Sanitation :—		
		i) Public Conservancy ... 291		
		ii) Private Scavenging ... 292		
		iii) Fairs and Festivals ... 293		
		iv) Compost staff ... 294		
		v) Compost contingencies ... 295		
		d) Medical Relief :—		
		i) Hospitals and Dispensaries ... 296		
		ii) Maternity and Child Welfare ... 297		
		e) Slaughter House ... 298		
		f) Capital Items :—		
		i) Land ... 299		
		ii) Equipments ... 300		
		iii) Others ... 301		
		<b>TOTAL 6 OBLIGATORY SERVICES</b>		
		(Items 283 to 301)		

Item 288 :— To include expenditure under Smallpox, plague Cholera and other diseases.

Item 290 :— To include expenditure under 'Fire Protection' and other special charges relating to Public Health

Actuals (Previous year) 199 199 1	Revised Estimate for 199 199 2	Heads of account and Item number 3	Actuals for the Year 4	Final Budget appropri- ation 5
		<b>7. DISCRETIONARY SERVICES :—</b>		
		<b>a) Public Amenities :—</b>		
		i) Radio Music                   — 302		
		ii) Reading Rooms           ... 303		
		iii) Care Home               — 304		
		vi) Parks and Gardens       ... 305		
		v) Discretionary Service   — 306		
		Expenditure on guest house staff		
		<b>b) Markets and Cart-stand-staff — 307</b>		
		<b>c) Capitals Items :—</b>		
		i) Land                       — 308		
		ii) Equipment               — 309		
		iii) Others                   ... 310		
		<b>TOTAL 7. DISCRETIONARY SERVICES</b> (Items 302 to 310)		
		<b>8. REMUNERATIVE SERVICE</b>		
		<b>a) Electric Licence Scheme   — 311</b>		
		<b>b) Exhibition                   ... 312</b>		
		<b>c)                                 — 313</b>		
		<b>TOTAL B REMUNERATIVE SERVICES</b> (Items 311 to 313)		
		<b>9 ENDOWMENTS</b>		
		<b>a) Establishments             — 314</b>		
		<b>b) Contingencies</b>		
		i) Recurring                 ... 315		
		ii) Non-Recurring         .. 316		
		<b>c) Others                       317</b>		
		<b>TOTAL 9. ENDOWMENTS</b> (Items 314 to 317)		
		<b>e) General purposes           — 318</b>		
		<b>b) Roads                       — 319</b>		
		<b>c) Secondary Education       — 320</b>		
		<b>d) Medical Relief             — 321</b>		
		<b>e) Public Health              — 322</b>		
		<b>f) Markets, Cart-Stands and Slaughter Houses       323</b>		

10 Loans :— Interest on & Repayment of debt should alone be shown under this head of account. Refund of unutilised loan if any if refunded the same year should be shown as abatement under Loan-Receipts against the sub-head concerned if refunded in subsequent years it should be exhibited the service head concerned.

Actuals Previous year) 99 199	Revised Estimate for 199 199	Heads of account and item number	Actuals for the Year	Final Budget appropri- ation
1	2	3	4	5
		10 LOANS—Cont.		
		g) Lighting — 324		
		h) Elementary Education — 325		
		i) Water-supply and drainage ... 326		
		g) Town planning — 327		
		k) Law income group HousingSche - 328		
		TOTAL 10 LOANS (Items 318 to 328)		
		11 DEPOSITS :—		
		a) Provident Fund (Superior) — 329		
		b) Provident Fund (Last Grade) ... 330		
		c) Additional Providents Fund — 331		
		d) Cash Deposit ... 332		
		e) Suspense Account — 333		
		f) Library Cess ... 334		
		g) Pension Fund ... 335		
		h) ... 336		
		TOTAL 11. DEPOSITS (Items 329 to 336)		
		12. ADVANCES :—		
		a) Advances paid		
		i) Staff — 337		
		ii) Others — 338		
		b) Permanent Advances — 339		
		c) Engineer's Stock — 340		
		TOTAL 12. ADVANCES (Items 337 to 340)		
		TOTAL EXPENDITURE (Items 201 to 240)		
		CLOSING BALANCE		
		CASH		
		TREASURY OR BANK		
		INVESTMENTS		
		TOTAL INCLUDING CLOSING BALANCE		

Heads of Account

## NOTE

Heads of Account not provided for in this form but found absolutely necessary in classifying the various transaction under Receipts and Expenditure may be opened against the blank items provided, under each major Head of account with the approval of the Examination of the local fund.

**SUBSIDIARY STATEMENTS**  
**ENDOWMENT ACCOUNTS**

Particular of Endowments 1	Opening Balance 2		Receipts 3		Expenditure 4		Closing Balance 5		Remarks 6
	Rs	p	Rs	p	Rs	p	Rs	p	

**Total**

**Note :- 1) This statement should be compiled from the Register of Endowments. The total receipt should agree with the total of items 113 to 117 in the detailed Account. The total Expenditure should agree with the total of items 314 to 317 in the detailed Account.**

## STATEMENT SHOWING PARTICULARS

Serial number. (1)	Head of Account (2)	Item number in Detailed Account (3)	Pay (4)		Dearness Allowance (5)		House rent Allowance (6)		Other Compensatory Allowance (7)		Contribution to Provident Fund (8)	
			Rs	P	Rs	P	Rs	P	Rs	P	Rs	P
1	GENERAL ADMINISTRATION											
1	Office Staff	- 201										
2	Collection Staff	- 202										
	2 PUBLIC WORKS											
3	Engineering Staff	- 236										
4	Workshop	... 240										
	3 EDUCATION											
	a) Secondary and Special Schools:-											
	A. Plan											
3	Teaching Staff	- 241										
3	Non-Teaching Staff	- 243										
	B, Non-Plan											
1	Teaching Staff	... 247										
1	Non-Teaching Staff											
	b) Elementary School											
	A. Plan											
	Teaching Staff	- 252										
1	Non-Teaching Staff	- 253										
	B. Non-Plan											
1	Teaching Staff	- 258										
1	Non-Teaching Staff	- 259										



Serial number (1)	Head of Account (2)	Item number in Detailed Account (3)	Pay (4)		Dearness Allowance (5)		House rent Allowance (6)		Other Compensatory Allowance (7)		Contribution to Provident Fund (8)	
			Rs	p	Rs	p	Rs	p	Rs	p	Rs	p
	4) WATER SUPPLY AND DRAINAGE											
	Maintenance Staff											
13	Water Supply	..	266									
14	Drainage	..	270									
15	Sewage Farms	..	271									
	5) TOWN PLANNING											
16	Staff	...	275									
	6) OBLIGATORY SERVICES											
17	Lighting :—											
	Staff	..	283									
18	Public Health :—											
	General Supervision	...	286									
19	Endemic and Epidemic Diseases :—	...	287									
	Malaria											
20	Others	..	289									
21	Birth and Deaths	..	289									
22	Miscellaneous	...	290									
23	Sanitation :—											
	Public Conservancy	..	291									
24	Private :—											
	Scavenging	...	292									
25	Fairs and Festivals	..	293									
	Medical Relief											
26	Hospitals and Dispensaries	..	296									
27	Maternity and Child Welfare centre	...	297									
	Slaughter House	...	298									
	7) DISCRETIONARY SERVICES											
	Public Amenities											
29	Radio Music	...	302									
30	Reading Rooms	..	303									
31	Parks and Gardens	...	305									
32	Markets and Cart Stand	...	307									

Total

NOTE :— i) The figures in column (6) should be posted in detailed account against  
ii) Items 201 and 202 Particulars for contingent and other expenditure  
iii) Use blank space for classifying any time of expenditure not falling

FOR ESTABLISHMENT AND OTHER CHARGES

9)	Conveyance Allowance (Fixed)		Contingencies				Traveling Allowance								Total Column (4 to 15) (16)	Item number in the Detailed Account (17)	
			Recurring		Other												
	Rs	P	Rs	P	Rs	P	Rs	P	Rs	P	Rs	P	Rs	P			
																	266
																	270
																	271
																	275
																	283
																	286
																	287
																	288
																	289
																	290
																	291
																	292
																	293
																	296
																	297
																	298
																	302
																	303
																	305
																	307

the item concerned  
are shown in the body of the account itself  
under the given detailed heads

**ABSTRACT OF THE ACCOUNTS OF RECEIPT AND CHARGES OF  
OF THE MUNICIPALITY FOR THE**

Particulars	A		B		C		D	
	General		Lighting		Elementary Education		Water-Supply and Drainage	
	2 Item number in the Detailed Account	3 Amount	4 Item number in the detailed account	5 Amount	6 Item number in the detailed account	7 Amount	8 Item number in the detailed account	9 Amount
	Rs	P		Rs	P		Rs	P
<b>Receipts Revenue</b>								
i) Tax Resources ... (A)			3		6 8		4. 5	
ii) Non-Tax Resources ... (B)								
iii) Government Grants ... 41 to 47.51 (C)					48. 49 82		50	
iv) Others ... (C)			83				85 to 91	
<b>Total Receipts Revenue</b>					230, 252		233	
<b>Total Expenditure Revenue</b>			283		to 261		234	
			284 324		325		266 to 272 326	
<b>Receipts Capital</b>								
i) Loans ... 118 to 123			124		125		126	
ii) Government Grants ... 55, to 58, 62					59		60	
iii) Others ... 78					76			
<b>Total Receipts Capital</b>					220		223	
<b>Expenditure Capital</b>							224	
i) Works ... (W)								
ii) Equipment ... 213, 262 300, 309					264		239	
iii) Acquisition of lands etc ... 214, 299 308					238			
iv) Others ... 215, 263 301, 310			285		265		273 274	

Note 1) The various sub-heads of account are numbered serially in the detailed accounts of the receipts and in the abstract are found in the column provided for the purpose under each fund account. The that go up to make the total are numerous the item numbers are grouped up in the bottom of

2 When blank items provided in the detailed account are used to classify are item of receipts

3 Adjustment of contribution from general fund to special funds or from Revenue Account to received and minus figure against the funds that pays should be noted Similarly collection

4 Figures under column (13), (15), (17) and (19) should be taken from the statement of deposits

(A) Item 1, 2, 7, 9; 10  
(B) Item 16 to 22, 26 to 37  
(W) Item 216, 217, 219, 221, 222, 225.

THE GENERAL AND SPECIAL SERVICES ACCOUNTS  
YEAR 19 ..... 19..

E Town Planning		F Remunera- tive Enter- prises		G Endowment		H Deposit		I Advance		Total
Item number in the Detailed Account	Amount	Item number in the Detailed Account,	Amount	Item number in the Detailed Account	Amount	Item number in the Detailed Account	Amount	Item number in the Detailed Account	Amount	
10	11	12	13	14	15	16	17	18	19	20
	Rs p		Rs p		Rs p		Rs p		Rs p	
11										
92 to 95										
275 to 278 327										
127										
61										
77		See Note 4		See Note 4		See Note 4		See Note 4		
280										
279										
281		See Note 4		See Note 4		See Note 4		See Note 4		

expenditure The various items that go up to make up the total amount against each head of account in the money column are to be filled in by totalling the relevant items indicated against each Where the items the abstract by giving some notation and drawing reference against money column.

and expenditure such receipt or expenditure should be booked under the fund to which it related Capital Account should be effected under this abstract under receipts Plus figure against the fund that charges should be apportioned under various funds.

C) Item 66 to 71, 81, 84, 99, 100, 103, to 108.

R) Item 201 to 212, 226 to 229, 231, 232, 235, 236, 237, 240, 241 to 251,  
286, to 298, 302 to 307, 318 to 323.

Particulars (1)	Opening Balance		Receipts				Expenditure			Closing Balance (8)	
	(2)		Item Number (3)	(4)		(5)		Item Number (6)	(7)		
	Rs	P.		Rs	P	Rs	P		Rs		P
<b>F. Remunerative Enterprises:—</b>											
1) Electric Licence Scheme			96					311			
2) Exhibition			97					312			
3)			98					313			
<b>Total</b>											
<b>G. Endowments :—</b>											
			113					314			
			to					to			
			117					317			
<b>Total</b>											
<b>H. Deposits :—</b>											
1) Provident Fund (Superior Servants)			129					329			
2) Provident Fund (Last Grade Servants)			130					330			
3) Additional Provident Fund (Superior and Last Grade)			131					331			
4) Cash Deposits			132					332			
5) Suspense Account			133					333			
6) Library Cess			134					334			
7)			135					335			
8)			136					336			
<b>Total</b>											
1) Advances								337			
1) Advance Recoverable Staff Advance			137					338			
2) Others			138					339			
3) Permanent Advance			139					340			
4) Engineer's Stock			140								
<b>Total</b>											
<b>Total (F), (G), (H) and (I)</b>											

**Note:—** Receipts and Expenditure of Account (F) to (I) should be entered in the Statement of Abstract of the Account of Receipt and Expenditure of the General and special Services Accounts

# CERTIFICATE OF VERIFICATION OF BALANCE

I certify that the closing balance shown in this account is in agreement with the balance arrived at in the Cash Book. The Treasury/Bank Pass Book has been compared with the Cash Book and the difference in balance between them is explained below. The closing balance under Investment is in agreement with the balance arrived at in the Cash Book and in the Register of Investments.

I also certify that I have personally examined the accounts and Registers and the I find :—

- (i) that the receipts and expenditure of the month/year have been properly accounted for
- (ii) that the figures in this account agree with those in the Register of Receipts and in the Register of Expenditure which I have compared with Subsidiary registers, and
- (iii) that the Demand, collection show give a true account of figures worked out in the several Demand registers and of the alterations made from time to time in accordance with the rules.

Treasury  
Bank Reconciliation statement as on 31st March.....

Closing balance as shown the treasury columns of the					
Cash Book	...	General Fund	...	...	Rs.
Deduct-Investments			...	...	Rs.
		Balance	...		Rs.
Add—(i) Total of the amounts of outstanding cheques				...	Rs.
General Fund	...	...	...		Rs.
Elementary Education Fund	...	...	...		Rs.
		Total			Rs.
Deduct :— Money remitted in to treasury by the Municipality during					
		the month but credited in the pass book in the following			
		month		...	Rs.
Closing balance as shown in the Treasury/Bank Pass Book					Rs.

COMMISSIONER  
 .....Municipality

**1 ACCOUNT FOR SHOWING THE TRANSACTIONS OF THE FUND EAR-MARKED FOR EXPENDITURE OF PUBLIC HEALTH**

1. Opening balance            --        --        --        ...
2. Minimum amount to be ear-marked Section 127 (1) of the Madras Public Health Act 1939 (30 Percent of income to be calculated as per orders passed by the Government from time to time and the working to be shown in the margin)
3. Amount actually allotted for expenditure on Public Health including Medical Relief.
4. Amount spent on Public Health including Medical Relief
5. Closing Balance            ...        ...        --        ...        ...

**2 SPECIAL GOVERNMENT GRANTS ACCOUNT FOR CAPITAL WORKS AND OTHER SPECIAL PURPOSES.**

Serial number (1)	Purpose for which Grant was sanctioned (2)	Unspent balance of grant at the beginning of the year (3)		Receipt during the year (4)		Total column (3) Plus Column (4) (5)		Expenditure during the year (6)		Balance of grant at the end of the year (7)		Remarks
		Rs	p	Rs	p	Rs	p	Rs	p	Rs	p	

Total -

**Note** —(1) This statement should be prepared from Appropriation Register of Loans Endowments, etc.  
 (2) Particulars about the investment of unutilised grant, if any, in short term deposits should be furnished in column (8) against the items concerned.

### 3. INVESTMENT ACCOUNT

1 Head of Account and Fund	2 Particulars of Investments		Investment during the year				Investment during realised during the year				9 Closing Balance (Face Value)		10 Remarks				
			3 Opening Balance (Face Value)		4 Actual amount		5 Face value		6 Total investment including Opening Balance (Face Value)					7 Face Value		8 Actual amount Realised	
			Rs	P	Rs	P	Rs	P	Rs	P				Rs	P	Rs	P
I PROVIDENT FUND																	
II GENERAL AND SPECIAL FUNDS																	

**Note :-**

- 1) This statement must be compiled from the Register of Investment
- 2) Investment should be classified as :-
  - a) those relating to General Special Funds Including Endowments and
  - b) those relating to Provident Funds

4 LOANS ACCOUNT AND

1 Item of work for which loan was sanctioned	2 Number and date of Government order sanctioning the loan	3 Terms of Repayment and Annual Instalments	4 Total loan taken		5 Date of credit	6 Unspent balance at the close of the year	
			Rs	p		Rs	p
GENERAL							
SPECIAL							
Total ...							

Note :- This Statement must be compiled from Appropriation Register of Loans





**BALANCE STATEMENT**

Remission		Amount written off as irreco- verable				Balance								
Arrears (9)		Current (10)		Arrears (11)		Current (12)		Total columns (8) to (12) (13)		Arrears (14)		Current (15)		Total (16)
Rs	P	Rs	P	Rs	P	Rs	P	Rs	P	Rs	P	Rs	P	Rs

Miscellaneous Demand Registers, Yearly list of Dangerous and Offensive Trades, etc. The amount Remisson

**6. ABSTRACT OF PROVIDENT FUND TRANSACTIONS FOR SUPERIOR SERVANTS  
FOR THE YEAR 199 ... 199 —**

Particulars (1)	Cash (2)		Investments (3)	
	Rs	P	Rs	P
Opening Balance—Treasury T. Deposits				
Receipts—Contribution by the Municipal Servants Contribution from Municipal funds Additional Contribution by Municipal Servants				
Interest realised on T. Deposits and Investments Miscellaneous Receipts				
	<b>Total —</b>			
Expenditure Closing Balance—Treasury T. Deposits				
	<b>Total —</b>			

**7. ABSTRACT OF PROVIDENT FUND TRANSACTIONS FOR LAST GRADE SERVANTS  
FOR THE YEAR 199 — 199**

Particulars (1)	Cash (2)		Investment (3)	
	Rs	P	Rs	P
Opening Balance—Treasury T. Deposits				
Receipts—Contribution by Municipal Servants — Contribution from Municipal funds Additional contribution by Municipal Servants				
Interest realised on Investments and T. Deposits Miscellaneous Receipts				
	<b>Total ..</b>			
Expenditure Closing Balance—Treasury T. Deposits				
	<b>Total ...</b>			

**Note:** Statement (6) and (7) should be compiled from the Cash Book and Abstract Registers concerned.

**8. ADVANCES RECOVERABLE—BALANCE OUTSTANDING AS ON 31st MARCH 199 --**

Year	Staff Advances										Others								13 Total of Columns (2) to (12)				
	2 Festival		3 Khadi Advance		4 Mesquito Net Advance		5 Tour Advance		6 Others		7 Advance to Government Press forms etc.,		8 Advance to Medical Stores Department		9 Advances for Bitumen Cement, etc.,		10 Advances for special purpose			11	12		
	Rs	p	Rs	p	Rs	p	Rs	p	Rs	p	Rs	p	Rs	p	Rs	p	Rs	p		Rs	p	Rs	p
199 .. 199																							
189 199 --																							
199 199 -																							
<b>Total</b> --																							

**Note: —** This statement should be compiled from the Register of Advance Recoverable. The total of the balance of advances (both under Staff Advances and others) should agree with the figure in the abstract of the accounts of Deposits, Advances and others

## 9 STATEMENT OF ASSETS AND LIABILITIES AS ON 31 ST MARCH

HEADS	AMOUNT Rs	P	HEAD	AMOUNT Rs	P
<b>LIABILITIES</b>			<b>ASSETS</b>		
1) Balance of Loans :			1) Immovable Properties:		
a) From Government	---		i) Lands and Buildings		
b) LIC.	---				
c) Others	---				
2) Provident Fund :			2) Movable Properties		
a) Cash	---		i) Plant, Machinery		
b) Investments	---		equipment		
			ii) Motor and other		
			articulated vehicles		
			iii) Furniture and Fittings		
			iv) Other assets		
3) Deposits	---		3) Provident :		
			i) Investments		
			ii) Deposits		
4) Funded Capital of			4) Fund Capital of		
endowed Institutions			endowed Institutions		
5) Cash Balance of			5) Deposits - Security		
endowed Institutions	---		deposits of employee		
			eto		
Other Liabilities (All			6) Full Assets		
Bills un paid etc)			i) Investments		
			ii) Arrears of Revenue		
			(Taxes, Fees and other		
			Miscellaneous revenue)		
			) Advances recoverable		
			a) P. A.		
			b) Others		
			c) Engineering Stock	---	
			v) Closing Balance:		
			a) Cash on hand		
			b) Cash in Treasury	---	
			c) Cash in Bank	---	
7) Difference of Assets over					
Liabilities	---				
<b>Total</b>			<b>Total</b>		

## HINTS FOR PREPARATION OF ASSETS AND LIABILITIES STATEMENT.

1. The Value of all lands and buildings belonging to the Municipality including cart stands bus stands markets, sewage farms etc as per the Register of Immovable properties should be shown without any commission under the column "Immovable properties". All the properties should be evaluated and the values as on 1st April should be recorded in this Register. Further appreciations and depreciations additions and deletion should be carried out and the net values under each item should be arrived at the end of each financial year and certified to by the Commissioner

2. Under the head "Motor and other articulated Vehicles" in Assets said, the values of road rollers tar boilers lorries, tractors and jeeps, etc, should be shown

3. Under the head other movable, in the Assets side, the values of bullock carts, cycles live stock should be shown.

4. Under the column "Other assets" in the Assets side, the values of all other Miscellaneous assets should be shown.

5. The assets to be classified under column "Motor and other articulated Vehicles" 'Other movable' and 'Other assets' should be evaluated as on 1st April 1972 and subsequently book values at the close of each financial year shown against the appropriate columns in the Assets side. While evaluating exchange values of Money value Forms should not be taken into account.

6. The Executive Authority should personally ensure that no item of Asset in any institution under the Municipal Council is left without being evaluated and included in the Statement.

10. SCHEDULE OF TAXES.

Note — Here enter the rates of Taxes and fees levied by the Municipality during the financial year. Wherever there are changes in the rates over the rates obtained during the last financial year, full details with authority should be furnished.

11. EXPLANATORY REMARKS

Item Number in detailed Account	Particulars
---------------------------------	-------------

Note :— It would be helpful if details for any abnormal increases or decreases in the figures or any new services or procedures introduced during the year are furnished here. Detailed particulars for capital items, if required may be furnished here quoting item number. The discrediting use of this space will help to reduce the need for requires.

Station  
Dated

Commissioner,  
----- Municipality

Examined and found correct subject to the remarks specified in the Audit Report,

Station  
Dated

Inspector of Local Fund Accounts



**II-GENERAL  
ABSTRACT OF RECEIPTS AND EXPENDITURE.  
MUNICIPALITY, YEAR 199 — 199 .**

Receipts (1)	Page No. (2)	Amount (3)		Expenditure (4)	Page No. (5)	Amount (6)	
		Rs.	P.			Rs.	P.
<b>OPENING BALANCE:-</b>				1) General Administration ...			
Cash				2) Public Works ...			
or Bank				3) Education ...			
Investments				4) Water-Supply and Drainage ...			
I. Taxes and Fees				5) Town-Planning ...			
a) Taxes				6) Obligatory Services ...			
i) Collected by Municipality				7) Discretionary Services ...			
ii) Collected by other agencies				8) Remunerative Services ...			
b) Fees				9) Endowments ...			
II Grants and contribution				10) Loans ...			
III Income from properties				11) Deposits ...			
IV Income from Special Services				12) Advances ...			
V Remunerative Services				Total of Expenditure ...			
VI Miscellaneous				<b>CLOSING BALANCE :-</b>			
VII Endowments				Cash ...			
VIII Loans				Treasury or Bank ...			
IX Deposits				Investments ...			
X Advances							
Total Receipts							
Grand Total including Opening Balance				Total ...			

COMMISSIONER / SPECIAL OFFICER  
----- Municipality

**CERTIFICATE OF VERIFICATION OF BALANCE**

I certify that the closing balance shown in this account is in agreement with the balance arrived at in the Cash Book. The Treasury/Bank Pass Book has been compared with the Cash Book and the difference in balance between them is explained below. The closing balance under Investment is in agreement with the balance arrived at in the Cash Book and in the Register of Investments.

I also certify that I have personally examined the accounts and Registers and the I find :-

(i) that the receipts and expenditure of the month/year have been properly accounted for

(ii) that the figures in this account agree with those in the Register of Receipts and in the Register of Expenditure which I have compared with Subsidiary registers, and

(iii) that the Demand collection show give a true account of figures worked out in the several Demand registers and of the alterations made from time to time in accordance with the rules

Treasury Reconciliation statement as on 31st March -----  
Bank

Closing balance as shown the treasury columns of the				
Cash Book	...	General Fund	...	Rs.
Deduct-Investments	...		...	Rs.
		Balance	...	Rs.
Add-(i) Total of the amounts of outstanding cheques			...	Rs.
General Fund	...		...	Rs.
Elementary Education Fund	...		...	Rs.
		Total	...	Rs.
Deduct:- Money remitted in to treasury by the Municipality during the month but credited in the pass book in the following month	...		...	Rs.
Closing balance as shown in the Treasury/Bank Pass Book			...	Rs.

COMMISSIONER  
----- Municipality



M. F. No 192 - [C. P. W. Ltd., Vellore.]

# ROAD LEDGER

50

Serial Number (1)	Name of Road, Street or Lane (2)	Length of Road (3)	Width of Road (4)	Metalled and unmetalled lengths (5)	First gravelling, metalling or provision of improved surface by mileage (6)	Periodical Repairs (7)	Remarks (8)





# **SAMPLE OF REGISTERS FOR RURAL LOCAL BODIES**



# REGISTER OF HOUSE-TAX REVISION PETITIONS

37

Serial No.	Name of Party	Assessment No.	Date of		Amount of half-yearly tax objected to			Initials of the Executive Authority	Orders of the Executive Authority	Amount of tax remitted by Executive Authority. If any			Initials of the Executive Authority in token of note in Demand Register	Remarks
			Service Notice	Receipt of Revision Petition	House-Tax	Water-Tax	Library Cess.			House-Tax	Water-Tax	Library Cess		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
					Rs. P.	Rs. P.	Rs. P.			Rs. P.	Rs. P.	Rs. P.		





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**Budget Estimate/Comparative Annual Account/Detailed  
Annual Account/Annual Account of Receipts and charges  
of the \_\_\_\_\_ Panchayat Union  
for the Year 19 \_\_\_\_\_ -19 \_\_\_\_\_**

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- Note : 1. Heads of \_\_\_\_\_ provided for in this form but found absolutely necessary in analysing the various transactions under receipts and expenditure may be opened in consultation with the Examiner of Local Fund Accounts.
2. (a) Columns \_\_\_\_\_ are to be used only when preparing the comparative annual account or annual account of receipts and charges.  
showing the final budget appropriation
- (b) In column \_\_\_\_\_ figures \_\_\_\_\_ for the  
as provided in the budget estimate  
the annual account of receipts and charges  
year should \_\_\_\_\_ when preparing \_\_\_\_\_  
detailed annual account.



