

Table 9.41
Distribution of Development Expenditure of Municipalities
1990-91 to 1997-98

(Rs in Thousand)

Year	Water Supply	Animal Husbandry	Fisheries	Housing	Roads
1	2	3	4	5	6
1990-91	1306 (4.70)	1655 (5.96)	3966 (14.28)	1655 (5.96)	1004 (3.62)
1991-92	1908 (6.00)	1917 (6.03)	2750 (8.65)	914 (2.88)	1521 (4.79)
1992-93	16843 (24.82)	2859 (4.21)	8560 (12.61)	2854 (4.21)	6509 (9.59)
1993-94	11439 (19.76)	3029 (5.23)	9093 (15.71)	3031 (5.24)	1301 (2.25)
1994-95	12129 (19.50)	3577 (5.75)	10713 (17.22)	3570 (5.74)	4752 (7.64)
1995-96	13948 (21.98)	3980 (6.27)	6950 (10.95)	984 (1.55)	5227 (8.24)
1996-97	16040 (25.03)	3570 (5.57)	722 (1.13)	3580 (5.59)	5750 (8.97)
1997-98	18446 (24.61)	3978 (5.31)	1940 (2.59)	3983 (5.31)	6324 (8.44)
AAG (%)	121.11	14.49	35.52	56.30	84.95

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Year	Educational	Health	Women & Child-ren	Cultural Activities	Others	Total
1	7	8	9	10	11	12
1990-91	851 (3.06)	10116 (36.43)	245 (0.88)	346 (1.25)	6623 (23.85)	27767 (100.00)
1991-92	1930 (6.07)	12419 (39.07)	221 (0.70)	443 (1.39)	7760 (24.42)	31783 (100.00)
1992-93	1891 (2.79)	15697 (23.13)	351 (0.52)	872 (1.28)	11424 (16.83)	67860 (100.00)
1993-94	2639 (4.56)	13548 (23.40)	658 (1.14)	1037 (1.79)	12118 (20.93)	57893 (100.00)
1994-95	2515 (4.04)	18417 (29.61)	1174 (1.89)	1079 (1.73)	4280 (6.88)	62206 (100.00)
1995-96	2766 (4.36)	21179 (33.38)	1291 (2.03)	1186 (1.87)	5938 (9.36)	63449 (100.00)
1996-97	3043 (4.75)	24356 (38.01)	1420 (2.22)	1305 (2.04)	4288 (6.69)	64074 (100.00)
1997-98	3347 (4.47)	28009 (37.37)	1562 (2.08)	1436 (1.92)	5925 (7.91)	74950 (100.00)
AG (%)	27.09	16.63	34.98	25.41	7.84	20.10

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.64 Health and Water Supply receive major shares of Development Expenditure of the Municipalities. These together have the share of more than 50 per cent of the Total Development Expenditure of the Municipalities. Expenditure on Water Supply assumes more importance since 1992-93. The other items, viz. Animal Husbandry, Fisheries, Education etc. though have a significant expenditure growth during the period 1990-91 to 1997-98, have very small shares in total expenditures. Hence, Water Supply and Health seem to be the important development works undertaken by the Municipalities.

9.65 *Maintenance Expenditure*: The distribution of Maintenance Expenditure is given in table 9.42.

Table 9.42

**Distribution of Maintenance Expenditure of Municipalities
(1990-91 to 1997-98)**

(Rs in Thousand)

Year	Roads	Educa- tion	Street Light	Water supply	Sanita tion	Others	Total
1	2	3	4	5	6	7	8
1990-91	18690 (22.65) (100.00)	12769 (15.48)	18608 (22.55)	4203 (5.09)	19384 (23.49)	8850	82504
1991-92	30794 (25.07) (100.00)	17370 (14.14)	26057 (21.21)	546 (0.44)	16673 (13.57)	31403	122843
1992-93	39694 (29.39) (100.00)	17019 (12.60)	17760 (13.15)	1872 (1.39)	28795 (21.32)	29940	135080
1993-94	11707 (9.36) (100.00)	23752 (18.98)	19915 (15.92)	1271 (1.02)	40467 (32.35)	27998	125110
1994-95	22764 (19.22) (100.00)	22628 (19.11)	19899 (16.80)	1348 (1.14)	43529 (36.76)	8259	118427
1995-96	27040 (20.35) (100.00)	20172 (15.18)	22883 (17.22)	1550 (1.17)	37881 (28.50)	23381	132907
1996-97	31744 (24.60) (100.00)	27380 (21.22)	26316 (20.39)	1783 (1.38)	32670 (25.32)	9140	129033
1997-98	36919 (25.74) (100.00)	28118 (19.60)	27263 (19.01)	2050 (1.43)	37937 (26.45)	11150	143437
AAG (%)	24.30	13.77	7.69	24.97	13.74	45.34	9.52