Actuals of 19 -19	Received Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation				Actual for the year 19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		Total Opening Balance Under all funds					RECEIPTS-ORDINARY-Contd		
		RECEIPTS-ORDINARY					A. GENERAL ACCOUNT-Contd		
		A. GENERAL ACCOUNT					II. Management		
		1. General taxation and miscellaneous revenue					1. Sundry receipts		
		a) Taxation					2. Law charges-cost recovered		
		1. Local Cess-Gross collection (Sec. 115)					3. Special Dearness Allowance grant		
		Deduct					4. Advances repayable (Ways and Means Advance)		
		i) Amount transferred Education Account					Total, Management		
		ii) Amount transferred to Town Panchayats					III. Communications		
		iii) Amount transferred to Village Panchayats					I. Roads		
		Net					(i) Local roads grant [Sec 131]		
		2. Local Cess Surcharge (Sec 116)					(ii) Contributions [Sec. 135 (xxi)]		
		3. Entertainments tax Gross collections (Sec. 195)					(iii) Other receipts		
		Deduct-Amount transferred to Town and Village Panchayats					2. Ferry rents [Sec. 135 (xv)]		
		Net					Deduct-amount transferred to Panchayats		
		4. Surcharge on Entertainments and Show Tax					Net		
		b) Miscellaneous revenue					3. Choultries and watersheds [Sec 135 (ix)]		
		1. Interest on arrears of revenue [Sec. 185 (xvii)]					(i) Fees and other receipts		
		2. Lapsed deposits [Sec. 135 (xix)]					(ii) Contribution		
		3. Fees, fines and forfeitures					(iii) income from securities		
		4. Surplus from Provident Fund					4. Tools plant and stores		
		5. Fishery rents [Sec. 135 (xv)]					(i) Rent of tools and plant		
		c) Government grants					(ii) Sale proceeds of tools Plant and stores [Sec 135 (xiv)]		
		1. Local cess surcharge matching grant (Sec. 129)					Total, Communications		
		2. Other grants in aid of general resources					IV. Health and welfare		
		Total, General taxation and miscellaneous revenue					1. Medical relief		
							(a) Dispensary receipts [Sec 135 (x)]		
							(b) Income from securities		
							(c) Government grants		
							(d) Contributions		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals the year 19 -19	Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		<b>RECEIPTS-ORDINARY-Contd</b>		
		<b>A. GENERAL ACCOUNT-Contd</b>		
		<b>IV. Health and Welfare-Contd</b>		
		<b>2. Health protection :</b>		
		(a) Epidemic and Endemic diseases		
		(i) Vaccination fees		
		(ii) Government grant for plague and other malaria, filaria, etc , scheme [Sec. 135 (xxi)]		
		(iii) Other receipts		
		(b) Sanitation		
		Food adulteration		
		(i) Fees for analysis		
		(ii) Fines etc.		
		(iii) Government grants		
		<b>2. Fairs and festivals</b>		
		(i) Fees		
		(ii) Pilgrim tax		
		(iii) Contributions		
		(iv) Government grants		
		(v) Other receipts		
		<b>3. Births and deaths</b>		
		1. Fees for extracts from birth and death register		
		2. Contributions		
		3. Fees for the use of burial and burning grounds		
		4. Grant for maternity and child welfare schemes)		
		5. Grant for other purposes (to be specified)		
		6. Fire protection		
		7. Water supply receipts		
		<b>8. Woman and Children Welfare Schemes</b>		
		1. Government grants		
		2. Contributions		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		<b>RECEIPTS-ORDINARY-contd.</b>		
		<b>A. GENERAL ACCOUNT-contd.</b>		
		<b>V. Remunerative enterprises</b>		
		<b>1. Markets</b>		
		(i) Market fees [Sec. 134] (vi)		
		Deduct-Contributions to Panchayats [Sec. 104]		
		Net		
		(ii) Contributions under Section 104 of the Act.[Sec. 135 (vii)]		
		(iii) Income from investments Sec. 135 [xvi]		
		(iv) Others receipts		
		<b>2. Tree planting</b>		
		(i) Sale of tree produce and avenue clippings		
		(ii) Receipts under parks and gardens		
		<b>3. Unreserved forest (Sec. 72 [2] [a])</b>		
		(i) Minor forest produce		
		(ii) Other receipts		
		<b>4. Land development</b>		
		1. Rent of lands		
		2. Produce of lands		
		3. Ground rent		
		4. Income from licence fees		
		5. Income from licence fees		
		(i) Fees for temporary occupation of roads and road margins [Sec. 135 (viii)]		
		(ii) Others		
		Deduct-Refunds		
		Net		
		<b>Others remunerative enterprises</b>		
		(i) Fees and others income		
		(ii) Contributions		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals the year 19 -19	Final Budget appropriation				Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		RECEIPTS-ORDINARY-Contd					RECEIPTS-ORDINARY-contd.		
		A. GENERAL ACCOUNT-Contd					A. GENERAL ACCOUNT-contd.		
		IV. Health and Welfare-Contd					V. Remunerative enterprises		
		2. Health protection :					1. Markets		
		(a) Epidemic and Endemic diseases					(i) Market fees [Sec. 134] (vi)		
		(i) Vaccination fees					Deduct-Contributions to Panchayats [Sec. 104] --		
		(ii) Government grant for plague and other malaria, filaria, etc., scheme [Sec. 135 (xxi)]					Net --		
		(iii) Other receipts					(ii) Contributions under Section 104 of the Act. [Sec. 135 (vii)]		
		(b) Sanitation					(iii) Income from investments Sec. 135 [xvii]		
		Food adulteration					(iv) Others receipts		
		(i) Fees for analysis					2. Tree planting		
		(ii) Fines etc.					(i) Sale of tree produce and avenue clippings		
		(iii) Government grants					(ii) Receipts under parks and gardens		
		2. Fairs and festivals					3. Unreserved forest (Sec. 72 [2] [a])		
		(i) Fees					(i) Minor forest produce		
		(ii) Pilgrim tax					(ii) Other receipts		
		(iii) Contributions					4. Land development		
		(iv) Government grants					1. Rent of lands		
		(x) Other receipts					2. Produce of lands		
		3. Births and deaths					3. Ground rent		
		1. Fees for extracts from birth and death register					4. Income from licence fees		
		2. Contributions					5. Income from licence fees		
		3. Fees for the use of burial and burning grounds					(i) Fees for temporary occupation of roads and road margins [Sec. 155 (viii)]		
		4. Grant for maternity and child welfare schemes)					(ii) Others		
		5. Grant for other purposes (to be specified)					Deduct-Refunds		
		6. Fire protection					Net --		
		7. Water supply receipts					Others remunerative enterprises		
		8. Woman and Children Welfare Schemes					(i) Fees and others income		
		1. Government grants					(ii) Contributions		
		2. Contributions							
		Total, Health and Welfare					Total, Remunerative enterprises		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		<b>RECEIPTS-ORDINARY-Contd.</b>		
		<b>A. GENERAL ACCOUNT-Contd</b>		
		VI. Investments realised	—	
		Total, receipts-Ordinary General Account	—	
		Deduct		
		1. Amount transferred to capital		
		2. Contribution from General Account to ordinary		
		B. Education Account	—	
		C. School Meals Account	—	
		D. Production Fund Account	—	
		Capital	—	
		B. Education Account	—	
		C. Schools Meals Account	—	
		D. Production Fund Account	—	
		Total, Receipts Ordinary Net General Account—		
		<b>B. EDUCATION ACCOUNT</b>		
		Total, Receipts ordinary (excluding endowments) (for details Vide subsidiary Accounts)		
		<b>C. SCHOOL MEALS ACCOUNT</b>		
		Total, Receipts ordinary (excluding endowments) (for details Vide subsidiary Accounts)		
		<b>D. PRODUCTION FUND ACCOUNT</b> [[for which separate accounts are kept]		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		<b>RECEIPTS-ORDINARY-Contd.</b>		
		<b>F. Endowments Account</b>		
		Total, Receipts-Ordinary [For details Vide Subsidiary Accounts]		
		Grand total, Receipts-Ordinary of Accounts A to D and F		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		RECEIPTS-CAPITAL		
		A. GENERAL ACCOUNT		
		I. Management		
		i) Sale proceeds of buildings, lands and other properties [Sec. 135 (xviii)]		
		ii) Loans		
		iii) Contributions		
		II. Contributions		
		Roads		
		i) Government grants		
		ii) Loans		
		iii) Contributions		
		III. Health and Welfare		
		1. Medical relief		
		i) Loans		
		ii) Government grants		
		iii) Contributions		
		2. Health protection		
		i) Loans		
		ii) Government grants		
		iii) Contributions		
		3. Births and Deaths		
		i) Loans		
		ii) Government grants		
		iii) Contributions		
		4. Protected Water Supply		
		i) Loans		
		ii) Government grants		
		iii) Contributions		
		IV. Remunerative enterprises		
		1. Markets		
		i) Loans		
		ii) Government grants		
		iii) Contributions		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		RECEIPTS-CAPITAL-Contd.		
		A. GENERAL ACCOUNT-Contd.		
		IV. Remunerative enterprises-contd.		
		2 Land development		
		i) Loans		
		ii) Government grants		
		iii) Contributions		
		3. Other remunerative enterprises		
		i) Loans		
		ii) Government grants		
		iii) Contributions		
		V. Investment realised		
		VI. Discretionary Work grant		
		VII. Add-amount transferred from Ordinary		
		Total, receipts-Capital General Account		
		B. Education Account		
		Total, Receipts Capital excluding endowments (For details Vide Subsidiary Account)		
		C. School Meals Account		
		Total, Receipts Capital (excluding endowments (For details Vide Subsidiary Account-)		
		D. Production Fund Account (For which separate accounts are kept)		
		Total Receipts-Capital		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actual for the year 19 -19	Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		<b>RECEIPTS-CAPITAL-Contd.</b>		
		<b>E. Deposits and Advances Account</b>		
		1. Deposits-Total receipts	—	
		2. Advance-Total receipts	—	
		(For details, Vide Subsidiary Account)		
		<b>Total, Deposits and Advances Account</b>	—	
		<b>F. Endowments Account</b>		
		<b>Total, Receipts-Capital</b>		
		(For details Vide Subsidiary Accounts)		
		<b>Grand total, Receipts Capital of</b>		
		<b>Accounts A to F</b>	—	
		<b>Grand total, Receipts Ordinary and Capital</b>		
		<b>under all Accounts A to F</b>	—	
		<b>Grand Total, including Opening Balance</b>	—	

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		<b>EXPENDITURE-ORDINARY</b>		
		<b>A. GENERAL ACCOUNT-Contd.</b>		
		<b>I. Management</b>		
		1. Establishment	—	
		i) Pay	—	
		ii) Dearness allowance	—	
		iii) House rent allowance	—	
		iv) Other compensatory allowances	—	
		v) Contribution to provident fund	—	
		vi) Leave salary and pension contribution	—	
		vii) Travelling allowance	—	
		2. Contingencies	—	
		i) Postage	—	
		ii) Stationery	—	
		iii) Printing	—	
		iv) Other Items	—	
		3. Travelling allowance of	—	
		i) Chairman	—	
		ii) Vice-Chairman	—	
		iii) Members	—	
		4. Rent of buildings	—	
		5. Repairs to buildings	—	
		6. Law charges-Costs paid	—	
		7. Interest on and repayment of debt	—	
		8. Interest on and repayment of advances to Government	—	
		<b>Total Management</b>	—	
		<b>II. Communications</b>	—	
		1. Engineering establishment	—	
		i) Pay	—	
		ii) Dearness allowance	—	
		iii) House rent allowance	—	

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		EXPENDITURE-ORDINARY-Contd.					EXPENDITURE-ORDINARY-contd.		
		A. GENERAL ACCOUNT-Contd.					A. GENERAL ACCOUNT-contd.		
		II. Communication contd.					III. Health and Welfare-contd.		
		iv) Other compensatory allowances					1. Medical relief-contd.		
		v) Contribution to provident fund					Dispensaries - contd.		
		vi) Leave salary and pension contribution					i) Staff-contd.		
		vii) Travelling allowance					Other compensatory allowances		
		2. Contingencies					Contribution to provident fund		
		i) Postage					Leave salary and pension contribution		
		ii) Stationery					Travelling allowance		
		iii) Printing					b) Nurses and Maternity assistants		
		iv) Other items					Pay		
		3. Roads [Sec. 65 (a)]					Dearness allowance		
		i) Maintenance					House rent allowances		
		ii) Interest on and repayment of debt					Other compensatory allowance		
		4. Ferries					Contribution to provident fund		
		5. Repairs to buildings					Leave salary and pension contribution		
		6. Choultries and water sheds					Travelling allowance		
		7. Poor house and orphanages					c) Clerks and Servants		
		8. Tools, plants and stores					Pay		
		9. Contributions					Dearness allowance		
		10. Street lightings (Sec. 69)					House rent allowance		
		Total Communications					Other compensatory allowance		
							Contribution to provident fund		
		III. Health and Welfare					Leave salary and pension contribution		
		1. Medical relief					Travelling allowance		
		Dispensaries					ii) Contingencies-		
		i) Staff					Clothing and bedding		
		a) Medical Officer;					Medicines		
		Pay					Books, Periodicals and Maps		
		Dearness allowance					Other items		
		House rent allowance					iii) Subsidy to Rural Medical Practitioners [Sec. 65 (b)]		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation				Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>EXPENDITURE ORDINARY-contd.</b>					<b>EXPENDITURE-ORDINARY</b>		
		<b>A. GENERAL ACCOUNT-Contd.</b>					<b>A. GENERAL ACCOUNT-contd.</b>		
		III. Health and Welfare-contd.					III. Health and Welfare-contd.		
		1. Medical relief-contd.					2. Health protection-contd.		
		iv) Contributions					2) Epidemic and Endemic diseases-contd.		
		a) To other local bodies					ii) Plague [Sec. 65 (f)]		
		b) To private institutions					a) Staff		
		v) Interest on and repayment of dept.					Pay		
		2. Health protection					Dearness allowance		
		1. General					House rent allowance		
		i) Staff					Other Compensatory allowances		
		Pay					Contribution to provident fund		
		Dearness allowance					Leave salary and pension contribution		
		House rent allowance					Travelling allowance		
		Other compensatory allowances					b) Contingencies and equipments		
		Contribution to provident fund					c) Contributions		
		Leave salary and pension contribution					i) Rate destruction		
		Travelling allowance					ii) Cholera [Sec. 65 (f)]		
		ii) Probaganda					a) Staff		
		iii) Contingencies					Pay		
		2. Epidemic and Endemic diseases					Dearness allowance		
		i) Small pox [Sec. 65 (f)]					House rent allowance		
		a) Staff					Other compensatory allowance		
		Pay					Contribution to provident fund		
		Dearness allowance					Leave salary and pension contribution		
		House rent allowance					Travelling allowance		
		Other compensatory allowances					b) Contingencies and equipments		
		Contribution to provident fund					iv) Malaria [Sec. 65 (f)]		
		Leave salary and pension contribution					a) Staff-		
		Rewards to vaccinators					Pay		
		Training to vaccinators					Dearness allowance		
		Traveling allowance					House rent allowance		
		b) Contingencies and equipments					Other compensatory allowances		
		c) Contributions							

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation				Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		EXPENDITURE-ORDINARY-contd.					EXPENDITURE-ORDINARY-Contd.		
		A. GENERAL ACCOUNT-Contd.					A. GENERAL ACCOUNT-Contd.		
		III Health and Welfare-contd.					III Health and welfare-contd.		
		2 Health protection-contd.					2 Health Protection-contd.		
		2) Epidemic and Endemic diseases-contd					2) Epidemic and Endemic diseases-contd. ---		
		Contribution to provident fund					b) Contingencies		
		Leave salary and pension contribution					c) Special Sanitary arrangements		
		Travelling allowance					d) Contribution to other local bodies		
		b) Contingencies and equipments					3 Births and Deaths		
		v) Other diseases					i) Registration charges [Sec. 65 (k)]		
		a) Staff					a) Staff		
		Pay					Pay		
		Dearness allowance					Dearness allowances		
		House rent allowance					House rent allowance		
		Other compensatory allowances					Other compensatory allowances		
		Contribution to provident fund					Contribution to prov dent fund		
		Leave salary and pension contribution					Leave salary and pension contribution		
		Travelling allowances					Travelling allowances		
		b) Contingencies and equipments					b) Contingencies		
		c) Rewards for destruction of dogs					II Maternity and child welfare [Sec. 65 (c)]		
		3 Sanitation					a) Staff-		
		i) Food adulteration					Pay		
		a) Fees for analysis					Dearness allowance		
		b) Contingencies					House rent allowance		
		ii) Fairs and festivals [ Sec. 65 (g) ]					Other compensatory allowances		
		a) Staff					Contribution to provident fund		
		Dearness allowance					Leave salary and pension contribution		
		House rent allowance					Travelling allowance		
		Other compensatory allowances					b) Contingencies and equipments		
		Contribution to provident fund					c) Contributions		
		Leave salary and pension contribution					III) Family planning [Sec. 65 (e)]		
		Travelling allowance					a) Staff-		
							Pay		
							Dearness allowance		

Actuals of 19-19	Estimate for 19-19	HEAD OF ACCOUNT	the year 19-19	Final Budget appropriation	Actuals of 19-19	Revised Estimate for 19-19	HEAD OF ACCOUNT	the year 19-19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>EXPENDITURE-ORDINARY-Contd.</b>					<b>EXPENDITURE-ORDINARY-contd.</b>		
		<b>A. GENERAL ACCOUNT-Contd.</b>					<b>A. GENERAL ACCOUNT-contd.</b>		
		<b>III. Health and Welfare-contd.</b>					<b>III Health and Welfare-contd.</b>		
		3 Births and Deaths-contd.					8 Veterinary relief-		
		iii) Family planning [Sec. 65 (c)]-contd.					i) Purchase of medicine for first aid Bits —		
		Other compensatory allowances —					Total, Health and Welfare —		
		Contribution to provident fund —							
		Leave salary and pension contribution —							
		Travelling allowance —					<b>IV Remunerative enterprises</b>		
		b) Contingencies and equipments —					1 Markets [ Sec. 65 (i) ]		
		c) Thayi-services —					a) Staff		
		d) Propaganda —					Pay		
		e) Other items —					Dearness allowance		
		iv) Maintenance of burning and burial grounds (Sec 68)					House rent allowance		
		a) Staff —					Other compensatory allowances		
		b) Contingencies and Equipments —					Contribution to provident fund		
		4 Fire protection					Leave salary and pension contribution		
		a) Staff —					Travelling allowance		
		b) Contingencies —					b) Contingencies		
		5 Departmental buildings					c) Repairs to buildings		
		a) Repairs to buildings —					d) Interest on and repayment of debts		
		b) Interest on and repayment of debt —					2 Tree planting		
		6 Water supply (Sec. 68)					a) Staff-		
		a) Staff- —					Pay		
		b) Contingencies and equipments —					Dearness allowance		
		7 Women and Children's welfare					House rent allowance		
		a) Honorarium —					Other compensatory allowances		
		b) Contingencies —					Contribution to provident fund		
		c) Training Camps and Educational tours —					Leave salary and pension contribution		
		d) Baby Show —					Travelling allowance		
		e) Social Education —					b) Contingencies and equipments		
							c) Parks and gardens		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation				Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		EXPENDITURE-ORDINARY-contd.					EXPENDITURE-ORDINARY-contd.		
		A. GENERAL ACCOUNT-contd.					A. GENERAL ACCOUNT-contd.		
		VI. Remunerative enterprises-contd.					VI. Remunerative enterprises-contd.		
		3 Land Development-					5 Other remunerative enterprises-contd.		
		a) Staff-					b) Contingencies and equipment		
		Pay					c) Repairs to buildings		
		Dearness allowance					Total, Remunerative enterprises		
		House rent allowance							
		Other compensatory allowances					V. Investments made		
		Contribution to provident fund							
		Leave salary and pension contribution					Total, Expenditure-Ordinary General Account		
		Travelling allowance							
		b) Contingencies and equipments					B. EDUCATION ACCOUNT		
		c) Interest on and repayment of debt					Total, Expenditure-Ordinary (Excluding Endowments) (For details, vide Subsidiary Accounts)		
		4 Maintenance of unreserved forests					C. SCHOOL MEALS ACCOUNT		
		a) Staff-					Total, Expenditure-Ordinary (Excluding Endowments) (For details, vide Subsidiary Accounts)		
		Pay							
		Dearness allowance					D. PRODUCTION FUND ACCOUNT ( For Which separate accounts are kept )		
		House rent allowances					Total, Expenditure-Ordinary		
		Other compensatory allowances							
		Contribution to provident fund					E. ENDOWMENTS ACCOUNT		
		Leave salary and pension contribution					Total, Expenditure-Ordinary (For details, vide Separate Accounts)		
		Travelling allowance							
		b) Contingencies							
		c) Rent							
		5 Other remunerative enterprises-							
		a) Staff-							
		Pay							
		Dearness allowance							
		House rent allowance							
		Other compensatory allowances							
		Contribution to provident fund							
		Leave salary and pension contribution							

Actuals of 19-19	Revised Estimate for 19-19	HEAD OF ACCOUNT	the year		Actuals of 19-19	Revised Estimate for 19-19	HEAD OF ACCOUNT	the year	
			Actuals for the year 19-19	Final Budget appropriation				Actuals for the year 19-19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>EXPENDITURE-ORDINARY-contd.</b>					<b>EXPENDITURE-CAPITAL-contd.</b>		
		<b>A. GENERAL ACCOUNT-contd.</b>					<b>D. PRODUCTION FUND ACCOUNT</b>		
		<b>I. Management</b>					(For which separate accounts are kept)		
		<b>II. Communication</b>							
		<b>I. Grant to village Panchayats for link roads</b>					<b>Total, Expenditure Capital</b>		
		<b>III. Health and Welfare-</b>							
		<b>1 Medical relief</b>							
		<b>2 Health Protection</b>							
		<b>3 Births and Deaths</b>					<b>E. DEPOSITS AND ADVANCES ACCOUNT</b>		
		<b>(i) Maternity and Child Welfare</b>					<b>1. Deposits-Total Expenditures</b>		
		<b>(ii) Others</b>					<b>2. Advance-Total Expenditures</b>		
		<b>4 Protected water supply</b>					(For details vide Subsidiary Accounts)		
		<b>(i) Land and buildings</b>					<b>Total, Deposits and Advances Account</b>		
		<b>(ii) Machinery and equipment</b>							
		<b>(iii) Investment</b>							
		<b>IV. Remunerative enterprises</b>					<b>F. ENDOWMENTS ACCOUNTS</b>		
		<b>1 Markets</b>							
		<b>2 Tree Planting</b>					<b>Total, Expenditure-Capital</b>		
		<b>(i) Avenues</b>					(For details vide Subsidiary Accounts)		
		<b>(ii) Parks and gardens</b>							
		<b>3 Land development</b>							
		<b>4 Other Remunerative enterprises</b>					<b>Grand total, Expenditure Capital of</b>		
		<b>V. Investments made</b>					Accounts A to F		
		<b>Total, Expenditure-Capital General Account</b>							
		<b>B. Education Account</b>					<b>Grand total, Expenditure-Ordinary and</b>		
		<b>Total, Expenditure-Capital (excluding endowments)</b>					Capital under all Accounts A to F		
		(For details vide Subsidiary Accounts)							
		<b>C. Schools Meals Account</b>					<b>Total, Closing Balances</b>		
		<b>Total, Expenditure-Capital (excluding endowments)</b>							
		(For details vide Subsidiary Accounts)					<b>Grand total, including Closing Balances</b>		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation				Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>SUBSIDIARY ACCOUNTS</b>					<b>SUBSIDIARY-ACCOUNTS</b>		
		<b>B. EDUCATION FUND ACCOUNTS</b>					<b>B. EDUCATION FUND ACCOUNTS-contd.</b>		
		Opening Balance-					<b>RECEIPTS-CAPITAL-contd.</b>		
		<b>RECEIPTS-ORDINARY</b>					4 Contribution from General Account (Ordinary) —		
		1 Four-ninth of Local Cess collected under Section 115 —					5 Investments realised —		
		2 Land Revenue Assignments [Sec. 118] —					6 Other Receipts —		
		3 Local Education Grant (Sec. 136) —					7 Add amount transferred from Ordinary —		
		4 Fines and penalties under the Elementary Education Act —					Total —		
		5 School Fees —							
		6 Contributions —							
		7 Contribution from the General Account- Ordinary —					Add amount relating to endowments shown under F Endowments Accounts —		
		8 Income from Securities —					(For details, vide Subsidiary Accounts)		
		9 Investments realised —							
		10 Advances recovered —							
		11 Supplementary Education Grant —							
		12 Grant for Social Education —					Grand Total —		
		13 Special Dearness Allowance Grant to teaching and non teaching Staff —							
		<b>Deduct-</b>					Total, receipts-Ordinary and Capital —		
		(i) Amount transferred to Capital —							
		(ii) Amount transferred to School Meals Account Ordinary —							
		Amount transferred to School Meals Account Capital —							
		Total —							
		Add Amount relating to endowments shown under F Endowments Accounts —							
		(For details, vide Subsidiary Accounts)							
		Grand Total —							
		<b>RECEIPTS-CAPITAL</b>							
		1 Government Grants							
		1 Government Grants							
		2 Government Grants							
		3 Government Grants							
		4 Government Grants							
		5 Government Grants							
		6 Government Grants							
		7 Government Grants							
		8 Government Grants							
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		100 Government Grants							



Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budge appropriati				Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs	Rs.
		<b>SUBSIDIARY ACCOUNTS-contd.</b>					<b>SUBSIDIARY-ACCOUNTS-contd.</b>		
		<b>B. Education Accounts-contd.</b>					<b>C. School Meals Account</b>		
		<b>Expenditure-Capital</b>					Opening Balance		
							Receipts-Ordinary		
		Lands	-				Grants		
		Buildings	-				Contribution from General Account		
		Equipment	-				Contribution from Education Account		
		Furniture	-				Other contributions		
		Apparatus	-				Other Receipts		
		Library Books and Maps	-				<b>Total</b>		
		Radio sets	-				Add amount relating to Endowments shown under F. Endowments Accounts (For details Vide Subsidiary Accounts)		
		Investments Made	-				<b>Grand total</b>		
		Other items	-				Receipts-Capital		
							Loans		
							Grants		
		<b>Total</b>	-				Contributions		
		Add amount relating to Endowments shown under F. Endowments Accounts (For details vide Separate Accounts)					Investments realised		
							Contribution General Account		
		<b>Grand total</b>	-				Contribution from Education Account		
							<b>Total</b>		
		<b>Total, Expenditure Ordinary and Capital</b>	-				Add amount relating to Endowments shown under F. Endowments Accounts. (For details, Vide Subsidiary Accounts)		
							<b>Grand Total</b>		
		<b>Closing Balance</b>	-						
							<b>Total, Receipts-Ordinary and Capital</b>	-	
		<b>Grand total, including Closing Balance</b>	-						
							<b>Grand total, including Opening Balance</b>	-	



Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation	Actuals for the year 19 -19	Final Budget appropriation			
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>SUBSIDIARY—ACCOUNTS—contd.</b>					<b>SUBSIDIARY-ACCOUNTS—contd,</b>		
		<b>D. Production Fund Accounts—contd.</b>					<b>D. Production Fund Accounts—contd.</b>		
		<b>Receipts Ordinary—contd.</b>					<b>Receipts Ordinary—contd.</b>		
		<b>1 Agriculture—contd.</b>					<b>II Animal Husbandry (Non-Matching Grant)—contd.</b>		
		<b>Section II (Scheme under Non-Matching Grant)—contd.</b>					<b>1 Distribution of pedigree bulls contd</b>		
		<b>Purchase of Agricultural Demonstration Equipment and Block Headquarters</b>					<b>ii) Beneficiaries' share</b>		
		<b>i) Grants from Government.</b>	—				<b>Deduct—Amount set off against cost of bulls</b>	—	
		<b>ii) Transfer from General Account.</b>	—				<b>Net</b>	—	
		<b>iii) Hire charges</b>	—				<b>iii) Other Receipts</b>	—	
		<b>iv) Other Receipts</b>	—				<b>2 Distribution of Rams on exchange basis</b>	—	
		<b>7 Equipment for Gramasevaks</b>					<b>i) Grants from Government</b>	—	
		<b>i) Grants from Government</b>	—				<b>ii) Sale proceeds of Rams</b>	—	
		<b>ii) Transfer from General Account</b>	—				<b>Deduct—Amount set off against Rams Purchased for exchange</b>	—	
		<b>iii) Other Receipts</b>	—				<b>Net</b>	—	
		<b>8 Laying of Demonstration Plots—</b>					<b>iii) Other Receipts</b>	—	
		<b>i) Grants from Government</b>	—				<b>3 Distribution of cockerels on exchange basis</b>	—	
		<b>ii) Transfer from General Account</b>	—				<b>i) Grants from Government</b>	—	
		<b>iii) Other Receipts</b>	—				<b>ii) Sale proceeds of cockerels</b>	—	
		<b>9 Running of Demonstration Farms—</b>					<b>Deduct—Amount set off against purchase of cockerels for exchange</b>	—	
		<b>i) Grants from Government</b>	—				<b>Net</b>	—	
		<b>ii) Transfer from General Account</b>	—				<b>iii) Other Receipts</b>	—	
		<b>iii) Other Receipts</b>	—				<b>4 First Aid Kit to E. O (Animal Husbandry) and Gramasevaks</b>	—	
		<b>Total. Receipts-I Agriculture-Section II</b>	—				<b>i) Grants from Government</b>	—	
							<b>ii) Other Receipts</b>	—	
		<b>Total, Receipts-I, Agriculture</b>	—				<b>5 Block poultry Unit of subsidy to private breeders</b>	—	
		<b>Animal Husbandry (Non-Matching Grant)</b>					<b>i) Grants from Government</b>	—	
		<b>i) Distribution of Pedigree bulls</b>	—				<b>ii) Transfer from General Account</b>	—	
		<b>ii) Grants from Government</b>	—				<b>iii) Beneficiaries share</b>	—	
							<b>Deduct—Amount set off against purchase of birds</b>	—	
							<b>Net</b>	—	
							<b>iv) Other Receipts</b>	—	
							<b>Total, Receipts-II Animal Husbandry</b>	—	

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	the year		Final Budget appropriation	Actuals of 19 -19	Estimate for 19 -19	HEAD OF ACCOUNT	-19	
			Actuals for the year 19 -19	Final Budget appropriation					Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5	
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>						<b>SUBSIDIARY-ACCOUNTS-contd.</b>		
		<b>D. Production Fund Accounts-contd.</b>						<b>D. Production Fund Accounts-contd.</b>		
		<b>Receipts-Ordinary-contd.</b>						<b>Receipts-Ordinary-contd.</b>		
		<b>III. Fisheries (Matching Grant)</b>						<b>IV. Irrigation-contd.</b>		
		<b>Establishment of Fishery Nurseries -</b>						<b>3 i) Add-advance from General Account</b>		
		<b>i) Grants from Government</b>						<b>ii) Add-advance from Government</b>		
		<b>ii) Amount transferred from General Account</b>						<b>Total Receipts-IV Irrigation</b>		
		<b>iii) Contribution from panchayats</b>						<b>Deduct-Amount transferred to capital</b>		
		<b>Deduct-Amounts set off against expenditure on establishment of Fishery Nurseries</b>						<b>Net Receipts-Ordinary</b>		
		<b>Net</b>						<b>V. Village Industries</b>		
		<b>iv) other Receipts</b>						<b>Receipts-Ordinary</b>		
		<b>Total Receipts III Fisheries</b>						<b>1 Blacksmithy</b>		
		<b>Add-Advance from General Account for Section I to III</b>						<b>i) Grants from State Khadi and Village Industries Board Recurring Grant)</b>		
		<b>Add-Advance from Government for Section I to III</b>						<b>ii) Working Capital Loan</b>		
		<b>Total Receipts-Section I to III</b>						<b>iii) Sale proceeds</b>		
		<b>Deduct-Amount transferred to Capital</b>						<b>iv) Miscellaneous Receipts</b>		
		<b>Net-Receipts Ordinary section II to III Agricultural Schemes</b>						<b>2 Carpentry</b>		
		<b>VI. Irrigation</b>						<b>i) Grants from State Khadi and Village Industries Board (Recurring Grant)</b>		
		<b>1 Maintenance and Receipts</b>						<b>ii) Working Capital Loan</b>		
		<b>i) Grants from Government</b>						<b>iii) Sale proceeds</b>		
		<b>ii) Amount transferred from General Account</b>						<b>iv) Miscellaneous Receipts</b>		
		<b>2 Kudimaramath Works improvement to Irrigation Sources</b>						<b>3 Bee Keeping</b>		
		<b>i) Grants from Government</b>						<b>i) Grants from State Khadi and Village Industries Board (Recurring Grant)</b>		
		<b>ii) Amount transferred from General Account</b>						<b>ii) Sale proceeds</b>		
		<b>iii) Contributions from panchayats</b>						<b>iii) Miscellaneous Receipts</b>		
		<b>iv) Kudimaramath fees [Section 85 (2) of the Act]</b>						<b>4 Brick Making</b>		
		<b>v) Other Receipts</b>						<b>i) Working Capital Loan-State Khadi and Village Industries Board</b>		
								<b>ii) Sale proceeds</b>		
								<b>iii) Miscellaneous Receipts</b>		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19					Final Budget appropriation	
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>					<b>SUBSIDIARY-ACCOUNTS-contd.</b>		
		D. Production Fund Accounts-contd.					D. Production Fund Accounts-contd.		
		Receipts Ordinary-contd.					Receipts-Ordinary-contd.		
		V. Village Industries-contd.					V. Village Industries-contd.		
		5 Pottery					II. Soap-		
		i) Grants from State Khadi and Village Industries Board (Recurring Grant)					i) Grant from State Khadi and Village Industries Board (Recurring Grant)		
		ii) Sale proceeds of products					ii) Working Capital Loan		
		iii) Miscellaneous Receipts					iii) Sale proceeds		
		6 Tanning					iv) Miscellaneous Receipts		
		i) Grants from State Khadi and Village Industries Board (Recurring Grant)					12. Cumbly Unit-		
		ii) Working Capital Loan					i) Grant from State Khadi and Village Industries Board (Recurring Grant)		
		iii) Miscellaneous Receipts					ii) Working Capital Loan		
		7 i) Sale proceeds of improved tools					iii) Sale proceeds		
		ii) Grants from State Khadi and Village Industries Board					iv) Miscellaneous Receipts		
		8 Tailoring					13. Lime Kila Units-		
		i) Grants from State Khadi and Village Industries Board (Recurring Grant)					i) Grant from State Khadi and Village Industries Board (Recurring Grant)		
		ii) Working Capital Loan					ii) Working Capital Loan		
		iii) Sale proceeds					iii) Sale proceeds		
		iv) Miscellaneous Receipts					iv) Miscellaneous Receipts		
		9 Palm Leaf Unit					14. Flaying Centres		
		i) Grants from State Khadi and Village Industries Board (Recurring Grant)					i) Grant from State Khadi and Village Industries Board (Recurring Grant)		
		ii) Sale proceeds					ii) Working Capital Loan		
		iii) Miscellaneous Receipts					iii) Sale proceeds		
		10 Cane and Bamboo					iv) Miscellaneous Receipts		
		i) Grants from State Khadi and Village Industries Board (Recurring Grant)					15. Coir Industry		
		ii) Working Capital Loan					i) Grant from State Khadi and Village Industries Board (Recurring Grant)		
		iii) Sale proceeds					ii) Working Capital Loan		
		iv) Miscellaneous Receipts					iii) Sale proceeds		
							iv) Miscellaneous Receipts		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Actuals for the year 19 -19	Remarks Final Budget appropriation	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Actuals for the year 19 -19	Remarks Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>					<b>SUBSIDIARY-ACCOUNTS-contd.</b>		
		<b>D. Production Fund Accounts-contd.</b>					<b>D. Production Fund Accounts-contd.</b>		
		<b>Receipts-Ordinary contd.</b>					<b>Receipts-Ordinary-contd.</b>		
		<b>V. Village Industries-contd.</b>					<b>V. Village Industries-contd.</b>		
		<b>16. Oil Industry</b>					<b>23. Toy making-</b>		
		i) Grant from State Khadi and Village Industries Board (Recurring Grant) —					i) Grant from the State Khadi and Village Industries Board (Recurring Grant) —		
		ii) Working Capital Loan —					ii) Sale proceeds —		
		iii) Sale proceeds —					iii) Miscellaneous Receipts —		
		iv) Miscellaneous Receipts —							
		<b>17. Fruit preservation</b>					<b>24. Screw pine</b>		
		i) Grant from State Khadi and Village Industries Board (Recurring Grant) —					i) Grant from the State Khadi and Village Industries Board (Recurring Grant) —		
		ii) Miscellaneous Receipts —					ii) Sale Proceeds —		
		<b>18. Handmade Paper</b>					iii) Miscellaneous Receipts —		
		i) Grant from State Khadi and Village Industries Board (Recurring Grant) —					<b>25. Bell Metal</b>		
		ii) Working Capital Loan —					i) Grant from the State Khadi and Village Industries Board (Recurring Grant) —		
		iii) Sale proceeds —					ii) Working Capital Loan —		
		iv) Miscellaneous Receipts —					iii) Sale proceeds —		
		<b>19. Grant to Co-operative Societies</b>					iv) Miscellaneous Receipts —		
		Grant from the State Khadi and Village Industries Board (Recurring Grant) —					<b>26. Brass and Gun Metal</b>		
		<b>20 Chalk Cravan</b>					i) Grant from the State Khadi and Village Industries Board (Recurring Grant) —		
		i) Grant from the State Khadi and Village Industries Board (Recurring Grant) —					ii) Working Capital Loan —		
		ii) Miscellaneous Receipts —					iii) Sale proceeds —		
		<b>21. Sericulture</b>					iv) Miscellaneous Receipts —		
		i) Grant from the State Khadi and Village Industries Board (Recurring Grant) —					<b>27. Add-Advance from State Khadi and Village Industries Board</b>		
		ii) Miscellaneous Receipts —					<b>Total Receipts Ordinary-Section V</b>		
		<b>22. Mat Weaving Units:</b>					<b>Deduct-Amount Transferred to Capital</b>		
		i) Grant from the State Khadi and Village Industries Board (Recurring Grant) —					<b>Net Receipts Ordinary—</b>		
		ii) Working Capital Loan —					<b>Grant (total Receipts I to V—</b>		
		iii) Sale proceeds —							
		iv) Receipts —							

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation				Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>					<b>SUBSIDIARY-ACCOUNTS-contd.</b>		
		<b>D. Production Fund Accounts-contd.</b>					<b>D. Production Fund Account-contd.</b>		
		<b>Receipts-Capital</b>					<b>Receipts-Capital-contd.</b>		
		<b>I. Agriculture</b>					<b>V. Village Industries</b>		
		i) Grants from Government	—				1 Blacksmithy		
		ii) Amount transferred from General Account	—				Grants from State Khadi and village Industries (Non-recurring Grant)		
		iii) Contribution from Panchayats	—				2 Carpentry	—	
		iv) Other Receipts	—				Grants from State Khadi and Village Industries Board (Non-recurring Grant)	—	
		<b>II. Animal Husbandry</b>	—				3 Bee keeping		
		Veterinary Dispensary Buildings With dressing shed and trevis	—				Grants from State Khadi and Village Industries Board (Non-recurring Grant)	—	
		i) Grants from Government	—				4 Pottery		
		ii) Amount transferred from General Account	—				Grants from State Khadi and Village Industries Board (Non-recurring Grant)	—	
		iii) Contribution from Panchayats	—				5 Tanning		
		iv) Other Receipts	—				Grants from State Khadi and Village Industries Board (Non-recurring Grant)	—	
		<b>III. Fisheries</b>	—				6 Tailoring		
		i) Grants from Government	—				Grants from State Khadi and Village Industries Board (Non-recurring Grant)	—	
		ii) Amount transferred from General Account	—				7 Palm leaf Unit		
		iii) Contribution from Panchayats	—				8 Cane and Bamboo		
		Deduct-Contribution set off against expenditure	—				9 Soap		
		Net					Grants from State Khadi and Village Industries Board (Non-recurring Grant)	—	
		iv) Other Receipts	—				10 Cumbly Weaving Units		
		Add-amount transferred from Ordinary	—				Grants from State Khadi and Village Industries Board (Non-recurring Grant)	—	
		Total Receipts Capital Sections I to III	—						
		<b>IV. Irrigation</b>							
		i) Grants from Government	—						
		ii) Amount transferred from General Account	—						
		iii) Contributions from Panchayats	—						
		iv) Other Receipts	—						
		Add-amount transferred from Ordinary	—						
		Total, Receipts Capital-Section IV	—						

Actuals of 19-19-	Estimate for 19-19	HEAD OF ACCOUNT	Actuals for the year 19-19	Final Budget appropriation	Actuals of 19-19	Estimate for 19-19	HEAD OF ACCOUNT	Actuals for the year 19-19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>					<b>SUBSIDIARY-ACCOUNTS-contd.</b>		
		D. Production Fund Accounts-contd.					D. Production Fund Accounts-contd.		
		Receipts-Capital-contd.					Receipts-Capital-contd.		
		V. Village Industries-contd.					V. Village Industries-contd.		
		11 Line Klin Units							
		i) Grants from State Khadi and Village Industries Board (Recurring Grant) —							
		12 Flaying Centres							
		Grants from State Khadi and Village Industries Board (Recurring Grant) —							
		13 Coir Industry					20 Bell Metal		
		Grants from State Khadi and Village Industries Board (Non recurring Grant) —					Grant from State Khadi and Village Industries Board (Non recurring Grant) —		
		14 Oil Industry					21 Brass and Gun Metal		
		Grant from State Khadi Village Industries Board (Non recurring Grant) —					Grant from State Khadi and Village Industries Board (Non-recurring Grant) —		
		15 Fruit Preservation					22 Add-Amount transferred from Ordinary —		
		Grant from State Khadi and Village Industries Board (Non-recurring Grant) —							
		16 Handmade Paper					<b>Total, Receipts-Capital Section V</b> —		
		Grant from State Khadi and Village Industries Board (Non-recurring Grant) —							
		17 Common Workshops					<b>Total, Receipts-Capital Sections I to V</b> —		
		Blacksmithy Carpentry Pottery Basket making etc., Grant from State Khadi and Village Industries Board (Non recurring Grant) —							
		18 Sericulture					<b>Total, Receipts-Ordinary and Capital Section I to V</b> —		
		Grant from State Khadi and Village Industries Board (Non-recurring Grant) —							
		19 Mat Weaving							
		Grant from State Khadi and Village Industries Board (Non-recurring Grant) —					<b>Grant ... 1. including Opening Balance</b> —		

Actuals of 19 -19	Revised Estimate, for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation				Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>					<b>SUBSIDIARY-ACCOUNTS-contd.</b>		
		D. Production Fund Accounts-contd.					D. Production Fund Accounts-contd.		
		Expenditure Ordinary					Expenditure-Ordinary-contd.		
		I. Agriculture (Section I-Matching Grant)					I. Agriculture-contd.		
		1 Raising of Panchayat Plantations for fuel etc, Grant to Panchayats	—				Section II (Non-Matching Grant-contd)		
		2 Promotion of composting by Panchayat Grant to Panchayats	—				10 Promotion of growing Green Manure by individuals-contd.		
		3 Promotion green manuring-Grant) to Panchayats	—				ii) Premium Paid to Ryots	—	
		4 Equipments for Panchayats Co-operative Grant to Panchayats	—				iii) Incidental charges	—	
		Deduct-Contribution realised	—				iv) Other items	—	
		Net	—				11 Purchases of Agricultural Demonstration Equipment at Block Headquarters	—	
		Scheme for any other items	—				12 Equipments for Gramasevak	—	
		Deduct-Contribution from Panchayats	—				13 Laying of Demonstration plots	—	
		Net	—				14 Running of Demonstration Farms	—	
		Total. Expenditure-Ordinary-1 Agriculture-Section-1	—				Total, Expenditure-Agriculture-Section II	—	
		Section II-(Non Matching Grant)					Total, Expenditure-Ordinary-Agriculture-Section I and II		
		6 Maintenance of Gramashavak Service	—				II. Animal Husbandry-(Non-Matching Grant)		
		7 Distribution of Vegetable seeds and Fruit seedlings	—				1 Distribution of pedigree Bulls-cost of Bulls Deduct-Beneficiaries share	—	
		Deduct-Beneficiaries share					Net	—	
		Net	—				2 Distribution of Rams of Exchange Basis-cost of Rams	—	
		8 Supply of implements and plant protection Equipment	—				Deduct-Sale proceeds of Rams received on exchange	—	
		Deduct-Beneficiaries share	—				Net	—	
		Net	—				3 Distribution of cockerels on exchange basis	—	
		9 Promotion of composting by individuals					Deduct-Sale proceeds, of cockerels received on exchange basis	—	
		10 Promotion of growing of Green Maure by individuals	—						
		1) Cost of Green Manure seeds purchased	—						
		Deduct-Sale proceeds set off	—						



Actuals of 19-19-	Revised Estimate for 19-19-	HEAD OF ACCOUNT	Budget Estimate for the year 19-19	Remarks	Actuals of 19-19	Revised Estimate for 19-19	HEAD OF ACCOUNT	Budget Estimate for the year 19-19	Remarks
			Actuals for the year 19-19	Final Budget appropriation				Actuals for the year 19-19	Final Budget appropriation
1	2	3	4	5	6	7	8	9	10
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		SUBSIDIARY-ACCOUNTS-contd.					SUBSIDIARY-ACCOUNTS-contd		
		D. Production Fund Accounts-contd.					D. Production Fund Accounts-contd.		
		Expenditure-Ordinary					Receipts-Capital-contd.		
		V. Village Industries-contd.					V. Village Industries-contd.		
		3 Bee Keeping					6 Tanning-contd		
		i) Establishment					iv) Chemicals		
		a) Pay of fieldman					v) Interest on Loan		
		b) Dearness Allowance					vi) Repayment of Loan		
		c) Travelling Allowance					7 Distribution of improved Tools		
		ii) Contingencies					i) Equipments and Tools		
		4 Brick making					8 Tailoring		
		i) Wages					i) Establishment		
		ii) Cost of Material					a) Pay of Instructress		
		iii) Other Contingent Charges					b) Dearness Allowance		
		iv) Interest on Loan					c) Other Compensatory Allowance		
		v) Repayment of Loan					d) Travelling Allowance		
		5 Pottery					ii) Contingencies		
		Establishment					a) Rent		
		a) Pay of Pottery Instructor					b) Other items		
		b) Dearness Allowance					iii) Stipend to trainees		
		c) Other Compensatory Allowance					iv) Raw Materials		
		d) Travelling Allowance					v) Repayment of Loans		
		ii) Contingencies					vi) Interest on Loans		
		iii) Raw Materials					9 Palmleaf Unit		
		6 Tanning					i) Establishment		
		a) Payment of Training Supervisors					a) Pay of Instructor		
		b) Dearness Allowances					b) Dearness Allowance		
		c) Other Compensatory Allowances					c) Other Compensatory Allowance		
		d) Travelling Allowance					d) Travelling Allowance		
		ii) Contingencies					ii) Contingencies		
		iii) Raw Materials					a) Rent		
							b) Other items		
							iii) Raw Materials		

Actuals of 19-19	Revised Estimate for 19-19	HEAD OF ACCOUNT		Actuals for the year 19-19	Final Budget appropriation	19-19	Estimate for 19-19	HEAD OF ACCOUNT		Actuals for the year 19-19	Final Budget appropriation	
		1	2					3	4			5
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	
		SUBSIDIARY-ACCOUNTS-contd.						SUBSIDIARY-ACCOUNTS-contd.				
		D. Production Fund Accounts-contd.						B. Production Fund Accounts-contd.				
		Expenditure-Ordinary-contd.						Expenditure-Ordinary-contd.				
		V. Village Industries-contd						V. Village Industries				
		10 Cane and Bamboo						12 Cumbly Units				
		i) Establishment						i) Establishment				
		a) Pay of Instructor						a) Pay of Instructor				
		b) D. A.						b) D. A.				
		c) O. C. A.						c) O. C. A.				
		d) T. A.						d) T. A.				
		ii) Contingencies						ii) Contingencies				
		a) Rent						a) Rent				
		b) Other items						b) Other items				
		iii) Raw Materials						iii) Stipend to Trainee				
		iv) Stipend to Trainees						iv) Raw Materials				
		v) Repayment of Loans						v) Repayment of Loan				
		vi) Interest on Loans						vi) Interest on Loan				
		11 Soap						13 Lime Kiln Units				
		i) Establishment						i) Wages				
		a) Pay of Soap Assistants Soap Chemists etc.,						ii) Cost of Materials				
		b) D. A.						iii) Other Contingent charges				
		c) O. C. A.						iv) Repayment of Loan				
		d) T. A.						v) Interest on Loan				
		ii) Contingencies						14 Playing Centres				
		a) Rent						i) Establishment				
		b) Other items						a) Pay of Foreman cum Supervisors and Flayers				
		iii) Stipend to Trainees						b) D. A.				
		iv) Raw Materials						c) O. C. A.				
		v) Repayment of Loan						d) T. A.				
		vi) Interest on Loan						ii) Contingencies				
								iii) Raw Materials				

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19		Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19		Remarks
			Actuals for the year 19 -19	Final Budget appropriation					Actuals for the year 19 -19	Final Budget appropriation	
1	2	3	4	5	1	2	3	4	5		
Rs.	Rs.		Rs	Rs.	Rs.	Rs.		Rs	Rs.		
		SUBSIDIARY-ACCOUNTS-contd.					SUBSIDIARY-ACCOUNTS-contd.				
		D: Production Fund Accounts-contd.					D. Production Fund Accounts-contd.				
		Expenditure-Capital-contd.					Expenditure-Ordinary-contd.				
		V. Village Industries-contd.					V. Village Industries-contd.				
		14 Playing centres-contd.	—				17. Fruit preservation-contd.				
		iv) Labour	—				a) D. A.				
		v) Repayment of Loan	—				b) O. C. A.				
		vi) Interest on Loan	—				c) T. A.				
		15 Coir Industry	—				ii) Contingencies				
		i) Establishment	—				18 Handmade Paper-				
		a) Pay of Instructor	—				i) Establishment-				
		b) D. A.	—				a) Pay of Instructor Supervisor etc.,				
		c) O. C. A.	—				b) D. A.				
		d) T. A.	—				c) O. C. A.				
		ii) Stipend to Trainees	—				d) T. A.				
		iii) Contingencies	—				ii) Contingencies.				
		iv) Raw Materials	—				a) Rent				
		v) Labour	—				b) Other items				
		vi) Repayment of Loan	—				iii) Raw Materials				
		vii) Interest of Loan	—				iv) Stipend to Trainees				
		16 Oil Industry	—				v) Repayment of Working Capital Loan				
		i) Establishment	—				vi) Interest on Loan				
		a) Pay of Oil pressers Bull attendants etc.	—				19. Grant to Co-operative Societies-				
		b) D. A.	—				Establishment Grant to Societies				
		c) O. C. A.	—				20. Chalk Crayan-				
		d) T. A.	—				i) Establishment-				
		ii) Contingencies	—				a) Pay of Staff				
		iii) Raw Materials	—				b) D. A.				
		iv) Stipend to Trainees	—				c) O. C. A.				
		v) Repayment of Loan	—				d) T. A.				
		vi) Interest on Loan	—				ii) Contingencies				
		17 Fruit Preservation	—				a) Rent				
		i) Establishment	—				b) Other items				
		a) Pay of Staff	—								

Actuals of 19 -19	Revised Estimate for 19 19	HEAD OF ACCOUNT	the year	Final Budget appropriation
			19 -19	
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		SUBSIDIARY-ACCOUNTS-contd.		
		D. Production Fund Accounts-contd.		
		Expenditure-Ordinary-contd.		
		V. Village Industries-contd.		
		21. Sericulture-		
		i) Establishment-		
		a) Pay of Staff	—	
		b) D. A.	—	
		c) O. C. A.	—	
		d) T. A.	—	
		ii) Contingencies	—	
		iii) Raw Materials	—	
		iv) Labour and Training	—	
		22. Mat Weaving		
		i) Establishment-	—	
		a) Pay of Instructor	—	
		b) D. A.	—	
		c) O. C. A.	—	
		d) T. A.	—	
		ii) Contingencies	—	
		a) Rent	—	
		b) Other items	—	
		iii) Raw Materials	—	
		iv) Labour	—	
		v) Loan Repayment	—	
		vi) Interest on Loan	—	
		23 Toy Making units-		
		i) Establishment-	—	
		a) Pay of Staff	—	
		b) D. A.	—	
		c) O. C. A.	—	
		d) T. A.	—	
		ii) Contingencies	—	
		iii) Raw Materials	—	

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Estimate for the year	Remarks
			19 -19	
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		SUBSIDIARY-ACCOUNTS-contd.		
		D. Production Fund Accounts-contd.		
		Expenditure-Ordinary-contd.		
		V. Village Industries-contd		
		24. Screw Pine-		
		i) Establishment-	—	
		a) Pay of Staff	—	
		b) D. A.	—	
		c) O. C. A.	—	
		d) T. A.	—	
		ii) Contingencies	—	
		iii) Stipend to Trainees	—	
		25 Bell Metalware Industry-		
		i) Establishment-	—	
		a) Pay of Staff	—	
		b) D. A.	—	
		c) O. C. A.	—	
		d) T. A.	—	
		ii) Contingencies	—	
		a) Rent	—	
		b) Other items	—	
		iii) Raw Materials	—	
		iv) Stipends	—	
		v) Loan Repayment	—	
		iv) Interest on Loan	—	
		26 Brass and Gun Metal Industry-		
		i) Establishment-	—	
		a) Pay of Staff	—	
		b) D. A.	—	
		c) O. C. A.	—	
		d) T. A.	—	

Actuals of 19 19	Revised Estimate for 19 19	HEAD OF ACCOUNT	Budget		Remarks
			Estimate for the year 19 -19	Final Budget appropriation	
1	2	3	4	5	
Rs.	Rs.		Rs.	Rs.	
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>			
		<b>B. Production Fund Accounts-contd.</b>			
		<b>Expenditure-Capital-contd.</b>			
		<b>(Matching Grant)-contd</b>			
		<b>V. Village Industries-contd.</b>			
		4 Brick making-	—		
		Machinery	—		
		Tools and Equipment	—		
		5 Pottery-	—		
		i) Equipment and Tools	—		
		ii) Lands	—		
		iii) Workshed	—		
		6 Tanning-	—		
		i) Land and building	—		
		ii) Tools and Appliances	—		
		iii) Furniture	—		
		7 Tailoring	—		
		i) Machinery	—		
		ii) Tools and Equipments	—		
		8 Palmleaf unit	—		
		9 Cans and Bamboo-	—		
		10 Soap	—		
		i) Machinery	—		
		ii) Tools and Equipments	—		
		11 Cumbly Weaving Units-	—		
		i) Machinery	—		
		ii) Tools and Equipments	—		
		12 Lime Kiln Units-	—		
		Lands and buildings	—		
		13 Flaying Centres-	—		
		i) Tools and Equipments	—		
		ii) Lands and Buildings	—		
		14 Coir Industry-	—		
		Tools and Equipments	—		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget		Remarks
			Estimate for the year 19 -19	Final Budget appropriation	
1	2	3	4	5	
Rs.	Rs.		Rs.	Rs.	
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>			
		<b>D. Production Fund Accounts-coatd.</b>			
		<b>Expenditure-Ordinary-contd.</b>			
		<b>(Matching grant)-contd.</b>			
		<b>V. Village Industries-contd</b>			
		15 Oil Industry-			
		Tools and Equipments	—		
		16 Fruit Preservation-			
		Buildings, Tools and Equipments	—		
		17 Handmade paper-			
		i) Machinery	—		
		ii) Tools and Equipments	—		
		18 Common worksheds			
		Lands and Buildings	—		
		19 Sericulture-			
		i) Rearing Equipments	—		
		ii) Reeling Basin and other accessories	—		
		20 Mat Weaving-			
		Looms and Equipments	—		
		21 Bell Metal	—		
		Tools and Equipments	—		
		22 Brass and Gun metal-			
		Tools, and Equipments	—		
		<b>Total, Expenditure Capital-Section V</b>	—		
		<b>Total, Expenditure-Capital-Sections I to V</b>	—		
		<b>Total, Expenditure-Ordinary and Capital Sections I to V</b>	—		

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Estimate for the year 19 -19		Remarks	Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19		Remarks
			Actuals for the year 19 -19	Final Budget appropriation					Actuals for the year 19 -19	Final Budget appropriation	
1	2	3	4	5		1	2	3	4	5	
Rs.	Rs.		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.	
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>						<b>SUBSIDIARY-ACCOUNTS-contd.</b>			
		D. production Fund Accounts-						D. Production Fund Accounts-contd.			
		Expenditure-Ordinary-contd.						Expenditure Capital			
		V. Village Industries-contd.						(Matching Grant)			
		Brass and Gun Metal Industry-contd.						I. Agriculture-			
		ii) Contingencies	—					II. Animal Husbandry-			
		a) Rent	—					1 Veterinary Dispensary building with			
		b) Other items	—					dressing shed and trevis	—		
		iii) Raw Materials	—					f) Lands	—		
		iv) Stipends	—					ii) Buildings	—		
		v) Repayment of Loans	—					Deduct-Contribution from Panchayats	—		
		vi) Interest on Loans	—								
		27 Interest on and Repayment of advance to						Net	—		
		State Khadi and Village Industries Board	—					Total, Expenditure-Animal Husbandry-			
								Section II	—		
		Total, Expenditure-Ordinary-Section V	—					III. Fisheries	—		
								Total, Expenditure-Capital-			
		Grand total, Expenditure-Ordinary-						Section I to III	—		
		Section I to V	—					IV. Irrigations-			
								V. Village Industries-			
								1 Blacksmithy-	—		
								i) Machinery	—		
								ii) Tools	—		
								iii) Furniture etc.,	—		
								2 Carpentry-			
								i) Machinery	—		
								ii) Tools	—		
								iii) Furniture etc.,	—		
								3 Bee-keeping-	—		
								i) Beehives	—		
								ii) Honey extrators	—		
								iii) Beecolonies	—		
								iv) Equipment like honey work,	—		

Actuals of 19 -19	Estimate for 19 -19	HEAD OF ACCOUNT	the year	the year	Actuals of 19 -19	Revised	HEAD OF ACCOUNT	the year	Remarks
			19 -19	19 -19		Estimate for 19 -19		19 -19	Final Budget appropriation
1	2	3	4	5	1	2	3	4	5
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>					<b>SUBSIDIARY-ACCOUNTS-contd.</b>		
		<b>D. Production Fund Accounts-contd.</b>					<b>B Deposits and Advances Account</b>		
		<b>Expenditure-Ordinary-contd.</b>					<b>Receipts</b>		
		<b>VI. Khadi Programme-contd.</b>					<b>Opening Balance-</b>		
		2 Contingencies	---				1 Deposits-	---	
		3 Cost of Charkhas Purchased	---				(a) Deposits of Sinking Funds	---	
		4 Cost of Slivers Purchased	---				(b) Provident Fund excluding investment deposits)	---	
		5 Cost of cotton Purchased	---				(i) Superior servants	---	
		6 Cost of banks Purchased from spinners	---				(ii) Last grade servants	---	
		7 Cost of Khadi cloths Purchased from Depot	---				(c) Depreciation Fund	---	
		8 Other items	---				(d) Cash deposits	---	
		9 (a) Repayment of Working Capital loan to State Khadi and Village Industries Board	---				(e) Suspense account	---	
		(b) Interest on Capital	---				(f) Fees on Licences and permission under Sections III, 112, and 114 creditable to Village Panchayats.	---	
		10 Repayment of advance to	---				(g) Duty on transfer of property	---	
		11 Repayment of advance to State Khadi and Village Industries Board	---				(h) Grants due to Village Panchayats	---	
		12 Repayment of spinners deposit	---				(i) Sales-tax collected	---	
		<b>Total, Expenditure-Ordinary</b>	---				<b>Total</b>	---	
		<b>Expenditure-Capital</b>	---						
		<b>VI. Khadi Programme-</b>	---				<b>2 Advances</b>	---	
		<b>Total-Expenditure-Ordinary-Capital</b>	---				(i) Advances recovered	---	
		<b>Closing Balance</b>	---				(ii) Refunds of permanent advances	---	
		<b>VI. Khadi Programme-</b>	---				(iii) Engineer's stock	---	
		i) Spinners depot	---				<b>Total</b>	---	
		ii) Other items	---						
		<b>Total including Closing Balance</b>	---						

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		SUBSIDIARY-ACCOUNTS-contd.		
		D. Production Fund Accounts-contd.		
		Closing Balance-		
		Section I to III	—	
		Section IV	—	
		Section V	—	
		Total	—	
		Grant Total including Closing Balance	—	
		Receipts-Ordinary		
		VI Khadi Programme-		
		Opening Balance-	—	
		i) Spinners deposits	—	
		ii) Other items	—	
		1 Working Capital Loan	—	
		2 Establishment grant from S.K.V.I. Board	—	
		3 Charkas-	—	
		a) Sale proceeds realised from spinners	—	
		b) Subsidy from State Khadi and Village Industries Board	—	
		4 Cotton-	—	
		i) Sale proceeds of cotton sold to spinners	—	
		ii) Subsidy for supply of cotton from state Khadi and Village Industries Board	—	
		5 Yarn-	—	
		Sale proceeds of yarn collected from spinners	—	
		6 Slivers-	—	
		Subsidy for slivers supplied to spinners received State Khadi and Village Industries Board	—	