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.66 Roads and Sanitation are the major items that receive highest shares of Maintenance Expenditure. These two together constitute more than 50 per cent of the Total Maintenance Expenditure during 1997-98. Education and Street light get fluctuating share of Total Maintenance Expenditure over the period 1990-91 to 1997-98. Interestingly, Water Supply that receives highest share (next to Health) in Development Expenditure has got least importance in Maintenance Expenditure.

Municipal Corporations

9.67 There are two Municipal Corporations in the State, which are formed recently. The analysis of income and expenditure of these two corporations together is presented in the following.

Income of Municipal Corporations

9.68 The income of Municipal Corporations consists of Own Income, transfers and Others. The different items of income under these major heads are presented in Table 9.43.

Table 9.43

Income Of Municipal Corporations, 1990-1991 to 1997-98

(Rs in Thousand)

Year	Own Revenue	Transfer	Others	Total
1	2	3	4	5
1990-91	107406 (67.24)	21343 (13.36)	30980 (19.40)	159729 (100.00)
1991-92	149952 (78.18)	33322 (17.37)	8526 (4.45)	191800 (100.00)
1992-93	156914 (80.62)	25076 (12.88)	12640 (6.49)	194630 (100.00)
1993-94	170049 (82.08)	29770 (14.37)	7366 (3.56)	207185 (100.00)
1994-95	238070 (86.15)	26449 (9.57)	11816 (4.28)	276335 (100.00)
1995-96	275434 (85.37)	38126 (11.82)	9059 (2.81)	322619 (100.00)
1996-97	276783 (71.45)	93152 (24.04)	17472 (4.51)	387407 (100.00)
1997-98	311181 (84.56)	31456 (8.55)	25352 (6.89)	367989 (100.00)
AAG (%)	17.32	23.03	15.59	13.31

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.69 The income of Municipal Corporations is dominated by Own Source of revenue. The share of Own Revenue increased from 67.24 per cent in 1990-91 to 84.56 per cent in 1997-98. On the other hand, the share of Transfers has declined from 13.36 per cent in 1990-91 to 8.55 per cent 1997-98. Hence, the own source of revenue plays a major role in determining the income of the Municipal Corporations. This relegates the role of Grants in determining the total income.

9.70 *Own Revenue*: Tax Revenue and Non-Tax Revenue are the components of Own Revenue of the Municipal Corporations. The shares of these components in Total Own Income of the Municipal Corporations are presented in Table 9.44.

Table 9.44

Own Revenue Of Municipal Corporations, 1990-91 to 1997-98
(Rs in Thousand)

Year	Tax Revenue	Non-Tax Revenue	Total	(2) as % Of (4)	(3) as % of (4)
1	2	3	4	5	6
1990-91	101586	5820	107406	94.58	5.42
1991-92	127996	21956	149952	85.36	14.64
1992-93	143125	13789	156914	91.21	8.79
1993-94	156609	13440	170049	92.10	7.90
1994-95	208122	29948	238070	87.42	12.58
1995-96	245218	30216	275434	89.03	10.97
1996-97	251258	25525	276783	90.78	9.22
1997-98	295726	15455	311181	95.03	4.97
AAG (%)	16.87	43.75	17.32		

Note: AAG denotes Annual Average Growth.

9.71 Tax Revenue plays an important role in the own income of the Municipal corporations it has the share of more than 85 per cent in Own Income during 1990-91 to 1997-98. At the same time, the share of Non-Tax Revenue varies between 5 per cent to 15 per cent. Hence, effort can be made to raise Non-Tax Revenue.

9.72 *Transfer*: The Transferred Revenue consists of Assigned Revenue and Grants. This is shown in Table 9.45.

Table 9.45
Transfer to Municipal Corporations, 1990-91 to 1997-98

(Rs in Thousand)

Year	Assigned Revenue	Grant-in-aid	Total	(2) as % of (4)	(3) as of (4)
1	2	3	4	5	6
1990-91	897	20446	21343	4.20	95.80
1991-92	373	32949	33322	1.12	98.88
1992-93	425	24651	25076	1.69	98.31
1993-94	485	29285	29770	1.63	98.37
1994-95	511	25938	26449	1.93	98.07
1995-96	942	37184	38126	2.47	97.53
1996-97	57513	35639	93152	61.74	38.26
1997-98	1313	30143	31456	4.17	95.82
AAG (%)	852.43	9.59	23.03		

Note: AAG denotes Annual Average Growth.

9.73 Grant is the main source of Transferred Revenue of the Municipal Corporations. Its share remains more than 95 per cent over the period 1990-91 to 1997-98, except in the year 1996-97, where there is major decline in the share. The lower share of Assigned Revenue (less than 5 per cent), on the other hand, is due to the fact that only surcharge on entertainment tax is assigned to the Municipal Corporation

9.74 **Tax Revenue:** Tax Revenue of the Municipal Corporations is given in Table 9.46.

Table 9.46
Tax Revenue Of Municipal Corporations, 1990-91 to 1997-98.
(Rs in Thousand)

Year	Holding	Scavenging	Octroi	Lighting
1	2	3	4	5
1990-91	4937 (4.86)	2432 (2.39)	89398 (88.00)	2477 (2.44)
1991-92	6101 (4.77)	2975 (2.32)	111202 (86.88)	3599 (2.81)
1992-93	5813 (4.06)	2741 (1.92)	128939 (90.09)	2881 (2.01)
1993-94	9137 (5.83)	1873 (1.20)	138534 (88.46)	2123 (1.36)
1994-95	8213 (3.95)	3134 (1.51)	190424 (91.50)	3893 (1.87)
1995-96	7778 (3.17)	3338 (1.36)	226669 (92.44)	4126 (1.68)
1996-97	10874 (4.33)	4279 (1.70)	227344 (90.48)	5086 (2.02)
1997-98	15315 (5.18)	6011 (2.03)	263381 (89.06)	7354 (2.49)
AAG (%)	20.18	17.90	17.20	22.32

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Year	Water	Vehicle	Others	Total
1	6	7	8	9
1990-91	430 (0.42)	688 (0.68)	1224 (1.20)	101586 (100.00)
1991-92	416 (0.33)	868 (0.68)	2835 (2.21)	127996 (100.00)
1992-93	419 (0.29)	905 (0.63)	1427 (1.00)	143125 (100.00)
1993-94	443 (0.28)	1522 (0.97)	2977 (1.90)	156609 (100.00)
1994-95	471 (0.23)	1230 (0.59)	757 (0.36)	208122 (100.00)
1995-96	464 (0.19)	1020 (0.42)	1823 (0.74)	245218 (100.00)
1996-97	672 (0.27)	996 (0.40)	2007 (0.80)	251258 (100.00)
1997-98	575 (0.19)	883 (0.30)	2207 (0.75)	295726 (100.00)
AAG (%)	5.49	6.95	39.55	16.87

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.75 Octroi is the important source of Tax Revenue of the Municipal corporations. Its share fluctuates between 87 per cent to 92 per cent over the period 1990-91 to 1997-98. Octroi is followed by the tax on Holding, whose share, however, remains below 6 per cent. The shares of other sources of Tax Revenue are meagre. Hence there is scope for raising more tax from Holding, Lighting, Water, Vehicles and Scavenging.

9.76 *Non-Tax Revenue*: The different items of Non-Tax Revenue of Municipal corporations during the period 1990-91 to 1997-98 are given in Table 9.47.

Table 9.47
Non-Tax Revenue Of Municipal Corporations, 1990-91 to 1997-98.

(Rs in Thousand)

Year	Bus Stand	Adver- tise ment	Trade Licence	Others	Total
1	2	3	4	5	6
1990-91	0 (0.00)	2106 (36.19)	758 (13.02)	2956 (50.79)	5820 (100.00)
1991-92	368 (1.68)	1487 (6.77)	1476 (6.72)	18625 (84.83)	21956 (100.00)
1992-93	544 (3.95)	1923 (13.95)	1498 (10.86)	9824 (71.25)	13789 (100.00)
1993-94	448 (3.33)	1197 (8.91)	1533 (11.41)	10262 (76.35)	13440 (100.00)
1994-95	303 (1.01)	1855 (6.19)	1612 (5.38)	26178 (87.41)	29948 (100.00)
1995-96	65 (0.22)	2603 (8.61)	2263 (7.49)	25285 (83.68)	30216 (100.00)
1996-97	235 (0.92)	1807 (7.08)	1271 (4.98)	22212 (87.02)	25525 (100.00)
1997-98	324 (2.10)	1857 (12.02)	1307 (8.46)	11967 (77.43)	15455 (100.00)
AAG (%)	36.45	4.24	14.73	82.96	43.75

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.77 Advertising and Trade License Fees are the important sources of Non-Tax Revenue of the Municipal Corporations. These two constitute about 20 per cent of the Total Non-Tax revenue. The

revenue under Other Sources constitutes the additional resource mobilisation.