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		SUBSIDIARY-ACCOUNTS-contd.		
		D. Production Fund Accounts-contd.		
		Receipts-Ordinary-contd.		
		VI. Khadi Programme-contd.		
		7 Khadi clothes-		
		i) Sale proceeds	—	
		ii) Subsidy or Rebate from State Khadi and Village Industries Board	—	
		8 Spinners deposit	—	
		9 Other receipts	—	
		10 Add amount transferred from General Account	—	
		11 Advance received from General Account	—	
		12 Advances from State Khadi and Village Industries Board	—	
		Total Receipts-Ordinary Section VI	—	
		Deduct-Amount transferred to Capital	—	
		Net-Receipts-Ordinary-Section VI	—	
		Receipts-Capital		
		VI Khadi Programme-		
		Add amount transferred from ordinary	—	
		Total-Receipts Ordinary and Capital Section VI	—	
		Expenditure-Ordinary		
		VI Khadi Programme-		
		1 Establishment-		
		a) Pay of Assistants	—	
		b) Dearness Allowance	—	
		c) Other Compensatory Allowance	—	

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Actuals for the year 19 -19	Remarks Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>		
		<b>F. Endowments Accounts-contd.</b>		
		<b>B. Educational Account</b>		
		Ordinary	—	
		Capital	—	
		<b>Total, B. Education Account</b>	—	
		<b>C. School Meals Account</b>		
		Ordinary	—	
		Capital	—	
		<b>Total, C. School Meals Account</b>	—	
		<b>Grand Total, all Accounts A to C—</b>		
		<b>Expenditure</b>		
		<b>A. General Account Ordinary</b>		
		1 Roads	—	
		2 Choultries and Watersheds	—	
		3 Poorhouses and orphanages	—	
		4 Medical relief	—	
		5 Health protection	—	
		6 Births and Deaths	—	
		7 Markets	—	
		8 Other remunerative enterprises	—	
		<b>Total, A. General Account-Ordinary</b>	—	

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		<b>SUBSIDIARY-ACCOUNTS-contd.</b>		
		<b>F. Endowments Account-contd.</b>		
		<b>A. General Accounts-Capital</b>		
		1 Roads		
		2 Choultries and Watersheds	—	
		3 Poorhouses and orphanages		
		4 Medical relief		
		5 Health protection		
		6 Births and Deaths		
		7 Markets		
		8 Other remunerative enterprises		
		<b>Total, A. General Account-Capital</b>	—	
		<b>Total, A. General Account-Ordinary and Capital</b>		
		<b>B. Education Account</b>		
		Ordinary		
		Capital		
		<b>Total, B. Education Account</b>	—	
		<b>C. School Meals Account</b>		
		Ordinary		
		Capital		
		<b>Total, C. School Meals Account</b>	—	
		<b>Grand Total, All Accounts A to D</b>	—	

Actuals of 19 -19 Rs.	Revised Estimate for 19 -19 Rs.	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19 Rs.	Final Budget appropriation Rs.
1	2	3	4	5
		SUBSIDIARY-ACCOUNTS-contd.		
		E. Deposits and Advances Account		
		Receipts contd.		
		Total Deposits and Advances	—	
		Grand Total, Including Opening Balance	—	
		Expenditure		
		1 Deposits-		
		a) Deposits of Sinking Funds	—	
		b) Provident Fund (excluding investment deposits)	—	
		i) Superior servants	—	
		ii) Last grade servants	—	
		c) Depreciation Fund	—	
		d) Cash deposits	—	
		e) Suspense account	—	
		f) Fees on licences and permissions under Sections 111, 112 and 114 credited to Village Panchayats	—	
		g) Duty on transfer of property	—	
		h) Grants paid to Village Panchayats	—	
		i) Sales-tax remitted to Governments	—	
		Total	—	
		2 Advances-		
		i) Advances recoverable	—	
		ii) Permanent advances	—	
		iii) Engineer's stock	—	
		Total	—	
		Total of Deposits and Advances	—	
		Closing Balance	—	

Actuals of 19 -19 Rs.	Revised Estimate for 19 -19 Rs.	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19 Rs.	Final Budget appropriation Rs.
1	2	3	4	5
		SUBSIDIARY-ACCOUNTS-contd.		
		F. Endowments Account		
		Opening Balance	—	
		A. General Account	—	
		B. Education Account	—	
		C. School Meals Account	—	
		Total	—	
		Receipts		
		F. General Accounts Ordinary		
		1 Roads	—	
		2 Choultries and Watersheds	—	
		3 Poorhouses and orphanages	—	
		4 Medical relief	—	
		5 Health protection	—	
		6 Births and Deaths	—	
		7 Markets	—	
		8 Other remunerative enterprises	—	
		Total, A. General Account-Ordinary	—	
		A. General Account-Capital		
		1 Roads	—	
		2 Choultries and Watersheds	—	
		3 Poorhouses and orphanages	—	
		4 Medical relief	—	
		5 Health protection	—	
		6 Births and Deaths	—	
		7 Markets	—	
		8 Other remunerative enterprises	—	
		Total, A. General Account-Capital	—	



## Certificate of Balance for Accounts kept in the Village Panchayats Consolidated Fund.

Actuals of 19 -19	Revised Estimate for 19 -19	HEAD OF ACCOUNT	Budget Estimate for the year 19 -19	Remarks
			Actuals for the year 19 -19	Final Budget appropriation
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
		SUBSIDIARY-ACCOUNTS-contd		
		F. Endowments Account-contd.		
		Closing Balance		
		A. General Account	—	
		B. Education Account	—	
		C. School Meals Account	—	
		Total, all Accounts A to C	—	

Certified that the closing balance as per the Cash Book for the Village Panchayats Consolidated Fund Accounts in Rs. \_\_\_\_\_ (in words) Rupees \_\_\_\_\_ and this agrees with the sum total of the balance at credit of the individual Village Panchayats as per the ledger at the close of the year \_\_\_\_\_.

*Commissioner.*



	Cash		Investment	
	Rs.	P.	Rs.	P.
Opening Balance { Treasury	—			
Post Office Savings Bank	—			
Receipts-Contributions by Panchayat Union Servants	—			
„ „ from Panchayat Union Funds Bonus	—			
Interest realised on investments	—			
Miscellaneous receipts	—			
Total	—			
Charges	—			
Balance { Treasury	—			
Post Office Savings Bank	—			
Total	—			

				Rs.	P.
1.	Total amount outstanding at the beginning of the year.	—	—		
2.	Amount advanced during the year	—	—		
	Total	—	—		
3.	Amount Adjusted during the year	—	—		
a)	On account of advance made during the year	—	—		
b)	„ „ „ previous years	—	—		
	Balance outstanding at the end of the year *	—	—		
	Total	—	—		

\* Details of balances.

Abstract of Provident Fund Transactions for Last Grade Servants for the year 19 -19

	Cash		Investment	
	Rs.	P.	Rs.	P.
Opening Balance { Treasury	—			
Post Office Savings Bank	—			
Receipts-Contributions by Panchayat Union Servants	—			
„ „ from Panchayat Union Funds Bonus	—			
Interest realised on investments	—			
Miscellaneous receipts	—			
Total	—			
Charges	—			
Balance { Treasury	—			
Post Office Savings Bank	—			
Total	—			

### LOAN ACCOUNT

HEADS (1)	Items of work for which loan was sanctioned (2)	Number and date of the Government Order sanctioning the loan (3)	Unspent balance of loan at the beginning of the year (4)	Receipts during the year (5)	Total column (4) plus column (6)	Expenditure during the year (7)	Balance at end
				Rs.	Rs.	Rs.	
I. Management	—						
II. Communications	—						
III. Public Health	—						
i) Medical Relief	—						
ii) Water supply	—						
iii) Other purposes	—						
IV. Remunerative enterprises	—						
i) Markets	—						
ii) Tree planting	—						
iii) Land Development	—						
iv) Other remunerative purpose	—						
V. Education-Elementary	—						
VI. School Meals	—						
Total	—						

### LOANS STATEMENT

HEADS (1)	Total loan taken (2)	Year in which taken (3)	Order granting the loan (4)	Terms of repayment and the annual instalments (5)	Amount of loan outstanding at the beginning of the year (6)	Amount Repaid During The Year		Balance of out-standi at the end of the ye (9)
						For Interest (7)	For Capital (8)	
	Rs.				Rs.	Rs.	Rs.	Rs.
I. Management	—							
II. Communications	—							
III. Public Health	—							
i) Medical Relief	—							
ii) Water supply	—							
iii) Other purposes	—							
IV. Remunerative enterprises	—							
i) Markets	—							
ii) Tree planting	—							
iii) Land Development	—							
iv) Other remunerative purpose	—							
V. Education-Elementary	—							
VI. School Meals	—							
Total	—							

		Rs.	P.			Rs.	P.
Balance brought forward				1. Credited to Panchayat Union Funds			
1. Deposits to Renters				2. Repaid to Renters			
2. " by Contractors				3. " to Contractors			
3. " as Security by Panchayat Union Servants				4. Paid into Savings Banks			
4. Other deposits under the Act or By-laws				5. Repaid to other Depositors			
5. Fees on licences and permission under Section 111, 112 and 114 of the Tamil Nadu Panchayat Act				6. Fee on licences and permission under Sections 111, 112 and 114 of the Tamil Nadu Panchayat Act paid to Village Panchayats			
6. Duty on transfer of property				7. Duty on transfer of property credited to Village Panchayats			
Grants due to Village Panchayat				8. Grants paid to Village Panchayat			
				Total			
Total, Receipts				Balance			
Total including Balance				Total, including Balance			

Details of balance.

(Year need not be given in the case of deposits lodged in Post Office Savings Bank and other Securities)

CLASS OF DEPOSITS	Amount		Year	REMARKS
	Rs.	P.		
Renter's deposits				
Contractor's deposits				
Other deposits (to be specified)				
Total				

		Rs.	P.			Rs.	P.
Balance brought forward				1. Credited to P. U. Funds			
1. Deposits by Renters				2. Returned to Renters			
2. " by Contractors				3. " to Contractors			
3. " as Security by Panchayat Union Servants				4. " to Panchayat Union Servants			
				Total			
Total				Balance			
Total, including Balance				Total, including Balance			

Personal securities should not be shown in this statement

† Details of balance

Nature of Security Deposit	Panchayat Union employees		Others		Total		Remarks Particulars of the parties should be given in this column
	Rs.	P.	Rs.	P.	Rs.	P.	
Total							





















**REPORT OF THE WORKING GROUP ON  
STATE FINANCE COMMISSION AND THE FUNCTIONAL  
DOMAIN OF LOCAL BODIES WITH REFERENCE TO  
PLAN AND NON-PLAN ACTIVITIES**

**Chairman : Dr. V Ramachandran**

In the spirit of the Constitution 73rd and 74th Amendments, local governments in India have to be endowed with powers and functions so as to enable them to be self-governing institutions. Under the State laws, local bodies - both urban and rural - are endowed with a mix of functional responsibilities, still varying from State to State. Commonly, the urban local bodies perform such functions as the provision and maintenance of civic services (garbage collection, street lighting, road maintenance, water supply, sewerage, and sewage disposal), and the regulation of industry, trade and construction activities. In addition, the urban local bodies are responsible, either in conjunction with the State governments or on their own, for implementation of somewhat selective, locally relevant Centrally-sponsored and State-level schemes, prominent among them being the Urban Basic Services for the Poor (UBSP), Nehru Rozgar Yojna (NRY), Integrated Development of Small and Medium Towns (IDSMT), and Environment Improvement of Slums (EIS).

2. The rural local bodies comprising the three layers of the Panchayati Raj Institutions (PRIs) have generally a somewhat larger mandate. According to the State Acts the rural local bodies especially the gram panchayats, like their urban counterparts, are responsible for the provision of by and large the same types of services as those listed in the Municipal Acts. The additionality in their functional responsibilities is, however, important in that they undertake, on behalf of the State governments, the execution and management of a large array of development schemes and development works. They are more directly involved in many important schemes, including the Jawahar Rozgar Yojna, and mid-day meals. According to the

Constitutional amendments, 'local planning' is an important function of the urban and rural local governments.

3. Which out of these functions should be the concern of the State Finance Commissions who are charged with the responsibility of determining the principles for tax assignment, tax sharing and grant-in-aid? Should the State Finance Commissions take into account the financial requirements of all the activities of urban and rural local bodies, or for a limited number of functions? What are the likely implications of the different options?

4. This Working Group is concerned with the above questions. In addressing these questions, it has -

- i. reviewed the terms of reference of the State Finance Commissions;
- ii. considered the meaning of the frequently used terms such as the plan/non-plan, development/non-development, and capital/maintenance;
- iii. determined what in its view should be the primary mandate/functional domain of local bodies, with reference to plan/non-plan component; and
- iv. provided general qualifications in respect of the above.

5. The Working Group has reviewed the terms of reference of the State Finance Commissions, and noted that although they are directly drawn from the Constitution (Seventy-third) and (Seventy-fourth) Amendments, there are noticeable differences between them. The terms of reference of the Finance Commissions of Maharashtra (and Gujarat) and Uttar Pradesh represent two extremes as may be noted from the following quotes:

\* Maharashtra (5)/SFC-1094/Cr-22

"In making its recommendations, the Commissions shall have regard, among other considerations, to - (a) the projected gap between the revenue receipts and the revenue expenditures (Non-Plan or Non-Developmental or both) of the Panchayats and the Municipalities in the State for five years from 1st April 1996 on the basis of their levels of taxation likely to be reached in 1994-95."

\* Uttar Pradesh (7)/R.G./933/x-53/94

"If the funds available at local level do not meet full requirement of expenditure on Plan side after the new arrangement, then the Commission will make specific recommendation regarding the arrangement of funds for expenditure on both Plan and non-Plan side."

6. The Working Group has noted that the expenditure responsibilities of local bodies as enumerated earlier, fall into categories such as plan/non-plan, developmental/non-developmental, and capital/operations and maintenance. Owing to the varying interpretations, these categories have often been a source of confusion. The traditional budget classification, for instance, divides up the total expenditure into plan and non-plan, and each of this is further subdivided into developmental and non-developmental. Although terms like capital and operations and maintenance are more easily understood, their usage in the budgetary documents is not extensive.

7. Expenditure responsibilities of local bodies are essentially in two spheres namely:

- i. Non-plan developmental expenditure which accounts for nearly 95 per cent of their total non-plan expenditure. The non-plan, non-developmental expenditure refer to expenditure on revenue, policing and judiciary. These functions are generally not a part of the local bodies' functional jurisdictions.

- ii. Plan expenditure consisting of Centrally-sponsored and State-level schemes which are implemented and managed by local bodies. Grants and loans from the State governments are the main funding sources for these schemes. Local bodies, especially the urban local bodies also avail of the institutional finance from LIC, GIC, HUDCO, etc. for funding of development schemes. (These are rarely funded out of resources generated by local bodies.) To these, the requirements of local bodies may have now to be added.

8. The issue whether in determining the principles, the State Finance Commissions should consider the financial requirements of non-plan development activities or also the requirements of plan development is a complex one. Three approaches are possible to be envisioned:

- i. Limiting the SFCs jurisdiction to estimating the financial requirements of the non-plan development activities;
- ii. Extending the SFCs jurisdiction to estimating, in addition, the non-plan financial needs of plan schemes and activities, i.e., the operation and maintenance expenditure on the hitherto plan schemes and activities; and
- iii. Extending the SFCs jurisdiction to estimating the financial requirements of all, non-plan and plan activities, and then determining the principles for tax assignment, tax sharing and grant mechanism.

9. The Working Group assessed the implications of each of the three approaches, and took the view that the State Finance Commissions should necessarily relate their recommendations to the financial needs of local bodies on two counts, namely, (i) non-plan development and (ii) operations and maintenance expenditure on plan account.

These components should be the primary responsibility of the State governments. In addition, they should also consider such plan needs of local bodies which impinge directly on the quality of life of the rural and urban areas.

10. The Working Group took note of the fact that the expenditure needs of local bodies in respect of the maintenance of assets and service provision have increased phenomenally over the years. The main underlying factor is the massive increase in the staff salaries and wages. It was noted that salaries and wages today absorb a greater part of the local bodies' budgets, and leave little for the actual maintenance of assets and services. In this respect the Working Group is of the view that in assessing and projecting the expenditure needs of local bodies, the State Finance Commissions should specifically recommend measures for controlling the rising salary and wage bills, and for guarding the expenditure on physical upkeep of assets from being encroached upon by salaries and wages.

11. It noted that maintenance and operation costs of assets are not adequately budgeted, and are often as low as 2.5 per cent of the capital costs. These costs, particularly those that are related to urban infrastructure are, in fact, anywhere between 6-15 per cent of the capital costs, and are incurred under three heads, namely:

- i. salaries
- ii. physical maintenance of assets
- iii. day-to-day or even emergent expenditures.

The Group would like to suggest that -

- i. funds for the "physical maintenance of assets" should be separately allocated, and not be merged with overall funds. The norm for such allocation, with appropriate adjustment for the peculiarities of assets, is normally twice the amount that of salaries and wages; and

- ii. separate accounts should be maintained in respect of expenditure on physical maintenance, and salaries and wages.

12. The Group observed that in view of the alternative institutional arrangements that are now in vogue particularly in the urban areas, such as contracting out, it was possible to reduce expenditure on salaries/wages. Admittedly, in many of the services which are labour-intensive, the share of wages and salaries in the total maintenance cost will be higher, for example, in garbage collection and treatment, and required provision for salaries etc. in such cases may be essential.

13. An important issue relates to estimating the maintenance expenditure needs of local bodies in respect of expenditure on plan heads, i.e., from the creation of new assets. The Group is of the view that provision for such expenditure should be made in the plan allocation itself. Further, provision is also possible in the non-plan component, provided the State Finance Commissions are able to assess the expenditure implications of maintaining additional assets that were created in the preceding five years, and whose maintenance was now the responsibility of local bodies.

14. The Working Group also considered the development needs of local bodies, and how these needs could be met. Development needs of an area are met by at least seven different routes, namely:

- i. Private investments (individual and groups);
- ii. Community effort;
- iii. Local government's own schemes;
- iv. National-level schemes and programmes implemented through local government institutions;

- v. State-level schemes and programmes implemented through local government institutions;
- vi. National and State Schemes implemented directly by their own agencies;
- vii. Local development schemes implemented with institutional funds, raising of funds through bonds, etc.

At present, a greater part of the developmental needs are met by national and State-level schemes and programmes (iv to vi above). The contribution of community effort, the local governments' own schemes and local schemes assisted by institutional finance and financed by bonds is very small and almost negligible. The effort should be to increase these latter over time.

15. The Working Group recognises that the State Finance Commissions may not find it possible to make full and systematic assessment of the development needs of rural and urban local bodies. It required different kinds of exercises which, according to the group, could be accomplished better by the Planning outfits, including the District Planning Committees, envisaged under Article 243 ZD of the 73rd and 74th Constitutional amendments. It also needed understanding of the overall plan size and its divisible and the non-divisible components. It also needed the State plan disaggregation to the level of local bodies. These exercises are normally carried out as part of or after the 5-year and annual plans are finalised, making it further difficult for the State Finance Commissions to make such assessments. Given, however, the overall intent of the Amendments, it is desirable, in fact, necessary that the local governments step up their development effort by initiating new schemes. There are many schemes (water supply, sewerage and sewage disposal, road upgradation, garbage collection) that contribute directly to the quality of life of the local bodies. According to the group, it can be done in a number of ways:

- i. by using growth rates in plan expenditure which, for instance, may vary between a low of 10 per cent per annum for above-average local bodies and a high of 20 per cent for the below-average local bodies; or
- ii. by using expenditure norms for various services and projecting phased development in the chosen services.

Irrespective of what method is used, the aim should be to rely less on the national and state level schemes for meeting the land development needs, and more on the local governments' own schemes and institutional finance. The suggestions of the Finance Commission, in this regard, would become a guideline for the planning bodies and will be useful to that extent in ensuring a minimum level of financing transfers for development.

16. Continued availability of public funds on a scale that will be required for meeting the development needs is becoming increasingly difficult on account of resource compression. An effective way that has so far received little weightage in the country relates to enabling the local bodies to secure access to the capital market. The Group notes that while, generally, local bodies have not been credit-worthy on account of historical reasons, there is no reason to assume that they would remain so, and cannot borrow for "remunerative projects" such as shopping complexes, bridges, and even roads. Borrowing against the assets to be created is a feasible proposition and should find a place in the future agenda of local bodies. In fact, such borrowing may even be used to strengthen the revenue base of local bodies. The Group would suggest to the State Finance Commissions that they should emphasise on measures that would enable major local bodies to become "credit-worthy", and be able to use the capital market funds for remunerative/infrastructural projects and schemes.

## **REPORT OF THE WORKING GROUP ON EXPENDITURE NORMS**

**Chairman : Dr Raja J. Chelliah**

### **Norms and Standards for Provision of Basic Infrastructure and Services**

#### **Introduction**

A local self government has the primary responsibility of provision and maintenance of certain basic infrastructure. In the past, these responsibilities have been taken away from local governments due to their limited financial and technical capacities. The State Finance Commissions, in making their recommendations about devolution of fiscal powers and intergovernmental transfers, need to take a position on the "core" responsibilities of the local self government. This working group, after some deliberations, concludes that the following functions should be regarded as the core functions of the local bodies.

- i. Water supply;
- ii. Sanitation/Sewerage;
- iii. Solid Waste Collection and Disposal;
- iv. Primary Education; and
- v. Primary Health

Various committees and agencies, including Central Public Health and Environmental Engineering Organisation (CPHEEO), Zakaria Committee on Augmentation of Financial Resources of Urban Local Bodies, Town and Country Planning Organisation (TCPO), Planning Commission, have suggested requirements of various basic

services either with reference to unit of population or quantum of services or both. It may be mentioned that most of these committees and agencies, however, have suggested norms and standards in the context of urban areas only. In case of rural areas, a little literature is found on the issues related to norms and standards for basic services.

Some of these committees and technical agencies have also computed unit cost for provision and maintenance of basic services on the basis of physical specifications and standard of services. The unit cost for provision and O & M of different services, varies considerably with the physical standard of services and levels of development.

This report reviews the norms and standard of core services both in terms of physical levels of services as well as of cost for provision, operation and maintenance, as suggested by different committees and expert groups. The report is in two parts. The summary of norms and standards as well as the recommendations of the working group are contained in Part I. The details of norms and standards for various services are given in Part II.

## PART I

### Summary and Recommendations

A number of agencies and expert group committees have provided a range of options for physical as well as financial standards of basic services. However, most of these committees and agencies have proposed norms which represent the most desirable levels of services - a kind of optima, rather than the levels that would be within the means of the local bodies. Very few local bodies would be able to attain the standards of services as suggested by COPP or the Zakaria Committee (Summary Tables I-V).

The question as to what levels of services ought to be provided and maintained in the urban and rural areas of various sizes, dimensions and economic activities has been debated at various forum. It has been observed that fixing norms and standards for basic services is an extremely complex and critical task. Norms and Standards are dependent on a number of factors such as the fiscal capacity of local bodies and users, topography and geology of the settlements concerned, the past history of infrastructure development, the size of population and other economic and non-economic factors.

The present level of infrastructure availability is quite poor. According to Mid-term Review of Water Decade Programme (1985), approximately 27 per cent of India's total urban population and 44 per cent of rural population had no access to safe drinking water supply. In case of sanitation, nearly 72 per cent of urban population and 80 per cent of rural population had no access to basic sanitation services. According to Misra Committee report (1994), about 110 million rural households do not have sanitary latrines. The performance of local bodies with regard to refuse collection and disposal is equally

unsatisfactory. Accessibility of water supply and sanitation varies significantly from one state to another, and even within a state from one local body to another local body. Keeping in view the large variations in the existing service levels among the various local bodies of the country, the norms suggested by the Group in this report are to be viewed as guidelines to determine the state and region specific norms. The cost implications of these norms are national averages and therefore need to be viewed as indicative. These costs also need to be determined for a specific state level context and are likely to vary for different regions within a state. However, with a view to have a uniform standard for reference and adoption by various State Finance Commissions, the Group recommends the following minimum physical standards of basic services which ought to be attained by each local body in the immediate future.

Table A:

**Minimum Physical Standards of Services**

Service	Sector	Minimum levels of services to be obtained in next 5 years		Remarks
		Population/Area target	Service level target	
I. Water supply	Urban	<ul style="list-style-type: none"> <li>• 100% pop. to be covered.</li> </ul>	<ul style="list-style-type: none"> <li>• Piped water supply with sewerage: 150* lpcd</li> <li>• Piped water supply without sewerage: 70* lpcd</li> <li>• 40 lpcd with spot sources/ stand posts</li> </ul> (* Including wastage of water - roughly 20%)	<ul style="list-style-type: none"> <li>• Public stand posts in the low income settlements.</li> <li>• One source for 20 families with in a walking distance of 100 metres</li> </ul>
	Rural	<ul style="list-style-type: none"> <li>• 100% pop. to be covered including 'No Source' hard core problem villages in some states</li> </ul>	<ul style="list-style-type: none"> <li>• 40 lpcd of safe drinking water</li> <li>• Additional 30 lpcd in DDP/ DPAP areas for cattle needs.</li> </ul>	<ul style="list-style-type: none"> <li>• One hand pump/ spot source for 250 persons in a walking distance of 1.6 km or elevation difference of 100 mt. in hilly areas, to be relaxed as per field conditions applicable to arid, semi-arid and hilly areas</li> </ul>

II Sanitation/ Sewerage	Urban	<ul style="list-style-type: none"> <li>• 100% city area to be covered by sewerage system with treatment facilities in large urban centres</li> <li>• Low cost sanitation methods for other urban areas</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Large city</u>: full coverage by sewerage with treatment.</li> <li>• <u>Medium town</u>: Public sewers with partial coverage by septic tanks.</li> <li>• <u>Small town</u>: Low cost sanitation methods.</li> </ul>	<ul style="list-style-type: none"> <li>• In low income areas of large cities community latrines may be provided.</li> </ul>
	Rural	<ul style="list-style-type: none"> <li>• All households to be provided access to safe sanitation</li> <li>• Elimination of manual scavenging by using low cost sanitary methods.</li> </ul>	<ul style="list-style-type: none"> <li>• Low cost sanitary methods of disposal:- Sanitary latrines of different models may be used such as round concrete plate with lining (single pit), square brick/concrete plate with/without lining (single pit with provision of double pit), etc.</li> </ul>	
III Solid Waste Collection Disposal	Urban	<ul style="list-style-type: none"> <li>• All the solid waste generated should be collected and disposed.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% collection of generated waste, with its proper disposal.</li> <li>• Hazardous wastes such as hospital wastes must be incinerated in all cases. Whereas mechanised composting and incinerated is recommended for large urban centres, sanitary land fill method of disposal may be used in small and medium towns.</li> </ul>	Keeping in view the refuse generation level and its composition, each local body should determine the requirements of collection bins/ collection centres, kind of transport vehicles to be used, staff deployment for various activities, type of treatment to be given to the collected wastes, etc.
	Rural	All the solid waste generated should be collected and disposed.	<ul style="list-style-type: none"> <li>• Composting or bio-gas generation from organic waste.</li> </ul>	
IV Primary Education	Urban and Rural Both	Fulfillment of national goal of universalisation of elementary education for children upto 14 years of age.	<ul style="list-style-type: none"> <li>• Provision of primary school in all areas of country as per the following guidelines: <ul style="list-style-type: none"> <li>- At least three reasonably large all weather rooms with teaching material</li> <li>- At least one teacher per class room/ section</li> <li>- One primary school for every 3000-4000 population, Area: 3 acres; seats/ school: 300-400</li> </ul> </li> </ul>	In order to improve enrolments at the upper primary stage specially for girls, the walking distance of school should normally be 2 kms. In case of primary schools this standard is 1 km.
V Primary Health Care	Urban & Rural Both	Fulfillment of national goal of health for all by 2000 AD	<ul style="list-style-type: none"> <li>• One PHC for 20,000 - 30,000 pop.</li> <li>• One sub centre for 3000-5000 pop.</li> <li>• One community health centre for one lakh pop.</li> </ul>	Primary health care has been accepted at the main instrument for achieving the goal of 'Health for All'.

## Role of SFC to Ensure Achievement of Minimum Standards

The State Finance Commissions may take the suggested norms in this report as an initial basis for their work related to estimation of fiscal gap. Although the proposed standards are labelled as "minimum", it is quite likely that in some states, many settlements may be far below this level. In this case, the State Finance Commission will have to suggest a time frame within which each settlement should achieve the target and make the necessary financial recommendations to enable the local self governments to reach the targets.

The illustrative financial costs of provision and maintenance of services in urban areas are presented in Table B. The cost on water supply and sewerage is based on averages of 33 urban centres across the country. As the capital and maintenance costs of water supply project are significantly influenced by source and distance to the source, the specific capital and maintenance costs for a settlement in a particular state will be different.

Table B:

### Unit cost of Provision and O & M of Water Supply and Sanitation, at 1994-95 prices

City Size	Cost of provision (Rs/capita)		Cost of O & M (Rs/Capita/Annum)	
	Water supply	Sewerage/ Sanitation	Water supply	Sewerage/ Sanitation
Small centres ( < 20,000 pop.)	486	150	141	26
Medium Centres (20,000- 100,000)	390-404	208-442	108-120	35-76

Large centres (100,000- 1 million)	570	117	173	20
Metro centres (Million +)	203	125	76	21

The SFCs are advised to confer with the Planning department in their respective states to ensure that adequate provision in the state plan is made for meeting the recommended targets. The SFCs may also have to make an explicit provision for enabling the local bodies to make the necessary capital investments in improving the basic infrastructure and facilities.

The Operation and Maintenance costs of these services will have to met out of the finances of the local bodies. For this purpose, adequate provision will have to be made by SFCs for assignment and sharing of taxes and levy of user fees. Transfers to the local bodies will need to be based on achieving horizontal and vertical equity for achievement of the minimum physical norms of services. The exact magnitude of this transfer will, however, depend on the present fiscal capacity of the local bodies to operate and maintain the "core" services, and the envisaged fiscal gaps.

Summary Table I

Norms and Standards of Water Supply

Agency	Physical Standard	Cost of provision (Rs. per capita at 1994-95 prices)	Cost of O & M (Rs. per capita/annum, at 1994-95 prices)
a. Manual on water supply and treatment, CPHEEO, Ministry of Urban Development, Govt. of India, 1991	<u>Urban:</u> Small : 70-100 lpcd* Medium : 100-150 lpcd Large : 150-200 lpcd Public stand Posts: 40 lpcd (PSP) <u>Rural:</u> Not suggested	<u>Urban:</u> Not suggested <u>Rural:</u> Not suggested	<u>Urban:</u> Not suggested <u>Rural:</u> Not suggested
b. National Master Plan (NMP), India, International Water Supply and Sanitation Decade, 1981-90, Ministry of Urban Development, 1983	<u>Urban:</u> House connections : 70-250 lpcd with average of 140 lpcd Public stand Posts: 25-70 lpcd with average of 40 lpcd <u>Rural:</u> Piped supply : 25-70 lpcd with average of 40 lpcd Spot Source Supply: 40 lpcd	<u>Urban:</u> Not suggested <u>Rural:</u> Not suggested	<u>Urban:</u> Not suggested <u>Rural:</u> Not suggested
c. 8th Five Year Plan, Government of India, 1992-97	<u>Urban:</u> With sewerage: 125 lpcd Without sewerage: 70 lpcd Public stand Posts: 40 lpcd <u>Rural:</u> 40 lpcd	<u>Urban:</u> Not suggested <u>Rural:</u> Not suggested	<u>Urban:</u> Not suggested <u>Rural:</u> Not suggested
d. Report on Norms and Space Standards for Planning Public Sector Project ToSws, TCPO, Ministry of Works & Housing, Government of India, 1974	<u>Urban:</u> 180 lpcd <u>Rural:</u> Not suggested	<u>Urban:</u> Not suggested <u>Rural:</u> Not suggested	<u>Urban:</u> Not suggested <u>Rural:</u> Not suggested
e. Committee on Plan Projects for Industrial Townships (COPP), 1973	<u>Urban:</u> 180-225 lpcd <u>Rural:</u> Not suggested	<u>Urban:</u> Not suggested <u>Rural:</u> Not suggested	<u>Urban:</u> Not suggested <u>Rural:</u> Not suggested
f. Zakaria Committee (ZC) on Augmentation of Financial Resources of Urban Local Bodies, 1963.	<u>Urban:</u> Small : 45 lpcd Medium : 67.5 - 112.5 lpcd Large : 157.5-202.0 lpcd Super metropolitan : 270 lpcd <u>Rural:</u> Not suggested	<u>Urban:</u> Small: 227.34 Medium : 277.86-378.90 Large: 492.57-593.61 Super metropolitan: 820.95 <u>Rural:</u> Not suggested	<u>Urban:</u> Small: 93.71 Medium: 95.48-109.12 Large: 123.77 -128.83 Super metropolitan: 136.40 <u>Rural:</u> Not suggested

g. Operations Research Group (ORG), Delivery and Financing of Urban Services, 1989	<u>Urban</u> : Small: 80 lpcd Medium: 80-150 lpcd Large: 180 lpcd <u>Rural</u> : Not suggested	<u>Urban</u> : Small: 603.15 Medium: 319.03 - 680-28 Large: 804.26-1108.09 <u>Rural</u> : Not suggested	<u>Urban</u> : Not suggested <u>Rural</u> : Not suggested
h. NIUA; Maintaining Gujarats Municipal Services - A Long Range Perspective, 1987	<u>Urban</u> : Small:95.125 lpcd Medium: with Industrial - base - 150 lpcd Problem areas: 90 lpcd; Average: 80-150 lpcd Large: With Industrial base - 170-210 lpcd Problem Areas: 120-125 lpcd Average: 115-210 lpcd <u>Rural</u> : Not suggested	<u>Urban</u> : Problem Areas: 1254-1463 Average: 627-731.50 <u>Rural</u> : Not suggested	<u>Urban</u> : Small: 22.99 Medium: 25.08 Large: 45.98 - 60.61 <u>Rural</u> : Not suggested
i. NIUA; Costs of Urban Infrastructure, 1995 (based on DWSSDU, HUDCO & CIDCO estimates)	<u>Urban</u> : Not suggested <u>Rural</u> : Not suggested	<u>Urban</u> : Small: 485.76 Medium: 390-403.97 Large: 569.98 Metropolitan: 203.48 <u>Rural</u> : Not suggested	<u>Urban</u> : Small: 141.24 Medium: 108.42-119.55 Large: 172.64 Metro:76.41 <u>Rural</u> : Not suggested
j. Government of Gujarat (GOG); Gujarat 2005 (papers on Perspective Plan), 1989.	<u>Urban</u> : Small: 100 lpcd Medium & Large: 140 lpcd Scarcity Season: 13 lpcd <u>Rural</u> : 40 lpcd	<u>Urban</u> :House Connections: 825 Problem areas: 1072.50 Augmentation/Extension: 412.50 <u>Rural</u> : Simple well: 288.75 Handpump: 99.00 House Connections: 412.50-495.00 Regional water supply: 495.00-990.00	<u>Urban</u> : Not suggested <u>Rural</u> : @3% of capital cost
k. Planning Commission (PC), Task Force on Housing and Urban Development (Financing Urban Development), 1983.	<u>Urban</u> : Not suggested <u>Rural</u> : Not suggested	<u>Urban</u> : Surface system: Low - 850.15 High - 1214.50 Ground water: Low: 694.00 High- 1042.00 <u>Rural</u> : Not suggested	<u>Urban</u> : Not suggested <u>Rural</u> : Not suggested

Litres per capita per day.

Summary Table II

## Norms and Standards of Sewerage/ Sanitation System

Agency	Physical Standard	Cost of Provision (Rs/ Capita at 1994-95 prices)	Cost of O & M (Rs./capita/annum at 1994-95 prices)
a. The Manual on Sewerage and Sewage Treatment, CPHEEO, 1980	<u>Urban</u> : Not suggested in terms of population/ area coverage, type of system, etc. However, it said that sewers should be designed for a minimum of 150 lpcd water supply level.	<u>Urban</u> : Not suggested	<u>Urban</u> : Not suggested
	<u>Rural</u> : Not suggested	<u>Rural</u> : Not suggested	<u>Rural</u> : Not suggested
b. National Master Plan, India, 1983	<u>Urban</u> : 100 % population coverage by sewerage system with treatment facilities in class I cities, and low cost sanitation for other urban centres	<u>Urban</u> : Not suggested	<u>Urban</u> : Not suggested
	<u>Rural</u> : Low cost sanitation	<u>Rural</u> : Not suggested	<u>Rural</u> : Not suggested
c. Zakaria Committee, 1963	<u>Urban</u> : Small: Low cost sanitation methods Medium: Public sewers with partial coverage by septic tanks, and partial treatment to sewage. Large: Full coverage by sewerage with proper treatment facilities. Super Metro: Same as above	<u>Urban</u> : Small: 353.64 Medium: 429.42-568.35 Large: 694.65 - 820.95 Super Metro: 947.25	<u>Urban</u> : Small: 103.37 Medium: 109.88-117.46 Large: 136.40 - 150.30 Super Metro: 154.09
	<u>Rural</u> : Not suggested	<u>Rural</u> : Not suggested	<u>Rural</u> : Not suggested
d. ORG, 1989	<u>Urban</u> : 100 % population coverage by sanitation services by using different technological options.	<u>Urban</u> : Small: 934.99 Medium: 383.41-857.64 Large: 604.27 Metro: 587.45	<u>Urban</u> : Not suggested
	<u>Rural</u> : Not suggested	<u>Rural</u> : Not suggested	<u>Rural</u> : Not suggested

e.	Planning Commissions, Task Force on Housing and Urban Development, 1983	<u>Urban</u> :Not suggested	<u>Urban</u> : Water borne system with treatment : Low 1214.50 High - 1735.00 Septic tank: Low - 694.00 High - 780.75 Pit latrines: Low - 416.40 High - 520.50	<u>Urban</u> :Not suggested
		<u>Rural</u> :Not suggested	<u>Rural</u> : Not suggested	<u>Rural</u> :Not suggested
f.	Govt. of Gujarat, 1989	<u>Urban</u> : 100 % coverage by sewerage with treatment facilities in class I cities, and cities already having sewerage systems. Low cost sanitation methods for other urban centres	<u>Urban</u> : Average: 825.00 Problem areas: 990.00 - 1155.00 For extension of service: 495.00 - 577.50 Low cost sanitation as per design standard of UNDP/ World Bank : 4455.00	<u>Urban</u> :Not suggested
		<u>Rural</u> :Low cost sanitation	<u>Rural</u> : Rs. 2475.00	<u>Rural</u> : Not suggested
g.	NIUA (1987)	<u>Urban</u> :100% coverage by sewerage excluding slums in class I urban centres and cities already have sewerage system. Low cost sanitation methods for other urban centres.	<u>Urban</u> : Sewerage: 836.00 - 940.50 Low cost sanitation: 627.00 - 731.50	<u>Urban</u> : Medium : 12.54-20.90 Large: 37.62 - 39.71
		<u>Rural</u> :Not suggested	<u>Rural</u> :Not suggested	<u>Rural</u> :Not suggested
h.	NIUA (1995)	<u>Urban</u> :Not suggested	<u>Urban</u> : Small: 149.98 Medium: 207.82-442.35 Large: 117.36 Metro: 124.99	<u>Urban</u> : Small: 25.95 Medium : 35.37 - 75.85 Large: 20.12 Metro: 21.43
		<u>Rural</u> :Not suggested	<u>Rural</u> :Not suggested	<u>Rural</u> :Not suggested

i.	Report on Rural Sanitation (1993-94)	<u>Urban: Not suggested</u>	<u>Urban: Not suggested</u>	<u>Urban: Not suggested</u>
		<u>Rural: Low cost sanitary methods as per the models given below:</u> a. Rural concrete plate (without lining) b. Square concrete plate (without lining) c. Single pit (brick lined) d. Single pit (with provision of double pit in future) e. As above f. As above (with concrete lined and brick flooring) g. Double pit - brick lined (without super structure) h. Double pit - concrete ring - lined (without super structure) i. Single pit (with provision for double pit in future) j. Single pit - concrete lined with honey comb (with provision for double pit in future) k. Double pit - brick lined (with super structure) l. Double pit - concrete lined (with super structure) Average: Rs. 2500/latrine	Rural: a. 321 b. 357 c. 714 d. 881 e. 1309 f. 1607 g. 1785 h. 2321 i. 2678 j. 2975 k. 3094 l. 3630	Rural: Not Suggested

**Summary Table III**  
**Norms and Standards of Solid Waste Collection and Disposal**

Agency	Physical Standard	Cost of Provision (Rs/capita, at 1994-95 prices)	Cost of O & M (Rs/capita/annum at 1994-95 prices)
a. NIUA (1986 & 1992)	<u>Urban:</u> - Suggested waste generation level in the range of 250 - 450 grams/ capita per day, depending upon the size of cities, their functions etc. - Recommended, 100% collection of generated waste in a city. - Staff norms: i. 62 - 78 scavengers per 10,000 population as per UP health manual ii. 2.8 sanitary workers per 1000 population as per report of the committee on 'urban wastes', 1973	<u>Urban:</u> Not suggested	<u>Urban:</u> Not suggested. However report mentioned that on an average, 80 % of the total revenue expenditure spent on account of salaries and wages of sanitation staff.
	<u>Rural:</u> Not suggested	<u>Rural:</u> Not suggested	<u>Rural:</u> Not suggested
b. TCPO, 1974	<u>Urban:</u> Suggested basic guidelines for provision of dustbins, collection centres, disposal of solid waste, etc.	<u>Urban:</u> Not suggested	<u>Urban:</u> Not suggested
	<u>Rural:</u> Not suggested	<u>Rural:</u> Not suggested	<u>Rural:</u> Not suggested
c. ORG, 1989	<u>Urban:</u> Suggested average waste generation level - 380 grams/ capita per day	<u>Urban:</u> - for waste collection: Rs.33 - 100, depending upon the quantity of waste collected - For transportation, Rs. 90.	<u>Urban:</u> Not suggested
	<u>Rural:</u> Not suggested	<u>Rural:</u> Not suggested	<u>Rural:</u> Not suggested
d. Planning commission, 1983	<u>Urban:</u> Not suggested	<u>Urban:</u> Rs. 87-139, depending upon the standards and size of cities	<u>Urban:</u> Not suggested
	<u>Rural:</u> Not suggested	<u>Rural:</u> Not suggested	<u>Rural:</u> Not suggested

Summary Table IV

Norms and Standards of Primary Education

Agency	Physical Standard	Cost of provision (Rs. at 1994-95 prices)	Cost of O & M (Rs/annum at 1994-95 prices)
<p>a. National Policy on Education, 1986 (Operation Black Board Scheme)</p>	<ul style="list-style-type: none"> <li>● Universal access and enrolment;</li> <li>● Universal retention of children upto 14 years of age; and</li> <li>● A substantial improvement in the quality of education to enable all children to achieve essential levels of learning. The following are the norms of primary schools as per Operation Black Board Scheme :               <ul style="list-style-type: none"> <li>- At least three large all-weather rooms per school should be provided with teaching material;</li> <li>● At least three teachers should be provided in every school. The target is one teacher per class/section;</li> <li>- At least 50 per cent of teachers recruited should be women. For upper primary schools, the norms are as follows:                   <ul style="list-style-type: none"> <li>- at least one room for each class/section</li> <li>- a head master-cum office room</li> <li>- separate toilet facilities for girls/boys</li> <li>- essential teaching learning equipments including library; and</li> <li>- at least one teacher per class/section</li> </ul> </li> <li>● walking distance at primary level: 1 km.</li> <li>● Distance of upper primary level : 2 kms.</li> </ul> </li> </ul>	<p><u>Primary School</u> (Class I - V);            Construction Costs:            @ Rs. 50,000 per class room            Teaching Learning Equipments:            @ Rs. 10,000 per school</p> <p><u>Upper Primary School</u> (VI-VIII)            Construction costs:            @ Rs. 50,000 per class room            Teaching Learning Equipments:            - @ Rs. 50,000 per school</p>	<p>Average salary per teacher;            Rs. 30,000</p>

b.	NIEPA, 1982	Not available	<u>Construction costs (Avr.)</u> Govt. share of contribution on an average, Rs. 11,610 for each class room <u>Teacher's quarters (Avr.)</u> Rs. 15,000 per quarter <u>Teachers training (Avr.)</u> - Pre-service : Rs. 1161 per teacher - In-service: Rs. 774 per teacher <u>Equipments (Avr.)</u> Rs. 58/per student	<u>Average salary per teacher:</u> - Primary level: Rs. 23220 - Upper primary level: Rs. 27864 <u>Non Teaching costs</u> 10% of teaching costs in non-tribal areas, and 25% in the case of tribal areas. <u>Incentives:</u> On an average Rs. 77 per student
c.	COPP	One primary school for 3500 population. Area: 3 acres Seats: 400-500 per school	Not suggested	Not suggested
d.	Bureau of Public Enterprises	One primary school for 3000-4000 population Area: 3 acres Seats: 300-400 per school	Not suggested	Not suggested
e.	TCPO	<ul style="list-style-type: none"> <li>• One nursery school for 1250-1500 population Area: 0.25 acres Seats: 75-90 per school</li> <li>• One primary school for 4000 population. Area: 2-2.5 acres Seats: 450-500 per school</li> </ul>	Not suggested	Not suggested

Summary Table V

Norms and Standards of Primary Health Care

Agency	Physical Standard	Cost of provision (Rs./centre at 1994-95 prices)	Cost of O & M (Rs./annum at 1994-95 prices)
a. Minimum Needs Programme & Report of the Working Group on District Planning (1984)	<ul style="list-style-type: none"> <li>● One Public Health Centre (PHC) for 30,000 population in plains and 20,000 pop. in tribal and hill areas.</li> <li>● One sub-centre (SC) for 5,000 pop. in plains and 3,000 in tribal and hilly areas.</li> </ul> Distance: 4-5 kms. <ul style="list-style-type: none"> <li>● One Community Health Centre (CHC) for one lakh pop.</li> </ul>	Not suggested	Not suggested
b. COPP	<ul style="list-style-type: none"> <li>● One Health Centre for 20,000 population</li> </ul> Area: 1-1.5 acre	Not suggested	Not suggested
c. TCPO	<ul style="list-style-type: none"> <li>● One health centre for 36,000 population</li> </ul> Area: 1-1.5 acre <ul style="list-style-type: none"> <li>● One Health Clinic for 12,000 population</li> </ul> Area: 1-0.5 acre	Not suggested	Not suggested
d. Planning Commission	Not suggested	<u>Construction cost:</u> - Sub Centre: Rs. 2,09,000 - Public Health Centre (PHC) : Rs. 10,45,000 - Rs. 12,54,000 - Community Health Centre (CHC): Rs. 31,35,000-41,80,000 <u>Other costs:</u> - SC: Not available - PHC: Rs. 3,13,500 - CHC: Rs. 10,45,000	- SC: Not available - PHC: 1,04,500 - CHC: 4,18,000 (excluding sponsored schemes & programmes)

## PART II

### Norms and Standards of Basic Services : A Review

In this part of the report, an attempt has been made to analyse the norms and standards of basic services, suggested by various agencies and expert group committees. It may be mentioned that a given set of norms is at best a guideline and cannot be used effectively in all situations. These standards have evolved not only from the point of view of creating desirable environmental conditions for human habitation, but also they need to have a bearing on the economics of implementation and practicability. As a result, it has been suggested that different ranges of standards are to be prescribed indicating desirable, normal and minimum levels. Reference to a time period within which the minimum levels are to be achieved by the local bodies, also need be specified.

In fact, the quantum of community facilities, services and amenities to be provided in an urban or rural area is dependent on a number of factors, including demand and supply forces. On the demand side is the population factor, the number, the rate of increase, its composition by age, occupation and activities, the income levels and so on. Any change in either the number or its composition can effectively alter the demand for a given service. The supply side is represented by the availability of funds, both Capital and O & M not only at a point of time but over a period of time. The prerequisite for providing any service effectively, is the availability of operational funds on a recurring basis. Also, the selection of a system such as a water supply system or a sanitation network will depend on the accessibility of a local body to capital resources. Apart from these, there are the localised factors such as the topography, type of region, and so on which may also influence the determination and eventual selection of a particular standard for a service.

Reference may be made here to the general guidelines which the Zakaria Committee kept in view for evolving the norms and standards of basic services. It reads as under :

*In evolving the standards for various grades of townships the important consideration has been the ~~means of the local body~~ to finance and maintain a particular standard of service. The financial position of many local bodies to undertake capital projects are limited and under these circumstances it will become an unworkable proposition if a standard is recommended which will involve subsidies. But the standard suggested here take into account the minimum needs for various purposes to maintain environmental hygiene to a desirable level. For instance in a small town with a population of say about 10,000 it may not be necessary to provide a higher per capita of water supply since it would be possible to meet certain water uses such as gardening, washing of clothes etc. from local sources such as wells, rivers etc., which in the case of bigger towns will have to be provided from the piped water supply. In a bigger city, more water is required for public uses such as road washing, maintenance of public open spaces, needs of public institutions and hotels, and for fire fighting etc. In a small town such needs are very much limited. So the differences in standards of services in the hierarchy of towns are based on the actual essential needs. Besides the economic implications of the use of urban land whose value is very high in the case of bigger cities have been taken into account in prescribing standards for certain elements of development. For instance in the case of metropolitan cities where land values are very high and where the availability of land is scarce, mechanical treatment of sewerage has been suggested, whereas, in the case of small towns land treatment has been prescribed since plenty of land would be available there at cheaper rates. In addition there is an economic size of population for recommending mechanical treatment plants and it may be beyond the means of small local bodies to maintain such plants which will require staff with higher technical expertise. Similarly in the case of storm water drainage, covered drains have been recommended for bigger cities to restrict the size of the drain as compared to small towns where open drains could suffice.*

The norms and standards for basic services, as suggested by various agencies and committees are as follows :

## I Water Supply

It may be observed from tables given below that besides suggesting physical standards of water supply, some of the agencies and study groups such as, Zakaria Committee, Planning Commission, Government of Gujarat, ORG and NIUA have also suggested unit cost of provisions of water supply, using physical criteria in most of the cases. It may be mentioned that Zakaria Committee and NIUA have also provided desirable levels of expenditure on operation and maintenance of water supply keeping in view the population size of a settlement and physical standards. Significantly, the cost analysis of NIUA study (1995) is based upon on-going/committed projects which are designed to augment the existing services at the urban centre level. This study covers a cross section of 33 urban centres, ranging in the population size of 9,000 (Phulera) to 93 lakh (Delhi). The study estimated the unit cost of water supply for the incremental population with a view to have a realistic picture.

### a. CPHEEO:

While a minimum of 70 to 100 lpcd may be considered adequate for the domestic needs of urban communities, the non-domestic needs would vary with their size and economic importance, requiring from 25 to 100 lpcd in addition. As a general rule, the following rates per capita per day are considered minimum for domestic and non domestic uses :

Table 1.1

Population size	Supply Mechanism	Range (lpcd)*
Upto 20,000	Public stand posts	40
	House service connection	70-100
20,000-100,000	House Service Connection	100-150
Above 100,000	House Service Connection	150-200

Source : CPHEEO (1991).

\* Litres per capita per day.

The Manual recommends that these norms may be adjusted accordingly to specific local non-domestic needs.

b. National Master Plan (1981-90)

The United Nations General Assembly launched the International Drinking Water Supply and Sanitation Decade, 1981-90 at a special meeting on 10th November 1980. The decade targets are as follows :

Table 1.2

Sector	Population Coverage	Level of Service
Urban	100%	<ul style="list-style-type: none"> <li>House connections: 70-250 lpcd with average of 140 lpcd.</li> <li>Stand posts in fringe areas : 25-70 lpcd with average of 40 lpcd.</li> </ul>
Rural	100%	<ul style="list-style-type: none"> <li>Piped water supply for 30% of the population : 25-70 lpcd with average of 40 lpcd.</li> <li>Spot source water supplies for 70% of the population in the form of dug well/tubewells with hand pumps and power pumps - average 40 lpcd.</li> </ul>

Source: National Master Plan of India (1983).

C. Eighth Five Year Plan Targets

Table 1.3

Sector	Population Coverage	Level of Service
Urban	100%	<ul style="list-style-type: none"> <li>125 lpcd cities with sewerage system</li> <li>70 lpcd cities without sewerage system.</li> <li>40 lpcd with stand posts</li> </ul>

Rural	<ul style="list-style-type: none"> <li>● Highest priority to be given to ensure that the remaining about 3000 'No-Source' hard-core problem villages in some states are provided with sustainable and stipulated supply of drinking water by March 1993;</li> <li>● Equally important would be to ensure that all the partially covered villages having a supply level of less than 40 liters per capita per day numbering about 1.5 lakh including hamlets, are fully covered with safe drinking water facilities by the end of the Eighth Plan on sustainable basis; and</li> <li>● Ensure that SC/ST population and other poor/weaker sections are covered fully on a priority basis;</li> </ul>	<p>The stipulated norms of supply would be 40 lpcd of safe drinking water within a walking distance of 1.6 km or elevation difference of 100 metres in hilly areas, to be relaxed as per field conditions applicable to arid, semi-arid and hilly areas. At least one hand-pump/spot-source for every 250 persons to be provided. Additional 30 lpcd in DDP/DPAP areas for cattle to be provided;</p>
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Source : The Eight Five Year Plan, Govt. of India (1992-97).

d. TCPO

For Public Sector Project Towns, the TCPO has recommended the norms for domestic and non-domestic uses of water supply - 40 gallons (180 litres) per capita per day (TCPO, 1974).

e. COPP

The COPP has recommended a supply designed to give 40-50 gallons (180-225 lpcd) per capita per day for domestic uses only (COPP, 1973).

f. Zakaria Committee :

With a view to formulating minimum standards for urban service provision, the Zakaria Committee evolved six categories of towns according to their size of population. These are :

Table 1.4

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Size Class of Cities	Population size
Class A (Spl.)/AA	Major Metropolitan cities like Bombay, Delhi, Calcutta with population of above 20 lakhs; in the case of industrial townships above 10 lakh population.
Class A	Cities with population of 5 - 20 lakhs.
Class B	Cities with population of 1-5 lakhs
Class C	Cities with population of 50,000 to 1 lakh
Class D	Cities with population of 20,000 - 50,000
Class E	Cities with population of 5,000 - 20,000

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Source: Zakaria Committee (1963).

Table 1.5

Physical Specifications and Financial Norms as Suggested by the Zakaria Committee are as follows :

(at 1994-95 prices)

Size Class	Physical Standard	Cost of Provision (Rs./capita)	Cost of O & M (Rs./capita/annum)	% O & M Cost to provision
AA	Full-fledged treatment plants having rapid sand or mechanical filters with chlorination plants etc. Storage for 12 hrs. - distribution mains of cast iron at 60 gallons per capita per day (270 lpcd). House connections to be metered - Terminal head = 60 feet	820.95	136.40	16.61
A	Same as above with 45 gallons/capita/day (202 lpcd)	593.61	128.83	21.70
B	Tubewell water supply or slow sand filters - Storage for 8 hrs. and distribution on cast iron mains at 35 gallons per capita (157.5 lpcd). House connections to be metered - Terminal head - 35 feet.	492.57	123.77	20.89
C	Ground water supply from tubewells or infiltration galleries or wells with storage arrangements for a supply of 25 gallons per capita/day (112.5 lpcd). Distribution with ACC pipes - House connections to be metered - Supply for 8 hours - Terminal head 25 feet.	378.90	109.12	28.80
D	Ground water from or infiltration wells with necessary storage arrangements and distribution with ACC pipes - House connections to be metered and supply for 6 hrs. - per capita supply 12.5 gallons (67.5 lpcd). - Terminal head 15 feet	277.86	95.48	34.36

E	Ground water through tube wells or open surface wells with necessary storage arrangements and distribution with ACC pipes - no house connections to be given and water supplied through public taps at the rate of 1 tap for 20 families - per capita supply 10 gallons per day (45 lpcd) - Terminal head 10 feet.	227.34	93.71	41.22
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Source: Zakaria Committee (1963)

Note: Cost estimates proposed by various committees and agencies for various services have been updated to the year 1994-95, using the All India Consumer Price Index for non-manual urban employees as inflator.

It may be observed from the above Table that although the per capita cost of provision as well as per capita expenditure on O & M of water supply is positively correlated with the size of cities, in terms of proportionate expenditure on O & M of the water supply in relation to its investment (capital) costs are found to be inversely related with the size of cities. Thus, suggesting that operational costs (in relation to cost of investments) is comparatively higher in smaller cities as compared to bigger towns and settlements; mainly because of the scale of economics and sources of supply.

g. ORG

The following are the physical standards of water supply as suggested by the ORG:

Table 1.6

Size-Class	Physical level (lpcd)
Class I (above 1,00,000)	180
Class II (50,000 -1,00,000)	150
Class III (20,000 - 50,000)	80
Class IV (less than 20,000)	80

Source: ORG (1989)

The ORG study analysed project - details for 40 urban centres and found that the per capita unit cost for water supply varied with the type and distance of source. According to ORG, the cost estimates for provision of water supply in terms of quantity of water to be supplied are as follows :

Table 1.7

(at 1994-95 prices)

Parameters (MLD)	Rs./Million Litres per day
<u>a. Source of Supply</u>	
Dam/multiple	62.81
Intake/wier	49.29
Open well	18.14
Tube well	30.65
<u>b. Distance of source (Km)</u>	
Upto 5	21.92
5 - 10	30.18
10-20	50.93
20-40	38.24
40 - 60	39.19
60 - 70	65.85
Above 70	92.66

Source: ORG (1989)

The cost for provision of water supply, worked out by the ORG according to size class of cities is as follows :

Table 1.8

(at 1994-95 prices)

Size-class	Rs./capita
Million plus cities	1108.09
100,000 - 10,00,000	804.26
50,000 - 100,000	319.03
20,000 - 50,000	680.28
Less than 20,000	603.15

Source: ORG (1989)

The ORG study has suggested that with the exception of medium sized urban centres having the population size of 50,000 to 1,00,000, in all the other categories of urban centres, the per capita cost for provision of water supply is positively co-related with the size class of urban centres.

h. NIUA Study (1987)

This study has made on assessment of the quantum of services that would be required by the local bodies of Gujarat by the year 2001. The study has suggested the following norms and standards for water supply, according to size categories :

Table 1.9

(lpcd)

Size-Class	Average	Towns with industrial base	Problem areas (water scarcity zones)
Above 200,000	135-210	200-210	125
100,000-200,000	115-170	170	120-125
50,000-100,000	80-150	150	90
20,000-50,000	95-125	Not suggested	Not suggested

Source: NIUA (1987).

The study assumed that requirements of water supply in the areas with industrial base would be 1.25 times higher than the other settlements.

This study has attempted to suggest the water supply standards for slum areas also which are as follows :

Table 1.10

(lpcd)

Size-Class	Average	Problem Areas
Above 200,000	100	70
100,000 - 200,000	90	60
50,000 - 100,000	80	55
20,000 - 50,000	80	55

Source: NIUA (1987).