Expenditure of Municipal Corporations

9.78 The distribution of expenditure of Municipal Corporation under the major heads is presented in Table 9.48.

Table 9.48

Expenditure of Municipal Corporations, 1990-91 to 1997-98.

(Rs in Thousand)

Year	Establi- ment	Develop- ment	Mainten- ance	Total
1	2	3	4	5
1990-91	45505 (36.21)	16429 (13.07)	63739 (50.72)	125673 (100.00)
1991-92	60913 (34.38)	17149 (9.68)	99121 (55.94)	177183 (100.00)
1992-93	74564 (45.03)	5407 (3.27)	85629 (51.71)	165600 (100.00)
1993-94	96042 (43.67)	14135 (6.43)	109769 (49.91)	219946 (100.00)
1994-95	167084 (53.83)	10456 (3.37)	132826 (42.80)	310366 (100.00)
1995-96	158837 (52.45)	12610 (4.16)	131367 (43.38)	302814 (100.00)
1996-97	181904 (47.79)	10205 (2.68)	188487 (49.52)	380596 (100.00)
1997-98	159648 (41.24)	11499 (2.97)	216000 (55.79)	387147 (100.00)
AAG (%)	22.34	12.22	21.15	19.05

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.79 Maintenance Expenditure receives the highest share followed by Establishment Expenditure. On the other hand, lowest share of expenditure is devoted to Development work. It accounts for less than 10 per cent of the total share from 1992-92 and interestingly, the percentage share has been declining. The average annual growth rate also remains much lower compared to the growth of total expenditure. Hence, it seems that more importance is not given to the development works.

9.80 *Establishment Expenditure:* Distribution of Establishment Expenditure of Municipal Corporation is presented in Table 9.49.

Table 9.49

Distribution of Establishment Expenditure of Municipal Corporations, (1990-91 to 1997-98)
(Rs in Thousand)

Year	Salary	Others	Total	(2) as % of (4)	(3) as of (4)
1	2	3	4	5	6
1990-91	38515	6990	45505	84.64	15.36
1991-92	53666	7247	60913	88.10	11.90
1992-93	65576	8988	74564	87.95	12.05
1993-94	95783	259	96042	99.73	0.27
1994-95	99984	67100	167084	59.84	40.16
1995-96	101379	57458	158837	63.83	36.17
1996-97	125837	56067	181904	69.18	30.82
1997-98	135316	24332	159648	84.76	15.24
AAG (%)	20.72	3666.36	22.34		

Note: AAG denotes Annual Average Growth.

9.81 The share of Salary of Staff fluctuated between 64 per cent to 100 per cent of Total Establishment Expenditure over the period 1990-91 to 1997-98. The fluctuating share of Salary might be due to the fluctuation in the share of temporary and daily wage employees

9.82 *Development Expenditure:* The distribution of Development Expenditure is given in Table 9.50.

Table 9.50
Distribution of Development Expenditure of Municipal
Corporations, 1990-91 to 1997-98.

(Rs in Thousand)

Year Health	Water Supply	Animal Husbandry	Roads	Education	
1	2	3	4	5	6
1990-91	698 (4.25)	25 (0.15)	3457 (21.04)	2394 (14.57)	1264 (7.69)
1991-92	919 (5.36)	30 (0.17)	3227 (18.82)	2694 (15.71)	1996 (11.64)
1992-93	177 (3.27)	27 (0.50)	923 (17.07)	836 (15.46)	712 (13.17)
1993-94	5 (0.04)	35 (0.25)	1008 (7.13)	3202 (22.65)	700 (4.95)
1994-95	227 (2.17)	40 (0.38)	500 (4.78)	512 (4.90)	300 (2.87)
1995-96	414 (3.28)	42 (0.33)	2318 (18.38)	536 (4.25)	1695 (13.44)
1996-97	290 (2.84)	46 (0.45)	1508 (14.78)	564 (5.53)	2085 (20.43)
1997-98	108 (0.94)	50 (0.43)	1578 (13.72)	876 (7.62)	2801 (24.36)
AAG (%)	611.92	11.02	30.58	29.69	65.30