The per capita unit cost for provision and O & M of water supply, as worked out by the NIUA study (1987) is as follows:

Table 1.11

(at 1994-95 prices)

Size-Class	Cost of investment (Rs./capita)		Cost of O&M (Rs./capita annum)*
	Average	Problem Areas	
Above 200,000	627.00-731.50	1254.00-1463.00	60.61
100,000-200,000	-do-	-do-	45.98
50,000-100,000	-do-	-do-	25.08
20,000-50,000	- do-	-do-	22.99

Source: NIUA (1987).

\* Worked out for about 150 litres per capita water supply.

i. NIUA Study (1995)

NIUA study on Costs of Urban Infrastructure (1995) has not provided any normative standard for physical levels of water supply. However, the study has attempted to provide norms of expenditure for water supply on the basis of cross sectional analysis of 33 urban centres of varied sizes. The study has suggested the following, as the unit cost for provision of water supply according to the source of supply :

Table 1.12

(at 1994-95 prices)

Source	Cost per kiloliter (KL) of water supply in Rs.
River/lake	4.11
Infiltration well/gallery	10.25
Tube-well	4.85
Reservoir/canal	6.10

Source: NIUA (1995).

It may be observed from the above table that in general, the water supply system with river as a source of supply are the most cost effective. The average cost per KL of water supply in this source system is worked out to be only Rs. 4.41. Infiltration wells and galleries constituted the most costly source of water supply (Rs. 10.25/ KL), followed by reservoirs/canals (Rs. 6.10/KL) and tube well supply (Rs. 4.85/KL).

The study also has worked out per capita and unit cost (per 1000 litres) for provision as well as operations and maintenance of water supply, according to population size of urban centres. These are as follows :

Table 1.13

(at 1994-95 prices)

Size-class	Per capita cost of (Rs.)		Unit cost in Rs. (per 1000 litres)	
	Provision	O & M (per annum)	Provision	O &M
Million plus	203.48	76.41	3.70	1.06
100,000-1 million	569.98	172.64	8.10	2.41
50,000 -100,000	390.00	108.42	4.28	1.21
20,000-50,000	403.97	119.55	4.42	1.33
Less than 20,000	485.76	141.24	5.30	1.54

Source: NIUA(1995).

J. Government of Gujarat

The following are the norms and standards of water supply, as suggested by the Planning Department, Government of Gujarat.

Table 1.14

Sector	Physical Standard	Cost of provision (Rs./capita at 1994.95 prices)
Urban	100% Population coverage by water supply with the minimum supply of :  a. Cities above 50,000 population - 140 lpcd  b. Cities with 10,000 - 50,000 population - 100 lpcd.  c. During scarcity years - 13 lpcd	a. House to house connection - Rs. 825.00  b. Problem areas - Rs. 1072.50  c. Augmentation/ -Rs.412.50 extension of schemes.
Rural	Full coverage of all the remaining 'no source' villages with individual or regional water supply schemes - 40 lpcd minimum supply level	a. Simple well - Rs.288.75  b. Hand pump - Rs.99.00  c. Individual water supply - Rs.412.50 - 495.00  d. Regional water supply Rs.495.00-Rs.990.00

Source: Govt. of Gujarat - 2005 (1989).

The Government of Gujarat has suggested O & M cost for rural water supply @ 3 per cent of the capital cost (investment) of the scheme. It however, has not suggested any standard for operating costs of urban water supply in different source options.

K. Planning Commission

The Planning Commission has suggested the following per capita investment cost (PCIC) for provision of water supply in small, medium and large urban centres, covering all states and union territories of the country at the national level. Commission intention was to estimate, for each 'core' service including water supply, a set of PCICs which varied with technology adopted for the service and size-class of urban centres. It was expected that PCICs would vary systematically with city size because of factors such as scale of economics and design standards. In practice, however, the data that was collected did not permit the estimation of a full matrix of PCI for each core service.

The Planning Commission, therefore, provided two sets of estimates - the 'high' and 'low' estimates of per capita investment costs for the core services including water supply, sewerage, solid waste disposal, storm water drainage and roads. As services such as education and health are often provided by the State governments, these are not included in the list of core services by the Task Force. In case of water supply, PCICs, for alternative technologies are as follows :

Table 1.15

(at 1994-95 prices)

Technology Option	Investment Cost (Rs./capita)	
	Low	High
Surface system	850.15	1214.50
Ground water	694.0	1042.00

Source: Planning Commission (1983).

Although Planning Commissions Task Force has not suggested any physical standards for core services including water supply. But per capita investment costs computed by the Task Force have been worked out mainly in accordance with the guidelines provided by the CPHEEO and Master Plan document for the International Drinking Water and Sanitation Decade. Hence, the PCICs suggested by Planning Commissions Task Force seems to be the most appropriate guidelines for provision of water supply and other core services.

## II. Sewerage

Sewerage system is composed of a system of separate sanitary sewers and storm sewers, a system of combined sewers or a system consisting of sanitary sewers, part storm sewers and part combined sewers.

Combined sewerage system invariably suffers from the disadvantages of sluggish flow during most part of the year leading to deposition of sewage solids and creating foul and offensive conditions. In view of this, the combined system is normally not recommended in modern design system.

The following reports and documents have been consulted in order to find out literature on norms and standards for sewerage system.

- a. The Manual on Sewerage and Sewage Treatment, CPHEEO, 1980;
- b. National Master Plan, India, 1983;
- c. Zakaria Committee, 1963;
- d. ORG report on Delivery and Financing of Urban Services, 1989;
- e. Planning Commissions Task Force on Housing and Urban Development 1983;
- f. Government of Gujarat's Perspective Plan for 2005, 1989;

g&h. NIUA Studies, 1987 and 1995.

i. Report on Rural Sanitation, Ministry of Rural Development, Govt. of India (Draft), 1993.

a. CPHEEO

The standards here are presented in terms of design of sewers, design period, per capita sewage flow, etc. The CPHEEO has not provided physical norms in terms of population or area coverage, type of system according to size class of local bodies, etc. Regarding, feasibility and effectiveness of the system, the manual said that sewers should be designed for a minimum of 150 litres per capita per day water supply. Similarly, cost estimates for provision of various kind of sewerage system was also not available with the manual.

b. National Master Plan

This Plan has suggested the following standards for physical level of sanitation services, according to population of urban and rural centres.

Table 2.1

Sector	Population Coverage	Level of Service
Urban	80%	<ul style="list-style-type: none"> <li>● 100% coverage for Class I urban centres (population 1 lakh and above) with sewerage and sewage treatment facilities.</li> <li>● Low cost sanitation methods for other urban centres</li> <li>● Overall average of 80% in all urban centres</li> </ul>
Rural	25%	Low cost sanitary methods of disposal

Source: National Master Plan of India (1983).

C. Zakaria Committee

As in the case of water supply, Zakaria Committee has suggested the following physical and financial standards for sewerage system, according to size categories :-

Table 2.2

(at 1994-95 prices)

Popula tion Size- Class	Physical Standard	Cost of Provision (Rs./capita)	Cost of O & M (Rs./ capita per annum)	% O & M to provision
A (Spl.)	Complete treatment 90% BOD reduction having sedimentation setting and digestion tanks and effluent to be treatment on land	947.25	154.09	16.27
A	Same as above	820.95	150.30	18.31

B	Partial sewage treatment with 50% reduction in BOD with sedimentation tanks contact beds etc. and effluent treated on land.	694.65	136.40	19.62
C	Public sewers, un-aerobic treatment in sedimentation, septic tanks and effluent treated on land	568.35	117.46	20.67
D	Septic tank latrines for individual houses with sullage collection in open drains and disposed of on land.	429.42	109.88	25.59
E	Bore hole latrines for houses at the back-yards with sullage disposal on absorption trenches or sanitary sewers with disposal on sewage lagoons if topography permits	353.64	103.57	29.29

Source: Zakaria Committee (1963).

It may be observed from the above table that per capita expenditure both on provision as well as on O & M of sewerage system is positively correlated with the size-categories. However, as in the case of water supply, here also, the proportionate expenditure on O & M of sewerage system (in relation to investment on the service), is inversely related with the size class of cities.

d. ORG

ORG study has suggested the coverage of the entire population by sanitation services by using different technological options. The study presents a comparison of the costs of alternative scheme as evident from the schemes currently being implemented in the sample cities. Table below gives estimates of per capita investment cost for provision of sanitation/sewerage, according to size categories of local bodies -

Table 2.3

(at 1994-95 prices)

Size-Class	Cost of provision (Rs./capita)
Million Plus	587.45
100,000 - million	604.27
50,000 - 100,000	383.41
20,000 - 50,000	857.64
Less than 20,000	934.99

Source: ORG (1989).

The per capita cost on operations and maintenance of sewerage/sanitation services is not readily available with the ORG report.

e. Planning Commission

Planning Commission has not suggested any physical standard for provision of sewerage/sanitation. However, it has provided norms and guidelines for cost of provision (investment norms) of above service by using different technological options. These are as follows :

Table 2.4

(at 1994-95 prices)

Technology option	Investment cost (Rs./ capita)	
	Low	High
a. Water borne system with treatment plant.	1214.50	1735.00
b. Septic tank	694.0	780.75
C. Pit latrines	416.4	520.50

Source: Planning Commission (1983).

According to Planning Commissions Task Force, the average per capita cost for provision of sewerage/ sanitation services as per the size categories is as follows :-

Table 2.5

(Rs./capita at 1994-95 prices)

Size-Class	Sewerage system	Treatment plant	Septic tank	Pit latrine
Above 100,000	1142.64	169.15	700.77	455.67
50,000-100,000	1153.00	576.50	776.72	486.74
Less than 50,000	1080.50	338.30	780.17	441.86

Source: Planning Commission (1983).

As mentioned earlier (water supply section), the Planning Commission has worked out above investment norms on costs on provision of sewerage/sanitation on the basis of actual projects located in various parts of the country. Here again, O & M costs have not been calculated.

d. Government of Gujarat

The Government of Gujarat has suggested the following norms and standards for physical level of sewerage/sanitation services. It also specified per capita cost estimates on provision of these services both in urban and rural areas of the country.

Table 2.6

(at 1994-95 prices)

Sector	Physical Standard	Cost on Provision (Rs./capita)
Urban	a. 100% population coverage by sewerage with treatment :	Average - 825.00
	- Cities with 1 lakh & above population	Problem Areas - 990.00 - 1155.00
	- Cities already have sewerage system in the population range of 50,000 - 100,000	Other areas - 495.00 - 577.50 (for extension of system)
	b. No sewerage system for cities having less than 50,000 population. Low cost sanitation as per design standards of UNDP/World Bank aided projects should be provided in these towns	4455.00
Rural	Low cost latrines with 100% subsidy to the population living below poverty line.	2475.00

Source: Govt. of Gujarat - 2005 (1989).

The Government of Gujarat has not recommended any norm for O & M of sewerage/sanitation services neither for rural areas nor for urban settlements.

g. NIUA study (1987)

This study has suggested the following norms and standards for provision of sewerage system, both in physical and financial terms:

Table 2.7

(at 1994-95 prices)

Size-Class	Physical standard	Cost on provision (Rs./capita)	Cost on O & M (Rs/capita/annum)
Above 200,000	100% population coverage excluding slums	836.00 - 940.50	39.71
100,000-20,000	- as above -	- as above -	37.62
50,000-100,000	Only those which already have sewerage system	- as above -	12.54 - 20.90
20,000 - 50,000	No sewerage system suggested Low cost sanitation options recommended	627.00 - 731.50	Not suggested

Source: NIUA (1987).

The study has not suggested sewerage system in the cities having per capita per day water supply level - below 150 litres. Incidentally, CPHEEO has also expressed the similar views in this regard.

h. NIUA study (1995) :

NIUA study (1995) has worked out the following investment norms both for provision as well as O & M of sewerage system in the urban areas of the country. These estimates have been made on the basis of cost analysis of on-going/committed projects in the 11 sample urban centres of varying population sizes, ranging from 9 thousand (Guru Harsahai) to 43 lakh (Bangalore). As in the case of water supply, NIUA study has not documented the data on physical aspects of sewerage, sanitation systems.

Table 2.8

Average per capita cost estimates for provision and operations & maintenance of sewerage system, according to size class of cities

(at 1994-95 prices)

Size-Class	Cost of provision (Rs./capita)	Cost of O & M (Rs./capita/annum)	% O & M to provision
Million plus	124.99	21.43	17.15
100,000 - 1 million	117.36	20.12	17.14
50,000 - 100,000	442.35	75.85	17.15
20,000 - 50,000	207.82	35.37	17.02
Less than 20,000	149.98	25.95	17.30

Source: NIUA (1995).

It may be observed from the above table that unit cost of sewerage follows a typical pattern with reference to its relation with population size of the urban centres. Table suggests that on an average, annual O & M cost of sewerage works out to be about 17 per cent of capital (investment) cost of the system. The following table indicates the unit cost of sewerage per '000 litres of sewage flow as worked out by the NIUA study (1995).

Table 2.9

(at 1994-95 prices)

Size-Class	Per '000 litres of sewage flow (Rs.)		% O & M to cost of provision
	Cost of provision	Cost of O & M	
Million plus	2.19	0.38	17.35
100,000 - million	2.65	0.45	16.98
50,000 -100,000	1.07	0.18	16.82
20,000 - 50,000	0.56	0.09	16.07
Less than 20,000	0.59	0.10	16.95

Source: NIUA (1995).

i. Report on Rural Sanitation (1993) :

According to this report, the cost estimates for provision of rural sanitary latrines are as follow :

Table 2.10

(at 1994-95 prices)

Model	Cost of provision (Rs. per latrine)	Rupees
A	Round Concrete Plate - Direct Single pit (Without lining)	321.30
B	Square Concrete Plate - Direct Single Pit (Without lining)	357.00
C	Single Pit - Brick lined	714.00
D	Single Pit (With provision for Double Pit in future).	880.60
E	Single Pit (With provision for Double Pit in future).	1309.00
F	Single Pit (With provision for Double Pit in future)- Concrete lined and Brick flooring	1606.50
G	Double Pit - Brick lined - Without Superstructure	1785.00

H	Double Pit - Concrete Ring-lined - Without Superstructure	2320.50
I	Single Pit (With provision for Double Pit in future).	2677.50
J	Single Pit - Concrete lined with Honeycomb (with provision for double pit in future)	2975.00
K	Double Pit - Brick lined - With Superstructure	3094.00
L	Double Pit - Concrete lined - With Superstructure	3629.50

Source: Report on Rural Sanitation (1993)

It may be observed from the above table that nine models gives a range of options for sanitary latrines in rural areas of the country. The cost of provision for a latrine also vary significantly from one option to another option, ranging from as low a Rs.321 in model A (Round concrete plate - direct single pit without lining) to as high as Rs.3630 in case of Model L (Double pit concrete lined with super structure). It is significant that Mishra Committee report on Rural Sanitation Programme (1994), works out the average cost of rural sanitary latrines @ Rs.2500 per latrine at the national level (rural).

### III. Solid Waste Collection and Disposal

None of the agency or expert group has attempted to provide physical norms in terms of : (a.) Waste generation - collection ratio; (b.) Waste collection - disposal rate; and such other performance indicators. The NIUA study on 'Management of Urban Services'(1986), however, has suggested 100 per cent disposal of generated wastes as a norm in this regard.

NIUA study (1986) suggests that per capita quantity of waste generation vary with the city function of cities, size of cities, household incomes and level of economic development. As a function of city undergoes a change, there is a corresponding change

in the quantities of waste, caused essentially by the generation of non-domestic wastes. It is usually assumed, however, that the per capita generation of garbage tends to be around 250-450 grams per day. The ORG (1989) has suggested 380 grams per capita per day based on the 9 projects. Keeping in view the waste generation level and its composition, it is suggested that each of the local authority should determine the requirements for dust bins/collection centres, kind of transport vehicles to be used, staff deployment for various activities, type of treatment to be given to the collected wastes, etc.

Regarding staff deployment, the following norms are available as suggested by the:-

Uttar Pradesh Health Manual; and

Government of India; The Report of the Committee on Urban Wastes, 1973.

Whereas the U.P. Health Manual has suggested 62 to 78 scavengers per 10,000 population, the Committee on Urban Wastes laid down that there should be 2.8 sanitary workers per 1000 population.

The physical norms and specifications regarding provision of dust bins. Collection and disposal of solid waste, etc., as suggested by the TCPO (1974) are as follows :

- o Properly designed enclosures at suitable places in the town must be provided for depositing refuse from houses.
- o The general building refuse should be dumped separately from the organic refuse.
- o Disposal of general building refuse may be done through controlled tipping in low lying areas in and around the town.

- o For disposal of organic refuse, composting method through a mechanical composting plant should be adopted and the manure marketed. Composting on land is not advocated as it will create environmental hazards.

Besides above physical specifications and standards, ORG and Planning Commission have suggested unit cost for provision of solid waste collection and disposal services. These are as follows :-

a. ORG

Based on the cost analysis of 9 projects, the ORG (1989) has worked out average incremental cost of Rs.24.90 to Rs.141.10 per tonne of waste collected at 1994-95 prices. In terms of per capita, it ranges from Rs.33.20 to Rs.99.60, making an average of Rs.83.00. The average per capita cost for transportation of collected waste worked out to be Rs.89.64 at 1994-95 prices subject to vehicle efficacy and number of trips in a day.

b. Planning Commission

The Planning Commissions Task Force (1983) has suggested the following as a per capita cost estimates for provision of solid waste collection and disposal services (at 1994-95 prices)

- (i) Low Per Capita Investment Cost - Rs.87; and
- (ii) High Per capita investment cost - Rs.139

It may be mentioned that none of the agency or expert group has suggested O & M requirements for solid waste collection and disposal services. It is important to mention that solid waste management is a staff oriented service as staff costs (salaries, allowances,

etc.) constitute over 80 per cent of the total expenditure on the service (NIUA, 1992).

#### IV. Primary Education

Universalisation of elementary education has been one of the most important goals of educational development in India since Independence. The Directive Principles of the Constitution make it obligatory on the part of the state to provide free, compulsory and universal education for children upto the age of 14.

In recent years, the education sector has been receiving greater attention from the Government of India. Policy documents such as 'Challenge of Education' and 'National Policy on Education' have underlined the need to bring about changes in the education system to not only achieve universalisation of elementary education but also to make education more meaningful and relevant.

It may be mentioned that universalisation of elementary education, eradication of illiteracy in the age group of 15 to 35 and strengthening of vocational education so as to relate it to the emerging needs in the urban and rural settings are the major thrust areas of the current 8th Five Year Plan.

The National Policy on Education, 1986 (NPA) and its Programme of Action (POA), 1992 emphasized three main aspects with regard to elementary education. These are :

- i. Universal access and enrolment;
- ii. Universal retention of children up to 14 years of age; and

- iii. A substantial improvement in the quality of education to enable all children to achieve essential levels of learning.

In order to achieve the goal of universal accessibility of children up to 14 years of age to the elementary education, new primary schools should be opened by the state governments as per the norms specified under Operation Blackboard (OB) Scheme.

The scheme of OB was launched in 1987 in pursuance of NPE-POA, to provide minimum essential facilities to all primary schools in the country. As per the revised programme of OB, the following are the norms:

- In each school, at least three reasonably large rooms that can be used in all weather conditions should be provided alongwith the facilities like black boards, charts, maps, toys and other necessary learning material;
- At least three teachers should be provided in every school. Their number could be increased as per the enrolment. The target is one teacher per class/section;
- At least 50 per cent of teachers recruited in future should be women;

The scheme of OB has been extended to upper primary stage and provided the following guidelines:-

- a. at least one room for each class/section;
- b. a headmaster-cum office room;
- c. separate toilet facilities for girls and boys;

- d. essential teaching learning equipments including a library;
- e. at least one teacher for each class/section; and
- f. a contingency grant for replenishment of items, consumable and minor repairs, etc.

In order to increase enrollments at the upper primary stage specially for girls, the earlier norm of providing an upper primary school within 3 km walking distance has been now reduced to 2 km. In case primary schools this standard is 1 km.\*

The following are some of the norms and specifications with regard to primary education in urban areas of the country.

Table 4.1

Service Provision	COPP (1973)	Bureau of Public Enterprises (BPE)	TCPO (1974)
Nursery School	Not prescribed	Not prescribed	1 for 1250-1500 population. Area: 0.25 Ac. 75-90 seats/school
Primary School	1 for 3500 population. Area : 3 Ac 400-500 seats/school	1 for 3000-4000 population. Area: 3 Ac. 300-400 seats/school	1 for 4000 population. Area: 2-2.5 Ac. 450-500 seats/school

\* The Report of the Working Group on District Planning, Planning Commission (1984) has laid down the average distance for primary schools 1.5 km.

The cost estimates for provision of primary education, as suggested by various organizations are as follows :

Table 4.2

Agency	Cost of provision	Cost of O.& M.
Operation Black Board Scheme; 1986 (provided by the Planning Commission)	<u>Primary (Class I - V)</u> - for two all weather rooms : Rs.1,00,000 - for teaching equipments Rs.10,000  <u>Upper Primary (VI-VIII)</u> - one class room/class (average cost/class room) Rs.50,000 - for equipments; Rs.50,000	Average salary : per teacher/annum : Rs.30,000/-  - As above -
NIEPA; Resources for Education in India, 1982	<u>Construction of Class Room :</u> - Govt. share of contribution, on an average, Rs.11,610  <u>Teachers quarters :</u> Rs.15,000 per quarter  <u>Teachers Training :</u> - Pre service : Average Rs.1161 per teacher - In service : Average Rs.774 per teacher  <u>Equipment :</u> Rs.58 per student	<u>Teachers Salaries (Average) :</u> - class I - V : Rs.23220 teacher/annum - Class VI - VIII : Rs.27864/teacher/annum  <u>Non-Teaching Costs :</u> 10% of teaching costs in non-tribal areas, and 25% in the case of tribal areas.  <u>Incentives :</u> Rs.77.40 per student.

The NIEPA study has also provided the O. & M. cost estimates for non-formal education @ Rs. Rs.402/- per pupil.

## V. Health Care

The National Health Policy (1983) reiterated Indian Commitment to attain "Health for All by 2000 AD". Primary health care has been accepted as the main instrument for achieving this goal.

The following norms and standards are available with regard to health care services.

- a. As per Minimum Needs Programme (MNP) & Report of the working Group on District Planning, Planning Commission (1984).

Table 5.1

Service	Population Coverage by 2000 A.D.
One Public Health Centre (PHC)	For 30,000 population in plains and 20,000 population in tribal and hilly areas. distance : Not available.
One Sub Centre (SC)	For 5000 population in plains and 3000 in tribal and hilly areas. Distance : 4-5 Km.
One Community Health Centre (CHC)	For one lakh population. Distance : Not available.

b. COPP/TCPO

Table 5.2

Service Provision	COPP (1973)	TCPO (1974)
Health Centre (HC)	1 for 20,000 population Area 1-1.5 Acre (Ac)	1 for 36,000 population Area : 1.5 Acre (Ac)
Health Clinic (HC)	Not prescribed	1 for 12,000 population Area : 0.5 Ac.

It may be observed from the above tables that MNP, COPP and TCPO have provided norms for the accessibility of various dimensions of primary health care facilities. While the funds for the provision of these centres are available under one head, the operational expenditure comes from a member of heads and agencies. The following Table gives the cost estimates for provision as well as on O & M of primary health centres.

Table 5.3

(at 1994-95 prices)

Agency	Cost of Provision (Rs./centre)	Cost of O.& M. (Rs./centre/annum)
Planning Commission, 1987	<u>Construction Costs:</u> Sub Centre (SC): - Rs.2,09,000  Public Health Centre (PHC) : - Rs.10,45,000 - 12,54,000  Community Health Centre (CHC) : - Rs.31,35,000 - 41,80,000  <u>Other Costs:</u> - SC : Not available - PHC : Rs.3,13,500 - CHC : Rs.10,45,000	SC : Not Available  PHC : Rs.10,45,000  CHC : Rs.4,18,000

It may be mentioned that above O & M costs does not cover the funding provided by other agencies/ departments for execution of schemes such as family welfare programmes, malaria control, leprosy eradication, TB eradication, blindness prevention, mother & child health, etc. The above figures provided by the Planning Commission are based upon the number of projects dealt by the national level departments/ organisations. The population served, etc. have not been taken into account while working out above O & M expenditure figures.

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## **REPORT OF THE WORKING GROUP ON AUGMENTATION OF RESOURCES**

**Chairman : Dr Parthasarathi Shome**

The Working Group considered various possibilities of augmenting local resources for both urban and rural bodies. Their pros and cons were weighed by the Working Group in an attempt to arrive at a menu of options for local authorities that they could employ to broaden their resource base. What follows are the main findings and conclusions for resource augmentation, presented in Section I.<sup>1</sup> These are followed by recommendations in Section II. The discussions are supported by appropriate tables and annexes.

### **I. Main Findings and Conclusions**

The current tax domain of local bodies is narrow and relatively inelastic. The taxes do not yield enough to free the local bodies from dependence on transfers from the higher levels of governments. Property taxes which happen to be the most universal and stable of the local taxes, are not only non-buoyant, but have run into serious problems of record keeping, assessment, valuation, administration and enforcement. The existing methods of property tax assessment, involving concepts such as the annual rateable value, standard rent, and fair rent have turned obsolete in the context of the fast changing real estate market in the country. Similarly, a large number of properties stand exempted from property tax assessment on account of low rateable value, type of construction, and the type of owners. Central government properties are outside of the property tax net, and although there are no specific Constitutional provisions, many of the States do not have any system of levying property taxes on their own properties. There is also no system of tax mapping with the result that a large number of properties are not registered for tax purposes.

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<sup>1</sup> The contents of this paper reflects the discussions, conclusions and recommendations of all participants of the Working Group. The sections were drafted by O P Mathur (Urban Local Bodies), I Rajaraman (Panchayats), M Mehta (Service Charges), and U Raghupathi (Privatisation). P Shome consolidated them into one document.

1. Urban local bodies

Property taxes are the most stable source of revenues of urban local bodies in the country. However, as pointed out above, these taxes are fraught with wideranging problems with the result that their revenue importance in a large number of cities and towns has declined. Other taxes such as advertisement taxes, entertainment taxes, professional taxes, or taxes on non-motorized vehicles and animals contribute little to the revenues of local bodies. Octroi, where levied, is, of course, one of the more buoyant of the taxes, but is known to have adverse effects on the economy.

Local government roles, responsibilities and functions are different in several respects. The tax domain, for instance, is not uniform across States, with the main difference being in entertainment taxes, profession taxes, and octroi levies. In several States, entertainment and profession taxes are collected by the States, and either returned to local bodies on origin basis or on redistributational principles. In a few States, these are shared between the States and local bodies. Only in a few States do these taxes rest with the local bodies. Octroi levies are imposed in seven States. States where these levies have been abolished provide in lieu thereof compensatory grants to local bodies; these grants, however, do not match the buoyancy of octroi levies.

The tax domain is ineffectively used, which is evident from the fact that the collection to demand ratio is uniformly low and lags behind what would seem to be the normally expected tax collection effort. This applies not only to property taxes, but to other taxes and charges also.

Local bodies have little flexibility in terms of adjusting the tax bases, rates and charges. Rates and charges are set by the States, and even though a change in them is justified on account of price shifts, these are not possible to be effected by local bodies. Limits on autonomy of local bodies in setting out the base/rate, etc. make it harder for them to take into account local preferences or take advantage of the more efficient ways of delivering services.

With a few exceptions, user charges as an instrument is not used for recovering the cost of providing and maintaining the services. Indeed, the charges collected as a proportion of the costs could be as low as 10 per cent in services like garbage collection. Apart from the inability of local governments to be able to fix appropriate service charges, few local bodies are professionally and technically equipped to do so.

Few local bodies have tried out, on any significant scale, private sector participation in service provision. Also, examples of private sector participation are limited to solid wastes, maintenance of parks, and, in a few cases, collection of Octroi. The historical resistance to their involvement persists in most places.

The Working Group concluded that while these are the most common and widely-known problems confronting the finances of urban local bodies, the reality is far more complex, needing structural reforms of both the individual taxes, in particular, the property taxes, and reform of the financial system of local bodies. According to the group, the long term financial viability of local bodies cannot be achieved by merely giving to them a larger tax domain or some autonomy in respect of rate/charge fixation. It, therefore, suggests to the State Finance Commission to recommend measures that would set in motion a process of structural reform at the level of local bodies. These are outlined in this report.

## 2. Panchayats

Eventual fiscal decentralisation presupposes a conscious effort towards local resource mobilisation. Tax-sharing by States, grants-in-aid and borrowing are other options, although it is unlikely in the foreseeable future that even district-level panchayats could access funds directly from the capital market. Non-market borrowing from sources such as the Rural Infrastructure Development Fund is not considered in this note, since this is a fixed pool already designated for rural development.

Tables 1 to 3 present a tabulation of empowerment in respect of own sources and shared taxes at GP, PS and ZP levels respectively under the Panchayat Acts currently in force in fourteen major States. The actual empowerment of panchayats by notification so far may be a much smaller subset of what is legislated. The tables do not give any information

on revenues collected from each source, nor on rates of levy. Panchayat taxes are usually specific rather than ad valorem, and these are always unindexed for inflation. The tables also give no information on collection-demand ratios, but casual evidence suggests that panchayat revenues are likely to suffer as much from defaults on payment as from low rates of levy.

The only two levels of government with an administrative presence at village level are the GP and the State government (through the patwari, a State government employee). Accordingly, the fiscal domain of GPs is much more extensive than that of PSs and ZPs (although PSs and ZPs in a few States are empowered to levy a surcharge on GP levies, capped in some cases; see notes to table 2 and 3).