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Year	Women & Children	Cultural Activities	Others	Total
1	7	8	9	10
1990-91	75 (0.46)	16 (0.10)	8500 (51.74)	16429 (100.00)
1991-92	80 (0.47)	24 (0.14)	8179 (47.69)	17149 (100.00)
1992-93	65 (1.20)	289 (5.34)	2378 (43.98)	5407 (100.00)
1993-94	70 (0.50)	4418 (31.26)	4697 (33.23)	14135 (100.00)
1994-95	80 (0.77)	4922 (47.07)	3875 (37.06)	10456 (100.00)
1995-96	85 (0.67)	2786 (22.09)	4734 (37.54)	12610 (100.00)
1996-97	87 (0.85)	612 (6.00)	5013 (49.12)	10205 (100.00)
1997-98	90 (0.78)	199 (1.73)	5797 (50.41)	11499 (100.00)
AAG (%)	3.14	343.63	7.00	12.22

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes

Annual Average Growth.

9.83 Like NACs and Municipalities, the important heads of expenditure in Municipal corporations are Roads, and Health. However, in this case, Education also receives sizeable expenditure, but the share is fluctuating, and declining in the later years. The average growth rates of expenditure incurred for Roads and Health are found to be more than the growth of Development Expenditure.

9.84 *Maintenance Expenditure:* The distribution of Maintenance Expenditure of Municipal Corporations is presented in Table 9.51.

Table 9.51

Distribution of Maintenance Expenditure of Municipal Corporation, 1990-91 to 1997-98.

(Rs in Thousand)

Year	Roads	Educational	Street Light	Water supply	Sanitation	Others	Total
1	2	3	4	5	6	7	8
1990-91	8067 (12.66)	5586 (8.76)	8894 (13.95)	1630 (2.56)	19615 (30.77)	19947 (31.29)	63739 (100.00)
1991-92	17531 (17.69)	6285 (6.34)	16826 (16.98)	2145 (2.16)	24659 (24.88)	31675 (31.96)	99121 (100.00)
1992-93	10770 (12.58)	6509 (7.60)	10266 (11.99)	533 (0.62)	22136 (25.85)	35415 (41.36)	85629 (100.00)
1993-94	20800 (18.95)	7070 (6.44)	13644 (12.43)	629 (0.57)	26027 (23.71)	41599 (37.90)	109769 (100.00)
1994-95	23041 (17.35)	12000 (9.03)	11635 (8.76)	5576 (4.20)	39037 (29.39)	41537 (31.27)	132826 (100.00)
1995-96	26157 (19.91)	15001 (11.42)	10486 (7.98)	2035 (1.55)	35305 (26.88)	42383 (32.26)	131367 (100.00)
1996-97	36784 (19.52)	18778 (9.96)	20323 (10.78)	2388 (1.27)	50964 (27.04)	59250 (31.43)	188487 (100.00)
1997-98	49000 (22.69)	15787 (7.31)	28074 (13.00)	3877 (1.79)	49534 (22.93)	728 (32.28)	216000 (100.00)
AAG (%)	38.57	18.38	27.21	111.02	16.43	21.06	21.15

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.85 Sanitation receives the major share of Maintenance Expenditure, followed by Road and streetlight. The share of Maintenance Expenditure in the case of Water Supply is very low.

Salient Features of ULBs

9.86 The salient features of ULBs regarding the financial position during 1990-91 to 1997-98 are as follows:

- (1) The main source of income of different urban local bodies is their Own Source of Revenue. Its share remains more than 60 per cent in all the ULBs. However, in case of NACs, the share of Own Revenue has been declining and that of Transferred Revenue increasing.

- (2) Among the different sources of Own Revenue, Tax Revenue is playing a major role in all the ULBs. Its share remains more than 75 per cent of Total Own Revenue (except in the case of NACs). However, except Octroi, other sources of Tax Revenues are meagre.
- (3) The average growth rate of Transfer from the government is very low in the case of Municipalities (i.e. 3.37 per cent) as compared to the growth of its Own Revenue (i.e. 11.55 per cent).
- (4) The major source of Transfer to the ULBs is in the form of Grants. Its share remains more than 95 per cent of total transfer to different ULBs. Assigned Revenue, which accounts less than 5 per cent, consists of mainly surcharge on entertainment tax. NACs are, however, debarred from getting Assigned Revenue.
- (5) The Establishment Expenditure has got a major share in the Total Expenditure of ULBs, except Municipal Corporations. Its share in case of NACs and Municipalities remains more than 50 per cent over the period 1990-91 to 1997-98
- (6) Salary accounts a major share of the Establishment Expenditure of different ULBs. In case of Municipalities, the expenditure on Salary even exceeds their Tax Revenue.
- (7) Development Expenditure accounts lowest share in the Total Expenditure of the ULBs. Its share remains less than 10 per cent in case of NACs and Municipal Corporations, while it revolves around 12 per cent in case of Municipalities. Its growth rate compared to the growth rates of Expenditures on Establishment and Maintenance remains lower in case of Municipal Corporations.
- (8) While expenditure on Health accounts a sizeable share in the Total Development Expenditure of ULBs, Water Supply assumes low share in case of both Development and Maintenance Expenditures of ULBs, except the Development Expenditure of Municipalities.

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

PROJECTION ON NEEDS AND RESOURCES OF LOCAL BODIES

Rural Local Bodies

9.87 This section gives the projection of Expenditure of Rural Local Bodies to be financed through Grants for the period 1998-99 to 2004-05 based on the data given by Panchayati Raj Department.

9.88 Table 9.52 shows a substantial increase in Expenditure for Gram Panchayats in 2000-01. This is basically because of two reasons. First, there is an increase in projected expenditure on three heads (a) Street Lights (from Rs.0.44 crore in 1999-2000 to Rs.8.16 crore in 2000-01), (b) Roads (from Rs.0.36 crore in 1999-2000 to Rs.1.74 crore) and (c) Library and Reading Rooms (from Rs.0.57 crore in 1999-2000 to Rs.1.57 crore in 2000-01). Second, because of additional projected expenditure on (a) Storm Water Drains (Rs.10.51 crore), (b) Park and Gardens (Rs.5.25 crore) and (c) Development of Local Markets (Rs.1.05 crore). The total projected expenditure in the above mentioned heads being about Rs.200 crore in 2000-01. Almost 98.03 per cent of this expenditure has been expected to be met by Grants from the Eleventh Finance Commission as the amount expected is nearly Rs.196.60 crore. For the period 2000-01 to 2004-05 Eleventh Finance Commission is expected to contribute about Rs.973.48 crore.

Notes: (1) Figures for 1998-99 are budget estimates whereas the rest are projected. Panchayati Raj Department has provided the data. (2) Income is exclusive of Grants. It is basically the own sources of revenue and those assigned by the State. However, for 1998-99 and 1999-2000 an amount of Rs.2 lakh per annum is estimated and/or projected as Loans for Gram Panchayats and has been included as Income. (3) Total Expenditure includes agency functions along with those on establishment and maintenance. (4) TFC and EFC denote Tenth Finance Commission and Eleventh Finance Commission respectively. TFC is operational up to 1999-2000. From 2000-01 to 2004-05 EFC will be operational. (5a) Figures in parentheses denote annual percentage growth. (5b) The growth rate for 1998-99 are based on the revised estimates of 1997-88. (2) The first Sub-Total is for the period 1998-99 to 1999-2000. Whereas the second is for the period 2000-01 to 2004-05. Total is a summation of these two Sub-Totals.

Table 9.52
Projection of Gram Panchayats Expenditure to be Financed
through EFC and Other Grants: 1998-99 to 2004-05

(Rupees in Thousand)

Year	Income less Grants	Total Expen- diture	Deficit (2)-(3)	Grants		
				TFC/EFC	Other	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1998-99	186735 (24.54)	1478632 (6.77)	-1291897 (4.61)	30000 (0.00)	1261897 (4.73)	1291897 (4.61)
1999-2000	190910 (2.24)	1513160 (2.34)	-1322250 (2.35)	30000 (0.00)	1292250 (2.41)	1322250 (2.35)
Sub-Total	376645	2991792	-2615147	60000	2554147	2614147
2000-01	199333 (4.41)	3575868 (136.32)	-3376535 (155.36)	1966024 (6453.41)	1410511 (9.15)	3376535 (155.36)
2001-02	206184 (3.44)	3684225 (3.03)	-3478041 (3.01)	1937582 (-1.45)	1540459 (9.21)	3478041 (3.01)
2002-03	213409 (3.50)	3837448 (4.16)	-3624039 (4.20)	1940801 (0.17)	1683238 (9.27)	3624039 (4.20)
2003-04	221035 (3.57)	4005469 (4.38)	-3784434 (4.43)	1944314 (0.18)	1840120 (9.32)	3784434 (4.43)
2004-05	231102 (4.55)	4189700 (4.60)	-3958598 (4.60)	1946088 (0.09)	2012510 (9.37)	3958598 (4.60)
Sub-Total	1071063	19292710	-18221647	9734809	8486838	18221647
Total	1447708	22284502	-20836794	9794809	11040985	20835794