Levies at GP level may be conveniently grouped under the following heads:

- (1) Levies on moveable and immoveable property;
- (2) Levies on publicly-provided facilities and common resources;
- (3) Levies on periodic events;
- (4) Other levies.

The recommendations made with respect to Panchayats adhere to this classification.

## **II. Recommendations**

### 1. Urban local bodies

Taking into account the resource position of States, and considering the implications of the different measures for resource augmentation, the broad framework of the benefit model of service provision which provides that local governments should finance services by charging for the services they provide, with local taxes making up the remaining gap, and supplemented as appropriate by transfers, and perhaps limited borrowing is very much relevant for the Indian situation. Within this broad principle, the Group offers to make the following recommendations:

- (1) Tax domain for local bodies should be clearly determined and made obligatory upon urban local bodies. To use or not to use a particular tax once assigned, should not be optional. Moreover, the temptation to alter the tax and other revenue raising powers should be resisted. More generally, the tax powers of urban local bodies should *uniformly* include property taxes, entertainment taxes, profession taxes, and advertisement taxes. Revenues of local bodies should be further strengthened by giving to them, via the sharing-in mechanism, access to the more buoyant State level taxes. The important State-level taxes that are presently shared between the State and local bodies are motor vehicle taxes and stamp duties. Both these taxes have a strong urban bias. The sharing-in mechanism of these taxes, however, is ad-hoc and does not provide any predictability to local governments as regards the resource flows. Two options for sharing-in mechanism were considered (i) sharing-in of the individual taxes as is the practice at present, and (ii) sharing-in of the total State tax revenues. While there is some merit in taxes such as motor vehicle or stamp duty which have pronounced urban character, this Group (IV) would like to endorse the suggestion made by Working Group V to create a shareable pool by setting aside for local bodies, a percentage of the total State level tax revenues. This manner of sharing of the total State tax revenues would provide to local bodies a "predictable" and "buoyant" source of revenue and assist them in better planning and management of fiscal resources. Moreover, this manner of sharing could serve as a replacement for the octroi levies.
  
- (2) Property taxes are a stable source of revenue with the local bodies. For historical reasons which are both internal to property tax system as also those that are external, its importance in terms of the yield has declined over the years. These taxes are ripe for major reforms, involving -
  - a. tax mapping and record keeping;
  - b. change in the present method of assessment;
  - c. periodic revision in assessment and consequently in the demand for property taxes; and
  - d. simplification in administration and enforcement.

- (3) Many States levy a tax on vacant lands. In others, local bodies have imposed "development charges" and "transfer rights" in order to diversify and solidify their resource base. Taking into account the trends in the real estate market, such changes have a large potential and should be extended across urban local bodies. The scope of substantially changing or redefining the fiscal powers between the different levels of governments would seem to be limited in the short run.
- (4) All local bodies in the country regulate trade, industry, and constructional activities. They issue licenses, permits, and levy fees of various kinds, and also impose fines for violation of their rules and regulations. While there is need to reform the entire regulatory framework which is highly constraining to economic growth, the Group is of the view that license permits and other fees should be so fixed as to cover at least the cost of administration and surveillance. These services are highly subsidized and are a strain on their resources.
- (5) While in some States entertainment and profession tax are collected by the States and their net proceeds returned to local bodies (or redistributed), the Group is of the view that unless there are serious capacity constraints and the cost of their collection prohibitive, these taxes should be "local taxes".<sup>2</sup> The Group does not favour their redistribution on the ground that it may work as a disincentive to local bodies.
- (6) There is large scope for better and efficient utilization of the tax domain. It has three aspects:
  - a. A systematic determination of the tax demand. Taking note of the fact that the total tax demanded remain largely unchanged for long periods, the Group held the view that provision should be made to adjust the tax demanded to reflect both the price changes as well as acceleration in the pace of activity. Stagnation in the tax demanded, as the evidence shows, is the single most important reason for the declining fiscal health of local bodies, and should be squarely dealt with such provisions.

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<sup>2</sup> The Group would like to note that there are, in fact, no "truly local taxes". Truly local taxes are those which are (i) assessed by a local government, (ii) at rates that are determined by it, (iii) collected by it, and (iv) used in a way that the local government considers most appropriate. Such flexibility does not exist in the country.

- b. Ensuring a minimum collection and revenue raising effort. It is crucial that local bodies put in at least a minimum tax effort on their part, instead of depending on the higher levels of governments for meeting their essential expenditure. However, since the local capacity levels vary across States, the Group would not suggest any specific level that must be reached by all local bodies. These should be determined at the level of States. All revenue account transfers to local bodies, however, should be worked out on the basis of the expected minimum effort rather than on the basis of the gap between revenue raised and expenditure requirements. The Group considers this as crucial for avoiding fiscal indiscipline and profligacy.
- c. The local bodies should enjoy flexibility in fixing the tax rates, charges and levies within a range of minimum and maximum which may be laid down by the State governments. Merely fixing a maximum levy rate or a charge does not lead to optimisation of local tax and revenue raising effort. Nor does levying a "minimum" portray a realistic representation of the position of local bodies.

(7) The Working Group strongly advocates the use of "user charge" principle in fixing the rates/charge for the various services that the local government provide or are responsible for. User charge is not only an additional source of revenue; its value lies in achieving economic efficiency. There exists today ample evidence to point out that inadequately priced services do not add to equity; rather, it results in gross inefficiency. The Group would like to add that where "price subsidies" are considered essential, these should be direct and transparent and targeted directly. It strongly advocates the setting up of a Tariff Commission at the level of each State, specifically charged with the responsibility of fixing tariffs, rates and fees. The Tariff Commission should, however, take into account the local conditions and allow flexibility to local bodies for varying the tariff etc. to suit their special conditions. A detailed note on User Charges is attached.

(8) The Working Group does not favour privatization of tax collection efforts. Tax collection, be it the octroi or property, is a public function and should be performed by the public agencies. However, greater use of the private sector in the provision of services - particularly those which are discreet and whose consumption is possible to be attributed to individuals/households should be made. So far, such arrangements are few and limited to only one or two services. It is important to point out that there are many types of arrangements in respect of the public-private partnerships, and

depending on the situation, those partnership modes should be forged.<sup>3</sup> A detailed note on privatization is attached (Annex-2).

- (9) The Group is of the view that dependence of local bodies for funds on the higher levels of governments should be reduced. Local bodies, if they are to become financially viable and units of local self-government should strive to gain direct access to institutional finance and capital market. Legal barriers to their entry into the market such as the one represented by the Local Authorities Act, 1914, should be removed by appropriate amendments, with realistic ceilings on their borrowings. Unrestrained access to the capital market can pose a serious problem for macroeconomic management and stability.

## 2. Panchayats

### A. Local resource mobilisation

- (1) All taxes assigned to panchayats, with the exception of one category detailed further below, should be placed in the obligatory class.
- (2) The only taxes which could be left optional are entry taxes of all types. Entry taxes are obstructive and distortionary, and in general not to be recommended, but they may be levied at the option of local bodies to justify the strain on the infrastructure posed by the passage of vehicles or animals. Under existing legislation, only Gujarat, Maharashtra and Rajasthan empower GPs to levy octroi on animals and goods.
- (3) Floor rates of levy in addition to ceilings should be set at State level for all GP levies. This is a must to ensure some minimum uniformity of revenue-raising effort, and to reduce tax competition.
- (4) All specific rates should be periodically adjusted to inflation. The Consumer Price Index for Agricultural Labourers (CPI-AL) for the State in question, could be used for adjustment.

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<sup>3</sup> A brief note on the actual contracting out system of solid wastes will be presented later, i.e., after recording it from one of the cities.

- (5) Default through dispute can be discouraged by requiring full payment prior to disputing an assessment.
- (6) Exemptions should be the rare exception rather than the rule. Panchayats should be under no compulsion to grant local exemptions to achieve national goals.

i. The house/building tax

- (1) Theoretically, immovable property constitutes the most appropriate tax base for local government taxation. Of the taxes presently assigned for levy by GPs, taxes on buildings and/or non-agricultural land, and on non-motorised vehicles, are the most commonly found across States (table 1), and despite the absence of hard data, are the largest likely contributors to GP revenue from own taxes. Thus, this is the base that must immediately be built upon, as the most promising avenue for immediate revenue augmentation.
- (2) The coverage of the building/land tax, where it is confined to residential structures as in Andhra Pradesh and Haryana for example, should be extended immediately to cover all structures.
- (3) Structures should be differentiated, and the levies accordingly graded, along two dimensions: quality and use. Three categories by quality suggest themselves: kutcha, semi-pucca and pucca; likewise, three categories of use: residential, non-residential institutional and non-residential commercial. Thus, a 3x3 matrix of levies yielding nine categories should cover the full range of possibilities.
- (4) Conversion of the levy from a specific to an ad valorem basis may be attempted initially for the pucca commercial category.
- (5) Specific building taxes should be levied by area (per square foot) rather than as a flat levy per structure.

- (6) Along the quality dimension, there should be much more progressivity than at present. Thus, in place of the 5:8:11 quality gradation used for the chulha (house) tax in Haryana at present, a more progressive ratio might be more appropriate. It is customary to exempt kutcha dwellings from property taxation in urban areas. Such an exemption for kutcha structures is not recommended for rural areas even if the revenue therefrom may not be high, because it perpetuates the dependency syndrome. Even a small levy imparts a sense of dignity and participation, and gives all residents a stake in the performance of the panchayat. The low end of the range, on kutcha dwellings, should however remain low, with the upper end of the range accordingly assigned a higher factor.
- (7) A rebate for owner-occupation is usually granted in urban areas. This would create complications in rural areas. The levies should be set on the assumption of owner-occupation for all residential structures. Even so, there is considerable room for raising the rates of levy.
- (8) No exemptions should be granted by use. Institutional structures in particular such as schools, hospitals, and religious institutions should not be exempted (subject to the constitutional exemption for all government properties). This is particularly important because these facilities make severe claims on the local infrastructure. When schools are exempted, and where lighting and water charges are levied as a cess on the property tax, as in Kerala prior to 1994, the panchayat loses revenue on the cess as well.
- (9) The highest rates by use should be charged on commercial structures, such as marriage halls, eating and lodging establishments, shops, and factories.
- (10) Four States presently grant the right to GPs to levy a consolidated lumpsum fee on factories in lieu of property and other levies. There is a danger that this empowerment might be misused to reduce the burden on factories.

ii. Land revenue on agricultural land

- (1) Land revenue is at present a State levy, with panchayats empowered in a few States only to levy a cess on it. As a levy on the major component of rural immoveable property, it falls squarely within the fiscal domain of panchayats and should be assigned to GPs. However, obligatory floor rates of levy should be set at State level. Where 100% of land revenue collections by the State are transferred to Panchayats, with no accompanying changes in the design of the tax, would carry no revenue additionality, although the pattern of distribution would be altered if the tax is presently shared by formula rather than by origin of collection.
- (2) The yield of the land revenue is negligible today. The survey and settlement procedures on the basis of which land revenue rates are determined show a basic design related to the yield from land, stratified by number of crops, soil and irrigation. What has reduced the levy over the years to revenue insignificance is the statutory prescription of specific rates of levy, unindexed for inflation, with a thirty-year period between rate revisions either fixed statutorily, or in practice as long as that. It is these aspects of land revenue, rather than any deficiency of conception, which need to be attacked if the levy is to become a buoyant source of revenue. Using the same principle as that used in constructing compounding/composition alternative rates of levy per hectare for the agricultural income tax, which is levied in eight States on plantation crops, the land revenue needs to be redesigned so that it functions as a crop-specific land-based levy based on present-day agricultural yields and prices.
- (3) Since the spadework required for such a redesigned land revenue is considerable, the set of crops to which it applies should start with a few commercial crops not covered by the agricultural income tax, and be expanded gradually over time.
- (4) In the interim period, present land revenue rates should be revised and reset at their indexed value, using the change in the CPI(AL) from the date at which the present rates were set.

- (5) Because some percentage of land revenue is presently shareable in most States, with the revenue making a round trip from the village to the State exchequer and back, the cost of administration should if anything be reduced if the revenue is collected and retained by panchayats.
- (6) Even after powers of levy are assigned to GPs, the land records will remain the property of the State government, because these serve the legal purpose of establishing ownership rights in the absence of title documents. However, panchayats should be granted full rights of access to these records.

iii. Other property based levies

- (1) There should be a use levy on agricultural pumpsets, over and above electricity charges, since pumpsets use ground water, a local common resource. There is a levy on pumpsets by municipalities in some States such as West Bengal, but nowhere by panchayats. Taxpayer resistance to this levy may be considerable, despite the fact that agricultural pumpsets are often operated with zero-priced electricity, because the supply of electricity is frequently interrupted, and at such low voltage that no pumping is possible. Taxpayer resistance can be overcome only if there is a concurrent improvement in electricity supply, which will require co-ordination with the State Electricity Boards.
- (2) Proceeds of the pumpset levy should be earmarked for watershed development programmes. The appropriate level to which the tax should be assigned may however be the ZP rather than the GP, since programmes of groundwater recharge and watershed development can be carried out only at district level. Where a watershed straddles two districts, the rates of levy have to be worked out jointly between the ZPs involved. Collection will have to be done by the GP, who may be allowed to retain a small collection fee.
- (3) Maharashtra empowers GPs, and ZPs to charge a betterment levy on lands which have benefited from schemes paid for from panchayat funds (see notes to table 1). It is

vital that this empowerment be extended to panchayats in all States. Five States empower GPs to collect a special tax for construction of public works, and two others authorise special taxes on agricultural land and/or residential structures for this purpose. Both powers, for prior and post facto collection, should be assigned to GPs in all States.

- (4) Another possible tax that can be introduced is a developmental charge on new construction. Such a charge is levied only by municipalities, as in Haryana for example.

iv. Levies on public facilities and resources, and on periodic events

- (1) Service charges need to be delinked from property taxes. All properties including the government properties are expected to pay service charges.
- (2) Panchayats are not commonly empowered to levy user charges on health and education facilities with some exceptions. Primary education is a function assigned to GPs in all States, yet the exact division of functional responsibility for these services between the State apparatus and panchayats is not clear at all, and probably varies widely from State to State. Even if free education is guaranteed under the Constitution, and even if the State government bears the brunt of the expenditure, GPs (rather than PSs or ZPs) should have the authority to levy a charge for providing ancillary services such as keeping the surroundings of the school clean, for example.

v. Other taxes

- (1) The **profession tax** is commonly found among other taxes leviable by GPs. This is a flat levy in a few categories with little scope for improvement beyond increases in rates of levy and indexation.

- (2) The **fee on weekly bazaars and markets** is perhaps the most promising, and is the approximate analogue at panchayat level of the State-level sales or turnover taxes. It is at present assigned to GPs in eight of the thirteen States (table 1). Six States have a fee on animals sold. These constitute the kernel of what could be expanded into a buoyant ad valorem levy on village trade. Since the scale is most likely to be below taxable thresholds at State level, and since agricultural produce is in most cases exempt from State-level sales taxation, the question of merger with a State-level VAT does not immediately arise.

B. Raising the local share of State taxes

The first issue is whether a flat share of total State tax revenue should be recommended for local bodies. This option would seem to be in line with the trend of thought at the national level, where the 10th Finance Commission has recommended a movement towards a flat 25% of aggregate central tax revenues for the States, and it has the merit of simplicity. If it were chosen, the only decisions called for would be in respect of the vertical share to be devolved upon local bodies, and the horizontal division between rural and urban bodies.

The advantage of a tax-wise approach, on the other hand, is that it enables an identification of those State-level levies which fall within the fiscal domain of local government, to the proceeds of which local bodies have a right. This paves the way for eventual transfer of powers of levy to local government, and may therefore be more conducive to the decentralisation objectives of the 73rd and 74th amendments. In the event that this option is found more acceptable, then, recommended measures will be as follows:

- (1) Stamp duty is currently shared with municipalities but not with panchayats at present, although a surcharge is shared with panchayats in some States. As a levy on transfer of immoveable property, over which local authorities have full jurisdiction, it should be made fully shareable with panchayats. As non-agricultural activities in rural areas pick up, this will be a buoyant source of revenue for panchayats.

- (2) The State-level motor vehicles tax is shared at present only with urban local bodies because the point of registration of all vehicles including those operated in rural areas, is an urban location. This is an inequitable exclusion, since maintenance of rural roads is a central function of panchayats, and since it is for the performance of that function that the motor vehicles tax is collected. Further, the motor vehicles tax should not exempt rural vehicles like tractors, which because they are motorised do not fall under the purview of the panchayat level vehicle tax.
- (3) There are other State levies presently shareable with urban bodies, from which panchayats are excluded because the point of sale or purchase of goods produced or consumed in a rural location lies in an urban location. Taxes not presently shareable with panchayats for this reason, but which should be so shared on a formula basis, are State levies on diesel and liquor.
- (4) Market fees are highly revenue yielding but are shared exclusively with the mandi towns where procurement takes place. Where a more generally shareable rural development cess is levied, as in Haryana, it should be shared with panchayats instead of being at the disposal of a State-level body. The rural development cess should be raised, and the market fee correspondingly reduced.
- (5) Andhra Pradesh and Tamil Nadu share fully with GPs royalties on minor minerals and materials quarried within their jurisdiction. There is a powerful justification for 100% assignment of revenues from such levies to panchayats, because compensation for resources extracted should accrue foremost to the jurisdiction of extraction, and also because many negative externalities of the extraction process commonly accrue locally.
- (6) Just as in the case of minerals, panchayats have a right to a share in State revenue from forest products. At present, only Gujarat and Maharashtra share these revenues, and the local share is very low. The case for such sharing is reinforced by the fact that forested areas are often backward in terms of standard measures. Giving such areas revenues that are theirs by right rather than grants based on equalisation formulae will go much further towards achieving the objectives of the 73rd Amendment.

**Assigned Taxes and Shared Taxes: Gram Panchayat (GP)**

**Table 1**

S.N.	Tax/State	A.P.	BIR	GUJ	HAR	H.P.	KAR	KER	M.P.	MAH	PUN	RAJ	T.N.	U.P.	W.B.
<b>1.</b>	<b>Assigned Taxes and Fees</b>														
<b>I.1</b>	<b>Levies on Moveable and Immoveable Property</b>														
1	Local rate/cess on land rev. (agri.)	*1		* 25% cess									*1	** 25- 50% cess	
2	Land tax (non-agri.)	*2	*2	*			**	*2,3		*					**
3	House/building tax	**4 house		*	**5 chulha	**5 house	**	*4	**	*	*	*	** house		**
4	Vehicle tax	*	*fee	*			*7		*7	*7	*fee	*6	**	*7	*fee
5	Surcharge on State stamp duty				**	*	*						**		**
6	Surcharge on seignorage (other than minerals)	*													
<b>I.2</b>	<b>Levies on Facilities</b>														
7	Water rate		*8 tax	*8,9	*	*	*	**tax	*	*8.9	*8	*tax		*8	*8
8	Lighting fee		*rate	*tax	*	*		**tax	**tax	*tax	*rate			*tax	*rate
9	Street cleaning fee				*	*								*tax	
10	Conservancy fee <sup>10</sup>		*tax	*				**	**tax	*	*rate			*	*rate

Table 1 (Contd.)

S.N.	Tax/State	A.P.	BIR	GUJ	HAR	H.P.	KAR	KER	M.P.	MAH	PUN	RAJ	T.N.	U.P.	W.B.
11	Sanitary cess for the construction and maintenance of public latrines			*	*			**tax	*tax	*				*tax	
12	Drainage fee			*tax				**tax	*						
13	Fee for use of common resources	*		*	*		*	*	*	*	*		*		
14	Fee for use of panchayat facilities	*	*	*			*	*	*	*		*	*	*	*
15	User charges on hospitals, schools		*									*			*
<b>1.3</b>	<b>Levies on Periodic Events</b>														
16	Pilgrim tax		*	*			*fee			*	*	*			*
17	Tax on fairs, festivals and other entertainments			*			*	**11 show tax		*	**11			*11	**11
<b>1.4</b>	<b>Other Levies</b>														
18	Tax on profession, trade, callings etc.		*12			**		*	**	*	*		*	12	*
19	Fee on market, weekly bazars			*	*	*	*		**	*			*	*	
20	Fee on animals sold				*	*	*		**	*				*	
21	Octroi on animals or goods or both brought for sale			*						*		*			

Table 1 (Contd.)

S.N.	Tax/State	A.P.	BIR	GUJ	HAR	H.P.	KAR	KER	M.P.	MAH	PUN	RAJ	T.N.	U.P.	W.B.
22	Tax on advertisement	**					*	*							
23	Special tax for construction of public works				*13	*13			*		*13	*13			
24	Lumpsum levy on factories in lieu of taxes	*		*			*			*					
25	Other	**vill. prod. sale		*pet dogs								*com. crops			*toll on vehicles and animals
<b>II. Shared Taxes (GP)</b>															
26	Land revenue (agri)			* 50%		*	* 100% cess	*15 75%	*14 (+cess)	* 100% + 100% cess	* 40%	*			
27	Surcharge on stamp duty	*						*		*	*				
28	Entertainment tax												*		
29	Seignorage/royalty	*minor minerals +materials 100%								*minor minerals			* materials 100%		
30	Forest revenue			*											

Sources: 1. Andhra Pradesh Panchayat Raj Act 1994 (Act No. 13 of 1994); 2. Bihar Gazette (Extra-ordinary), 23 August, 1993; 3. The Gujarat Panchayat Act, 1993; 4. Haryana Government Gazette (Extra) Oct. 15, 1994; 5. The Himachal Pradesh Panchayat Raj Act, 1994 (Act No. 4 of 1994); 6. Karnataka Gazette Extra-ordinary, 30 January, 1995;

**Table 1 (Contd.)**

7. The Kerala Panchayat Raj Act, 1994 (Act 13 of 1994); 8. The Bombay Village Panchayats Act 1958 (Amended upto 4th June 1990) and the Maharashtra Act No. XXI of 1994 (Amendment to the Bombay Village Panchayats Act, 1958, and the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961); 9. Punjab Government Gazette (Extra) April 21, 1994; 10. Rajasthan Panchayati Raj Act 1994; 11. Tamil Nadu Government Gazette, Extra Ordinary, April 22, 1994; 12. The United Provinces Panchayat Act, 1947 (U.P. Act No. XXVI of 1947 as Amended an Act 1994; 13. The West Bengal Panchayat (Amendment) Act 1994.

**General Notes:** \* An asterisk is entered in the State (column) where the tax/fee (row) is levied.  
\*\* A double asterisk indicates an obligatory levy. Not all States make the distinction.  
% These indicate maximum (or range of) rates of levy for own taxes, and shares of State-level taxes where stated in the Act.

**Notes:**

1. There is an independent empowerment to impose a tax on agricultural lands for specific purposes. In addition GPs in TN get a share of the PS land revenue cess.
2. Extends to all land, agricultural as well as non-agricultural. The Bihar tax is called a "tax on occupants of holdings".
3. At 0.1% of the capital value of the land.
4. There is also a special tax on houses for meeting public works expenditure.
5. There is an exemption for houses vacant for one year or more.
6. Except for those vehicles used for agriculture purposes.
7. These Acts explicitly exclude motor vehicles.
8. Levied also on irrigation water.
9. There is also a special water rate for individual connections.
10. The conservancy levy may also be called a special sanitary levy for the cleaning of privately-owned latrines/cess pools.
11. Includes cinematographic shows. In West Bengal it is a surcharge on the State entertainment ax.
12. These are income-based GPs in U.P. receive a share of the profession tax levied by the ZP, but collected by the GP.
13. On adult males (see also notes 1 and 4).
14. 100% of land revenue is credited to the Panchayat Fund, whose apportionment to the different tiers is not specified. The 50% cess is distributed only between GPs and PSs.
15. The land revenue in Kerala is called the basic tax; the remaining 25% is shareable with panchayats but on a formula basis.
16. The stamp duty is increased by 1%, and the amount is credited to the M.P.P.R. fund, for distribution among GPs and PSs by formula.

**Other taxes are levied as follows:**

West Bengal : Toll on ferries.  
Maharashtra : Betterment charge on lands which have benefited from schemes paid for from panchayat funds.  
Tamil Nadu : The land revenue levied by the State includes a water rate.

Table 2

## Assigned Taxes and Shared Taxes: Panchayat Samithi (PS)

S.N.	Tax/Fee/State	A.P.	BIR	GUJ	HAR	H.P.	KAR	KER	M.P.	MAH	PUN	RAJ	T.N.	U.P.	W.B.
<b>I.</b>	<b>Assigned Taxes/Fees</b>														
<b>I.1</b>	<b>Levies on Moveable and Immoveable Property</b>														
1	Local rate/cess on land revenue (agri.)					*			*		*1	*2	*3		
2	Vehicle registration fee		*								*				*
3	Surcharge on stamp duty			*											
<b>I.2</b>	<b>Levies on Facilities</b>														
4	Water rate <sup>4</sup>		*tax		*						*			*tax	*
5	Lighting rate <sup>4</sup>		*								*			*tax	*
6	Drainage fee				*										
7	Education cess			*								*			
8	User charges on hospitals, schools		*		*									*5	*
9	Fee for use of PS facilities				*		*		**				*	*	*
<b>I.3</b>	<b>Levies on Periodic Events</b>														
10	Sanitation fee on pilgrims		*								*				*
11	Fee for licence for markets or fairs	*6	*		*						*	*tax	*	*	*
12	Fee on animals sold													*	
<b>I.4</b>	<b>Other Levies</b>														
13	Profession tax											*			

**Table 2 (Contd..)**

S.N.	Tax/Fee/State	A.P.	BIR	GUJ	HAR	H.P.	KAR	KER	M.P.	MAH	PUN	RAJ	T.N.	U.P.	W.B.
14	Tax on entertainment								**						
15	Tolls on persons/vehicles										*				*
<b>II.</b>	<b>Shared Taxes</b>														
16	Land revenue	*	*	*25%		*			*	*		*	*		*
17	Surcharge on stamp duty	*					*7		*8						
18	Entertainment tax												*		

**Sources and General Notes:** Same as table 1.

**Notes:**

1. A local rate at 25% of annual value of all land; shared with the ZP.
2. A 50% surcharge on land revenue, as per the Hindi version of the Act.
3. There is a provision for two local cesses, one at 100% of land revenue, and a surcharge leviable at between Rs 5 and 10 on every rupee of land revenue.
4. Where the P.S. has provided the scheme for drinking/irrigation water or street lighting.
5. With prior sanction of the State government.
6. Shared with the GP and the ZP.
7. In proportion to the population of the Taluka.
8. The stamp duty is increased by 1%.

**Additional notes:**

- A.P. :** The PS is empowered to levy a surcharge on any tax imposed by GP, by not more than 15%.
- Gujarat :** The PS may levy any tax/fee leviable by the GP, provided it does not exceed 15% of the rate levied by the GP. The education cess is collected by, and shared with the GP.
- Kerala :** A surcharge on any GP levy at a rate not exceeding 5% may be levied towards PS and ZP expenses.

**Table 3**

**Assigned Taxes and Shared Taxes: Zilla Panchayat (ZP)**

S.N.	Tax/Fee/State	A.P.	BIR	GUJ	HAR	H.P.	KAR	KER	M.P.	MAH	PUN	RAJ	T.N	U.P	W.B
<b>I.</b>	<b>Assigned Tax/Fee</b>														
<b>I.1</b>	<b>Levies on Moveable and Immoveable Property</b>														
1	Special tax on land and buildings									*					
2	Tax on land									*1					
3	Registration of vehicles		*2												*2
4	Surcharge on stamp duty			*3								*			
<b>I.2</b>	<b>Levies on Facilities</b>														
5	Water rate <sup>4</sup>		*		*					*5		*			*
6	Lighting rate <sup>4</sup>		*												*
7	Drainage fee				*										
8	User charges on schools, hospitals				*									*6	*
9	Fee for use of ZP facilities				*									*	*
<b>I.3</b>	<b>Levies on Periodic Events</b>														
10	Sanitation fee for pilgrimages and fairs		*							*					*
11	Licence fee for markets or fairs		*		*					*		*		*	*
<b>I.4</b>	<b>Other Levies</b>														
12	Tax on profession			*						*7				*8	
13	Fee for registration of animals									*				*	

**Table 3 (Contd..)**

S.N.	Tax/Fee/State	A.P.	BIR	GUJ	HAR	H.P.	KAR	KER	M.P.	MAH	PUN	RAJ	T.N	U.P	W.B
14	Tolls on vehicles and ferries		*											*	*
<b>II. Shared Taxes</b>															
15	Land revenue		*	*10%		*			*	*9 200% cess		*			*
16	Surcharge on stamp duty	*								*					
17	Road cess		*								*10				*
18	Forest revenue			*2%						*7%					

**Source and General Notes:** Same as table 1.

**Notes:**

1. Benefited by irrigation or development schemes provided by the ZP.
2. Includes boats.
3. Powers to increase stamp duty with the approval of the State government (by not more than 20%).
4. Where the ZP has provided the scheme for drinking/irrigation water or street lighting.
5. Special and general water tax.
6. With prior sanction of the State government.
7. After transfer of this levy to the State government in 1975, the ZP receives a compensatory grant based on their collections.
8. This tax, called a tax on Circumstances and Property, is a tax on business, specified however with an income threshold of Rs 12,000/ year, and a maximum rate, once again with respect to taxable income, of 3%.
9. In addition to the 200% cess shared by origin, there is a 500% cess shared by formula with PSs and ZPs.
10. Road cess and cess on public works.