Notes: (1) Figures for 1998-99 are budget estimates whereas the rest are projected. Panchayati Raj Department has provided the data. (2) Income is exclusive of Grants. It is basically the own sources of revenue and those assigned by the State. However, for 1998-99 and 1999-2000 an amount of Rs.5 lakh per annum is estimated and/or projected as Loans for Gram Panchayats and has been included as Income. (3) Total Expenditure includes agency functions along with those on establishment and maintenance. (4) TFC and EFC denote Tenth Finance Commission and Eleventh Finance Commission respectively. TFC is operational up to 1999-2000. From 2000-01 to 2004-05 EFC will be operational. (5a) Figures in parentheses denote annual percentage growth. (5b) The growth rate for 1998-99 are based on the revised estimates of 1997-88. (5) The first Sub-Total is for the period 1998-99 to 1999-2000. Whereas the second is for the period 2000-01 to 2004-05. Total is a summation of these two Sub-Totals.

9.89 In Panchayat Samitis the expected increase in Expenditure in 2000-01 (Table 9.53) is on (a) Additional Posts to be created (Rs.12.97 crore), (b) Maintenance of Road (Rs.6.85 crore), (c) Purchase of Computers (Rs.3.39 crore), (d) Construction of Roads (Rs.120 crore) and (e) Construction of Quarters (Rs.11.28 crore). Expenditures on these accounts (that is, Rs.154.49 crore) are to be met by the Eleventh Finance Commission. For the period 2000-01 to 2004-05 Eleventh Finance Commission is expected to give as Grants about Rs.774 crore. It also needs to be mentioned that Panchayat Samitis do not have any income of their own. However, as per the existing norm the State Government may assign some amount on account of Cess.

Table 9.53
Projection of Panchayat Samitis Expenditure to be Financed
through EFC and Other Grants: 1998-99 to 2004-05

(Rupees in Thousand)

Year	Income less Grants	Total Expen- diture	Deficit (2)-(3)	Grants		
				TFC/EFC	Other	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1998-99	20000 (0.00)	4581816 (3.01)	-4561816 (3.02)	21000 (0.00)	4540816 (3.03)	4561816 (3.02)
1999-2000	20000 (0.00)	5280876 (15.26)	-5260876 (15.32)	21000 (0.00)	5239876 (15.40)	5260876 (15.32)
Sub-Total	40000	9862692	-9822692	42000	9780692	9822692
2000-01	20000 (0.00)	7347724 (39.14)	-7327724 (39.29)	1544912 (7256.72)	5782812 (10.36)	7327724 (39.29)
2001-02	20000 (0.00)	7922539 (7.82)	-7902539 (7.84)	1525200 (-1.28)	6377339 (10.28)	7902539 (7.84)
2002-03	20000 (0.00)	8588658 (8.41)	-8568658 (8.43)	1540300 (0.99)	7028358 (10.21)	8568658 (8.43)
2003-04	20000 (0.00)	9301338 (8.30)	-9281338 (8.32)	1556100 (1.03)	7725238 (9.92)	9281338 (8.32)
2004-05	20000 (0.00)	10115387 (8.75)	-10095387 (8.77)	1573500 (1.12)	8521887 (10.31)	10095387 (8.77)
Sub-Total	100000	43275646	-43175646	7740012	35435634	43175646
Total	140000	53138338	-52998338	7782012	45216326	52998338

Note: As in Table 9.52.