**Additional Notes**

- Andhra Pradesh : The ZP can impose a surcharge on any tax imposed by the GP, as in the case of the PS, but without a cap.
- Gujarat : The ZP can impose any tax leviable by the G.P. subject to a cap of 10% of the GP rate. The Gujarat profession tax is collected by and shared with the GP.
- Punjab : With State government approval the ZP may impose any taxes/fees which have not been levied by the GP or PS.
- Kerala : A surcharge on any GP levy at a rate not exceeding 5% may be levied towards PS and ZP expenses.

## USER CHARGES FOR URBAN SERVICES

One of the tasks of the State Finance Commissions is to strengthen the financial capacity of local governments. In this respect, it is important to identify measures for augmenting their resources to fulfil their obligatory functions. This note focuses on the potential of user charges for this purpose. It, however, also highlights the role of user charges in improving the quality of urban services. Based on the conceptual underpinnings and current practices, a set of recommendations are suggested for the consideration of State Finance Commissions.

**What are User Charges?** User charges for the purpose of this note are defined as 'the charges levied for the use of or for access to a given service.' It is possible to introduce user charges only in those circumstances where the 'principle of exclusion', (that is excluding those who do not pay) can be applied at least in principle. In the context of urban local governments, these may include any of the following services, namely, water, sewerage, primary solid waste collection, parks and playgrounds, education and health facilities and transportation. Their actual use for a given service generally depends on the past local practices for that service, prevailing state policies (especially for education and health facilities) and the local political will.

**Need for User Charges:** The levy of user charges is important from three perspectives. First is the narrower view of user charges being an additional source of revenue to augment the resources of local governments. This can of course be of considerable importance, as for many of the services, at present less than a half of the operation and maintenance costs are being recovered. Secondly, however, their value also lies in enabling the authorities to approach the service from a demand perspective. In more political terms, it makes it possible '*to ensure that local citizens get in local services what they want, and are willing to pay for.*' This, however, is dependent on the willingness to charge an appropriate price for this service. It also becomes possible under both these to develop more accurate information on service costs and usage. The third perspective for user charges, the possibility of improving the rate of return on infrastructure investments through proper user charges, is also dependent on appropriate pricing. This will be critical in the coming years as the limited budgetary allocation for this sector is likely to be constrained further. Experience from some of the developed countries like the US suggests that substantial revenues can be generated through user charges.

**Principles for User Charges:** Charging for services has to serve many functions, including, '*raising revenue, covering costs, the need to meet financial targets or required rates of return on assets, checking abuse of services, the need to target subsidies and the pursuit of equity.*' The specific principle of determining charges would be based on the function or purpose which is primarily attached to levying of user charges. Specifically, the principle for determining the level of user charges require a discussion of following aspects;

- i. Extent of costs covered by charges: The extent of costs to be recovered through user charges is dependent on the financial position and priorities of local governments. This concern will be relevant, if the main purpose of user charges is to cover costs. Ideally, for full cost recovery, all the costs related to operation and maintenance, debt servicing and depreciation and earlier outstanding dues need to be included.
- ii. Market based charges: If the concern is mainly to maximize revenue, the effort should be made to assess the market prices or the ability and willingness to pay of different consumer groups. This would be possible only for those services where such alternative markets do exist or through innovative market assessment methods. It would also be useful to explore the possibility of introducing variations in charges over user groups or even over space in relation to variations in service costs and demand.
- iii. Average versus marginal costs: While for full cost recovery, average costs are considered, for economic pricing to achieve allocative efficiency, long-run marginal cost pricing is generally advocated. The difficulty here may be that in most cases marginal cost linked prices <sup>4</sup> are likely to be too high in relation to current price levels. Secondly, many of the assumptions of economic theory do not really hold in the real world for infrastructure services. For example, assumptions related to competition and a lack of externalities in production and consumption do not really hold in practice. It is also difficult to measure economic costs from the municipal accounts. On the whole then, it is not surprising that evidence of marginal cost rule for pricing practice is not very common.

**Current Practices:** Systematic information regarding user charges for urban services is not readily available for Indian cities. A few studies for water supply and sewerage services, however, indicate that user charges are fairly common and contribute significantly to the total earnings in this sector. However, their contribution, especially in relation to total service costs, varies considerably across cities. Aggregate information for expenditure and income suggests that the extent of cost recovery ranges from as low as 20 percent to over 100 percent in different cities. In most cases, charges are for consumption, but often levied as a flat rate on connections. These charges are progressive with either the higher consumption blocks or larger sized connections paying a higher rate. Generally, non-domestic charges are at least 2 to 3 times higher than the domestic rates and help to cross subsidize the latter. Charges for new connections, though commonly practiced, do not contribute significantly to total revenues.<sup>5</sup> Similarly, development charges are levied by many authorities, but these are not

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<sup>4</sup> For infrastructure investments generally average incremental cost is taken rather than short run marginal cost, due to the lumpy nature of these investments and their long life.

<sup>5</sup> In recent years, many cities have, however, started using these successfully. For example, in Orissa, advanced registration charges have been introduced for sewerage and water projects. In Tiruppur, Tamilnadu, advanced charges for water supply connections have yielded significant surplus revenues after meeting the distribution system costs.

clearly linked to actual costs.<sup>6</sup> Conservancy tax is used to meet the costs of solid waste management and no direct user charges are levied. In most cases, no or very low fees are charged for the use of parks and playgrounds which have been developed and maintained by municipal authorities. For education and health services, most municipal schools and health facilities have very low fees which bear no direct relationship to actual costs. While full cost recovery in these may not be possible, it would be useful to explore more innovative pricing arrangements which enable the individual facilities (or a group of them) to retain the fees for local service improvements.

Another important aspect of current practice relates to the state level control on the rates for user charges. In many states, the local governments have little real autonomy in fixing these rates, as state-wide prices are fixed or state approval is essential for any revisions.

On the whole, it appears that user charges are probably one of the least tapped of potential sources of revenue for local governments. However, the world over there is probably now a greater realization of this, as the information for some of the developed countries suggests that the share of user charges in total income of local governments has increased during the last decade. In India, the notion of public services attached to most urban infrastructure, has so far rendered this option rather unattractive. These also represent considerable potential, especially as the logic of local provision and delivery of services is based on the premise that the proximity to the user groups makes it possible to make the service more effective and relevant. There is considerable potential for exploring new types of user charges, like impact fees, valorization charges, capacity allocations, etc. in Indian cities. It is likely that the necessary introduction of new and increases in existing user charges can become possible more easily with corresponding institutional changes which make the service more user responsive, rather than being supply dominated.

**Overcoming Constraints to User Charges:** Despite their potential usefulness, actual practice suggests a limited use of user charges so far. It is thus necessary to review the constraints which are likely to hamper their use in practice and identify means to overcome these.

Affordability for the Poor: One of the most often voiced concerns is the probability of pricing out the poor as their affordability levels may be lower than the required price levels. While this may be a genuine concern, at present, the low and highly subsidized services for many of the urban services in fact do not accrue to the poor at all. There are several possible ways of ensuring 'life line rates for the poor'. In case the charges are based on level of consumption, it is possible to keep very low rates for the lowest consumption block to ensure life line rates at affordable prices. Progressive charges on higher consumption blocks can help to provide the necessary cross subsidies. In case of flat non-volumetric rates, it would be possible to levy lower affordable rates for localities or residential areas which are dominated

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<sup>6</sup> An exception worth noting here is the approach followed by City and Industrial Development Corporation, Bombay, for pricing land. CIDCO incorporates the present value of all on-site and off-site costs in fixing a reserve price. It also varies the actual price in relation to affordability of different user groups.

by urban poor communities.<sup>7</sup> Similar carefully planned cross subsidization can also be introduced for education and health facilities.

Information Base on Costs and Demand: The second constraint relates to a lack of adequate information on costs and the ability and willingness to pay of different groups. For the cost information, it would be necessary to build this up through separate accounts or funds for specific groups of services (e.g. water and sewerage) and adopting commercial accounting for these sectors. This has already been recognized and adopted in some local governments. In the state of Maharashtra, the new ordinance under the 74th Constitution Amendment, requires such separate accounts for some of the important services. For the demand side, information is difficult, especially when there is no market for these services. This may, however, be done by using contingent valuation methods or market research techniques used for other commercial products. This may be supported later by monitoring customer satisfaction and complaints for the given service.

State Policy Framework: For many of the services, charges (or provision of near free services) are determined at the state level. It is clear that to satisfy many of the principles discussed above, greater local autonomy in setting the charges is essential. There is, however, a possibility of a lack of local political will to introduce the required revisions in user charges. This may be influenced by building up incentives for appropriate user charges in the state-local fiscal transfers. Further, as is done in the state of Madhya Pradesh, the state permission may be required to decrease the rates on user charges. On the whole then, the power to fix user charges and especially to introduce upward revision may be with the local governments. This becomes especially relevant in view of their constitutional status and the assurance of political representation.

Inefficiencies in Service Provision and Collection of Charges: Another major concern, especially for introducing full cost recovery (or efficiency) charges, is the persistent inefficiencies in service provision (as evident from very high administrative costs or a high level of system leakages) and in collection of charges (as evident from on an average only a half of the actual demand being collected). These would introduce inequities and push up the charges to unnecessarily high levels. To reduce inefficiencies, it would be necessary to introduce greater transparency in the system of setting the charges and collection procedures,<sup>8</sup> as well through necessary management improvements. With greater transparency through such measures, public pressure would force a reduction in service inefficiencies.

Past Practices and Political Will: The most important constraint probably relates to a lack of political will to introduce the substantial price revisions which are required due to the past practice of very low charges. This necessitates that revisions are phased out over a three to five year period and introduced in politically opportune times. The main concern in

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<sup>7</sup> While volumetric rates are preferable, in many Indian cities, there are both technical and administrative problems with the working of meters for water services.

<sup>8</sup> For example, according to the Maharashtra ordinance for the 74th C.A., the Commissioner is required to make an annual statement on the subsidies accruing for different municipal services.

willingness to pay for services also relates to a skepticism regarding any concrete improvement in services. It may thus be necessary to show results, even in smaller more manageable areas, before introducing revisions. While the political opposition is often emphasized, it will reduce if studies and actual practice indicate a far greater willingness to pay for services than the present highly subsidized rates which permit only low service levels and quality and are often regressive in their impact on the poor. Another measure which may be used for some selected services is to move towards corporatization of these services, either through municipal enterprises or private provision of services through franchise or concessions. This would help to take the pricing decision out of the political realm. However, the interest of low-income consumers will need to be protected in such arrangements.

### **Recommendations for State Finance Commissions:**

Based on the above, a set of recommendations are suggested for the consideration of State Finance Commissions which would both help to more fully realize the potential of user charges as well as improve the quality and coverage of urban services.

#### **1. Need for User Charges:**

- i. All municipal authorities should introduce user charges for any of the following services which they provide themselves:  
Water supply, sewerage, solid waste collection, parks and playgrounds, transportation.
- ii. For education and health services, if there is any municipal contribution, user charges need to be introduced. For the state or central contributions, levy of user charges will depend on the larger policy framework.
- iii. For any other services where it is possible to levy user charges, these must be encouraged.

#### **2. Type of Charges:**

- i. User charges need to be introduced for both access and consumption. The type of charges would differ for different services as illustrated in Table 1.
- ii. Consumption charges for water and sewerage need be combined in a single periodic charge.
- iii. Municipal authorities need to explore the use of more innovative land based measures, impact fees, linkage, etc. to augment the total revenues and reduce the pressure on direct user charges.

#### **3. Principles for Determining User Charges:**

- i. On the whole, principle of at least full cost recovery should be used for water services. For other services, SFCs should determine the minimum percentage of total costs which need to be recovered based an analysis of state level practice. Total costs for a service provided by a given municipal authority will include the following components.

Operation and maintenance costs for running the service and billing and collection of user charges, including manpower, materials, buildings, electricity, etc.

- . Debt servicing on all outstanding loans/borrowing for the service
  - . Depreciation on fully paid up portion of fixed assets
  - . Appropriate share of general administration for this service, provident fund contribution, etc.
  - . Payments for raw or bulk water to external agencies, if any.
  - . Any outstanding dues/arrears (e.g. for raw or bulk water, electricity) to be repaid in a phased manner based on state level policy.
  - . For sewerage and solid waste management, any revenues or income generated from the sale of effluent or waste related by products (like power or fertilizers) need to be deducted from the total system costs.
- ii. To ensure that the low income groups have access to minimum service levels, appropriate differential pricing needs to be resorted to. For this, SFCs need to specify the maximum rates for these groups for each service. For example, for water, a maximum affordable rate for the lowest consumption block which ensures life line rate (maybe 7.5 Kl per month) may be fixed at the state level. Similarly, for other services, such maximum rates need to be specified. Ideally these may be specified by different size class of cities. For others, appropriate progressive rates should be used by the municipal authorities to ensure full cost recovery.
  - iii. A grace period of 5 years may be given for all municipal authorities to increase rates gradually to ensure full cost recovery or to meet the minimum specified share for different services. Exception can, however, be made for those municipal authorities where the unit costs of services are higher than the state level median. In such cases the grace period may be increased.
  - iv. User charges for all the services in all municipal authorities must be indexed for inflation, as measured by the CPI (urban industrial) for the state.
  - v. Rates for user charges need to be reviewed at least every three years to review the underlying cost structures as well as the revenue performance in the previous three years.
  - vi. The authority for determining the nature and level of user charges, once the above principles are met, should vest with the agency supplying the service.

#### **4. Incentives for Performance:**

- i. SFCs should consider linking transfers of grants and share in taxes to the performance on user charges.
- ii. Incentives for enhancing user charges may also be linked to permission for and support to municipal market borrowing for infrastructure. For this, adequate performance for at least three years should be mandatory.
- iii. Another form of incentive may be access to credit enhancement through a state guaranty fund created by pooling available grants for these services.

**5. Support for Introducing Changes:**

- i. SFCs should consider small grants for municipal authorities to introduce the necessary changes in their accounting systems, create a necessary data base on costs and market prices, training in rate setting and financial management, etc.

**Table 1**

**Type of User Charges for Different Services**

<b>Service</b>	<b>Existing Type of Charges</b>	<b>Potential Type of User Charges</b>
Water services	Consumption Charge Metered or flat rate Connection Charge Water tax	Consumption Charge Metered or flat rate Connection Charge Development Charge Linkage Fees Capacity Allocations
Sewerage	Sewerage/Conservancy Tax	Connection Charges Surcharge on water consumption Development Charge Linkage Fees Capacity Allocations
Solid Waste Management	Conservancy Tax	Solid waste collection fee Linkage fee Capacity Allocations
Parks and Playgrounds	Entry Fees	Entry Fees Membership Fees in neighborhood parks
Transportation	User Tariffs	User Tariffs
Education	Student Fees	Student Fees School Development Fees
Health	Patient charges	Patient charges Membership fees for local health facility

## SCOPE OF PRIVATIZATION OF MUNICIPAL SERVICES

Municipal services at present are in an appalling state in almost all parts of the country. The reasons are largely linked to the poor financial status of local governments. Even the obligatory duties of local governments are not performed satisfactorily due to inadequate resources. The financial position can be improved both by improving the performance and efficiency of local governments as well as finding newer ways to augment municipal resources.

In this context the local governments could consider the involvement of private sector in the provision of urban services. Most of the municipal services are amenable to privatization. Though divestiture is not advisable, 'unbundling' of services into a number of activities will enable local governments to contract out a few activities in each service while retaining overall control of the service. The municipal services that have used private sector in the provision of services in different parts of the country are sanitation and public health, solid waste management, roads and streets, water supply, tax collection, garden and parks, and a few others such as market development, bus terminus, maintenance of vehicles, land development etc.

The local governments can use many partnership arrangements in the provision of urban services. Some of the common partnership arrangements include:

1. Build, Operate and Transfer (BOT) - This is an arrangement where a private entity is responsible for the financing, construction and operation of an infrastructure facility and the private entity transfers the facility to the government agency at the end of the specified period.
2. Contracting Out - The local government, in this arrangement contracts with private firms or other agencies to perform particular operating or maintenance functions for a fixed period and for specified compensation.
3. Franchising - In this arrangement a private partner takes over responsibility for operating a service and collecting charges and possibly for funding new investments in fixed assets (mostly within a defined geographical area).
4. Affermage - Public authority controls construction and owns the fixed assets in this arrangement but contracts out operations, maintenance and billing.
5. Vouchers - Vouchers enable consumers to obtain goods and services free or at reduced cost while retaining the power to choose between competing suppliers.

Some examples of cost savings achieved by using private contractors in service provision are given below:

## Financial Benefits from Using Private Sector

### **New Bombay (1992-93)**

#### Water supply

Maintenance of water distribution system:

CIDCO's cost Rs. 600 per day

Private contractor's cost Rs. 175 per day

Net saving Rs. 425 per day

#### Solid Waste Management

CIDCO's cost Rs. 99.0 lakhs/year

Private contractors' cost Rs. 42.6 lakhs/year

Net saving Rs. 56.4 lakhs/year

### **Rajkot (1991-92)**

#### Primary solid waste removal:

RMC's cost Rs. 16.95 lacs

When privatised Rs. 14.36 lacs

Net gain Rs. 2.61 lacs

#### Secondary solid waste removal:

RMC's cost Rs. 260 per tonne

When privatised Rs. 200 per tonne

Net gain Rs. 60 per tonne  
(calculations include establishment cost)

#### Street lighting:

RMC's cost Rs. 14.86 lacs

When privatised Rs. 11.89 lacs

Net gain Rs. 2.97 lacs

Note: RMC - Rajkot Municipal Corporation

Local governments should consider involving the private sector in the provision of municipal services. The advantages, in terms of resources, to local governments would be the following:

- \* Using private sector through arrangements such as BOT, BOO (build-operate-own) etc. will increase the flow of resources in the urban infrastructure sector.
- \* Contract arrangements with the private sector will help local governments effect cost savings and such savings can then be used to improve service provision, increase service coverage etc.
- \* The local governments can use franchise arrangements in service provision. Since the franchisee will make the necessary investments in this arrangement, the local government would be able to cover areas with services without making additional investments.

These new financial and service provision arrangements will help local governments to not only save costs but also find new ways of financing investments in infrastructure.

## **REPORT OF THE WORKING GROUP ON TRANSFERS TO LOCAL BODIES**

**Chairman : Virendra Prakash**

1. Transfers in the form of shared taxes and grants play a critical role in the functioning of local governments in India, and constitute an important component of the total revenues of local bodies. They account for approximately 35 per cent of the total revenues of Municipalities, and over 75 per cent of the total revenues of Panchayats. Of these, shared taxes form a considerable proportion of the total transfers to Municipalities while grants form a large proportion of transfers to Panchayats. In general, shared taxes fail to take into account the needs of local bodies and grants seem to be too unsystematic to bring about fiscal corrections needed for a strong local finance base in the country.

2. The purpose of transfers is to permit the local governments to provide a satisfactory level of service to the community. However, the evidence points to the inability of local bodies to meet this objective. Further, the system of transfers in its present form, is said to have undermined to some extent the initiative of the local bodies. The present system of transfers has also created a situation of dependency of local bodies on State governments as there is no provision of automatic transfer of resources. Several recent studies point to the fact that there is no coherent system of States transfers to local bodies. There is confusion of responsibility and lack of accountability. In concluding, it is fair to say that the present system of transfers has contributed little towards solving the fiscal problems of the distressed local bodies and is no longer in tune with the evolving needs of local governments.

3. It is in this light that the working Group reviewed the existing practices of States transfers to local bodies and observed as a general principle that transfers must be governed by the twin objectives of efficiency and equity. The Group was of the view that the system of State transfers, be it the sharing of State taxes or the grants, should be designed in such a way that they lead to a fully transparent and predictable system of intergovernmental finance

in which all levels of government understand the rules of revenue sharing and grants and their entitlements under the system.

4. The Group, during the course of its deliberations discussed whether to deal with transfers on non-plan revenue account or also with transfers on plan account. It noted that the criteria and modalities of determining transfers on plan account have their own rationale as well as specific objectives to serve and it was beyond the scope of this group to specifically address the transfers issue on Plan account. It however, decided to include in its deliberations, the revenue implications of plan transfers. The Group thus considered the transfers under non-plan revenue account and the revenue implications of plan transfers.

5. The group was of the view that the need for a better system of transfers from the States to local bodies can hardly be overemphasized. The existing normative fiscal gap of local bodies is large enough to warrant either additional tax assignments or a reformed system of transfers which will make available more resources to the local bodies. It agreed that the objective of a new transfer mechanism should include among other things: (1) closing the vertical and horizontal gaps in the finances of local bodies, (2) to provide for some upgradation in the existing levels of municipal services, and (3) to provide for some additional services to be performed by the local bodies. It further agreed that the transfer of functions and responsibilities as listed in the 11th and the 12th schedule of the Constitution would have to be accompanied by appropriate matching of funds to the local bodies. This would imply that the States will have to make adjustments so as to bring about a balance in the existing fiscal powers by providing greater flexibility to local bodies in matters of determining the tax rates, user charges and fees.

6. In this regard, the issue of functional domain of the local bodies was examined. It noted that the 11th and 12th schedules of the Constitution of India have not laid down a list of minimum functions that should be transferred to the local bodies; the functions listed therein are only for guidance. The relevant enactments of different States do specify the functions assigned to these bodies. Some functions have been made obligatory while others are discretionary. The Group felt that the issue of defining the functional domain of local bodies is one which is best left to political decision-making.

7. It observed that the Finance Commissions must lay down principles that should enable the local bodies to perform at least the obligatory functions of providing the basic civic needs of the people of their areas. Moreover, a number of functions were concurrent between the local bodies and the State Governments. It was felt that it would be appropriate to approach the problem both from the side of requirements as well as the resources available with States to be shared with local bodies. At the same time, the objective should be to enable the local bodies to discharge their obligatory functions at a satisfactory level and this objective should be taken as the starting point for determining transfers from the States to the local bodies.

8. The Group reviewed the different forms of transfers from States to local bodies and was of the view that it will focus on transfers which are made in the form of shared taxes and grants, but will not deal with transfers made via loans. These two component of transfers account for the bulk of transfers from the States to local bodies on the revenue account. The Group noted that the question of transfer of tax powers was beyond the scope of this Working Group as it is already being dealt with by another group on Augmentation of Resources. In order to put the issue of transfers in its proper perspective, the group examined the following sets of questions:

1. When does the need for transfers from State to local bodies arise?
2. What form should the transfers take? and
3. What should be the design of a transfer system?

9. Own revenues of local bodies measured through tax assignment and the tax and non-tax revenues are not sufficient to meet the growing expenditure required for providing even the minimum level of basic services. It is also seen that most of the elastic and buoyant sources of revenues such as the sales tax, excise, motor vehicles tax etc. are within the domain of the State governments. This leaves with local bodies, sources of revenues that are stagnant and inelastic in their yield except for octroi in those States which are still to abolish it. Even in respect of taxes that are currently shared by States with the local bodies, no accepted principles of distribution have been followed. In some States, they are shared on a fixed proportion basis while in others they are shared on a percentage or a per capita basis. On the whole, there is ample scope for streamlining the system of sharing of State revenues so that

the local bodies receive not only their due share of the State revenues but also become entitled to the share in the growth of those revenues over time. Such a design of sharing of State revenues will provide the much needed autonomy to the local governments, and provide to them a level of predictability that is necessary in order to enable them to engage in forward planning of activities.

10. Keeping in view the fact that no specific State taxes are indicated for sharing in the 73rd and 74th Constitutional amendments, it is implied that the whole range of State tax revenues stand open to sharing. In this regard the Group was of the view that sharing of tax revenues should play a dominant role in the transfer schemes to local bodies (both Municipalities and Panchayats), while grants in any form should have only a secondary role and be designed with the objective of achieving equalization in the finances of local bodies. If the States provide bulk of the transfers by way of sharing of revenues, the proportion of grants in total transfers can be appropriately adjusted. This will, in effect, change the current composition of shared revenues and grants in the total transfers from the States to the local bodies. This will also increase the reliance of local bodies on sharing mechanism which will, in the long run, result in greater level of autonomy and predictability. The States at their end, would benefit by having to incur lower administrative costs since the multiplicity of grants would also be considerably reduced.

11. Two different forms of sharing mechanism were tabled for discussions before the working group. The first involved the method of *Global Sharing*, i.e, sharing of all State tax revenues with the local bodies. The second method involved sharing of *individual State tax* revenues. Keeping the aim of providing a predictable source of revenue to the local governments in view, the Group preferred the modality of global sharing over the sharing of individual tax revenues. This form has the merit of facilitating the abolition of octroi where it has not been done so far. The group endorsed the idea of a formula based sharing of States tax revenues over sharing of individual tax revenues on the basis of the principle of origin (full derivation based system). Sharing on the basis of origin would lead to wide disparities in fiscal capacity and presumably in public service levels. On the other hand, sharing on the basis of a formula will, to some extent, bring about an acceptable level of equalization in the finances of local bodies.

12. In order to operationalise the sharing scheme, the Group suggests a three stage sharing mechanism. In the first stage, a certain percentage of the total tax revenues of States should be allocated to the local bodies. In determining this pool of funds the State Finance Commissions may take into account, among others the following factors:

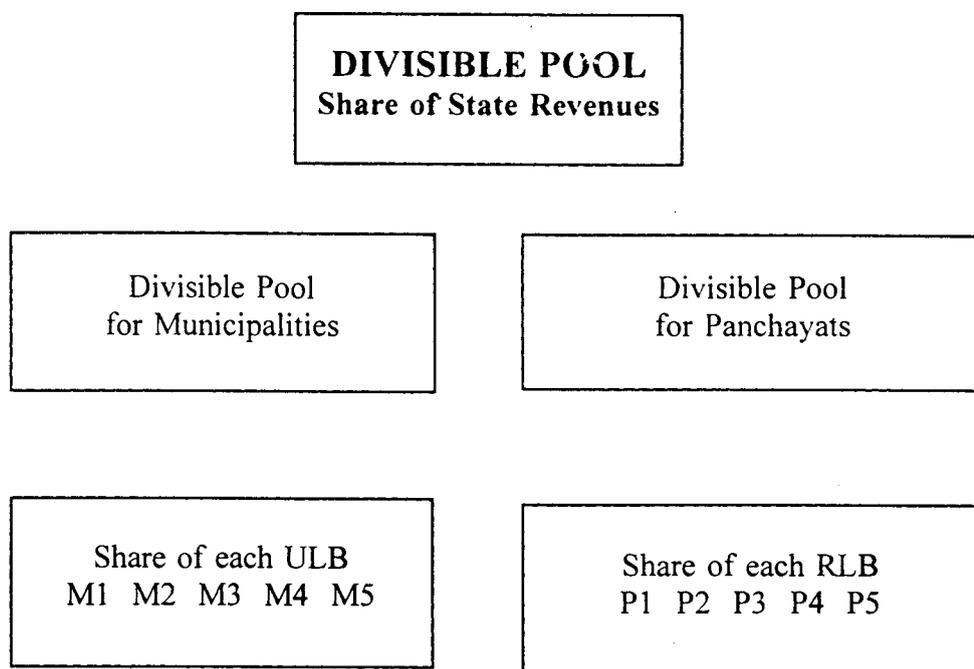
1. the current normative deficit of the local bodies
2. the overall tax revenues of the States
3. the estimates of normative requirements of local bodies, and
4. the current resource position of State.

The determination of the pool has to be undertaken keeping in view the potential for augmenting the own resources of the local bodies, based on some normative criteria such as application of an average tax rate to existing tax base of local bodies; the normative estimate of the expenditure requirement of local bodies; and some additional resources for upgradation of local government services. This will provide an estimate of the normative fiscal gap of local bodies which then becomes the divisible pool of resources for the local bodies.

13. The divisible pool so determined will form the pool of funds to be allocated to the urban and the rural local bodies on such criteria which may include the following:

1. the current ratio of State transfers to rural and urban local bodies
2. the normative requirement of rural and urban local bodies
3. the tax capacity of rural and urban local bodies, and
4. the index of tax effort.

14. In the third stage the distribution is made among the urban local bodies and the rural local bodies. The group endorses the use of multiple criteria such as population, backwardness and the tax effort for distribution of the pool between the Municipalities and the Panchayats. These criteria will assist the poor local bodies with low resource base but at the same time, will not discourage those local bodies who are able to manage their finances efficiently.



15. Although the scheme of sharing as outlined above is strongly endorsed by the Group, it considers that the proportion of the State revenue that forms the divisible pool can be best determined by the State Finance Commissions of individual States, after taking into account the above stated criteria

16. In case of both Municipalities and Panchayats, grants should be directed mainly for the purpose of equalization, although they may also be used for meeting the objective and priorities of the State governments. The Group noted that grants have historically played a more important role in the transfer mechanism but these have neither been able to provide a level of predictability for local governments, nor being able to advance the objectives of forward planning. The time between the approval of a grant and its receipt by local bodies is also long and, in many instances, defeats the very purpose for which the grant is made.

17. The Group recommends three types of grants, which should have a limited role in relation to the over all transfers to local bodies. The three forms of grants suggested are: (1)

General purpose grant (2) Specific purpose grant, and (3) Incentive grant. The general purpose grant may be given on the basis of population, with elements of equalization being built into the system. The Specific purpose grant are grants tied to achievement of specific objectives or for upgradation of the levels of services provided by the local bodies. The Group was of the view that these grants be given to local bodies for the promotion of objectives and priorities of higher levels of government. Thus, the need for such grants would arise only where the higher level of government has an agenda of priorities that it desires to pursue through the local bodies and the local bodies are, by themselves, not in a position to take care of.

18. Incentive grants should be designed for the purpose of encouraging local bodies to streamline their operations. There are two ways of operationalising incentive grants. First, it could be a component of the general purpose grant. Thus, the incentive part of the grant will be some fraction of the total general purpose grant. Second, it could be administered as a separate grant, where the grant will depend on the measures taken by the local bodies to strengthen their financial position.