9.90 Zilla Parishads have to depend on Grants as they have no other sources of income. More over, in its present form it has been operational in the state since 1996-97. And hence there is an increasing need for establishment expenditure. To be precise, increase in the projected expenditure of Zilla Parishads is on account of (a) Salary (which increases from Rs.0.24 crore in 1998-99 to Rs.0.88 crore in 1999-2000 and then to Rs.12.22 crore in 2000-01), (b) Maintenance of Assets (from Rs.1.90 crore in 1999-2000 to Rs.5.03 crore in 2000-01). The Grants expected from Eleventh Finance Commission for the period 2000-01 to 2004-05 is about Rs.335.46 crore (Table 9.54). Besides, the Panchayati Raj Department also expects an increase in Grants from Centrally Sponsored Schemes and the State Government.

Table 9.54

**Projection of Zilla Parishads Expenditure to be Financed
through EFC and Other Grants: 1998-99 to 2004-05**

(Rupees in Thousand)

Year	Total Expenditure	Annual Growth (%)	TFC/EFC	Annual Growth (%)	Other Grants	Annual Growth (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1997-98	485011		198850		286161	
1998-99	691942	42.67	380000	91.10	311942	9.01
1999-2000	1131857	63.58	380000	0.00	751857	141.02
Sub-Total	1823799		760000		1063799	
2000-01	1429776	26.32	656042	72.64	773734	2.91
2001-02	1460985	2.18	653690	-0.36	807295	4.34
2002-03	1508135	3.23	667247	2.07	840888	4.16
2003-04	1555940	3.17	681425	2.12	874515	4.00
2004-05	1604365	3.11	696188	2.17	908177	3.85
Sub-Total	7559201		3354592		4204609	
Total	9383000		4114592		5268408	

Note: As in notes (1), (3), (4), (5b) and (6) of Table 9.52.

9.91 Table 9.55 gives the scenario for All Rural Local Bodies for the period 1998-99 to 2004-05. It also gives the picture for two sub-periods (1) 1998-99 to 1999-2000 and (2) 2000-01 to 2004-05. The former covers the remaining two financial years of the Tenth Finance Commission. Whereas the latter is with regard to that of the Eleventh Finance Commission. In an overall sense, that is, for All Rural Local Bodies for the period 1998-99 to 2004-05 Income excluding Grants is projected to be about Rs.158.87 crore, Expenditure including agency functions is projected to be about Rs.8480.58 crore. As a result the deficit is projected to be Rs.8321.71 crore. From this, the deficit during the period 2000-01 to 2004-05 comes to Rs.6895.65 crore and out of this Rs.2082.94 crore is expected as Grants from the Eleventh Finance Commission.

Table 9.55
Projection of Expenditure of All Rural Local Bodies
to be Financed through EFC and Other Grants: 1998-99 to 2004-05
(Rupees in Thousand)

Items	1998-99 to 1999-2000	2000-01 to 2004-05	1998-99 to 2004-05 (2)+(3)
(1)	(2)	(3)	(4)
A. Income less Grants	417645	1171063	1588708
B. Total Expenditure	14678283	70127557	84805840
C. Deficit (A-B)	-14260638	-68956494	-83217132
D. TFC/EFC	862000	20829413	21691413
E. Other Grants	13398638	48127081	61525719
F. Total Grants (D+E)	14260638	68956494	83217132

Note: As in notes (1), (2), (3) and (4) of Table 9.52.

Salient Features of Projection of RLBs

9.92 The salient features regarding the projection on needs and resources of RLBs are as follows.

- (1) The projections show a substantial increase in income, and hence, expenditure from 2000-01. This is so because the projections are based on an anticipated increase in income through Grants from the Eleventh Finance Commission.
- (2) Increase in expenditure of the Zilla Parishads is also to be met by an increase in Specific Purpose Grants from the State Government.
- (3) Projected increase in expenditure also takes into account an increase in the amount to be spent on Salary because of a proposed increase in Staff and Building of Quarters for the new Staff.
- (4) The absence of a viable own source of income leaves the Rural Local Bodies with no alternative but to depend on Grants even for meeting their expenditures on establishment and maintenance activities.
- (5) In an overall sense, that is, for All Rural Local Bodies for the period 1998-99 to 2004-05 Income excluding Grants is projected to be about Rs.158.87 crore, Expenditure including agency functions is projected to be about Rs.8480.58 crore. As a result the deficit is projected to be Rs.8321.71 crore. From this, the deficit during the period 2000-01 to 2004-05 comes to Rs.6895.65 crore and out of this Rs.2082.94 crore is expected as Grants from the Eleventh Finance Commission.

Urban Local Bodies

9.93 This section deals with the projection of needs and resources of ULBs for the period 1998-99 to 2004-05. H&UD Department, Government of Orissa, furnishes the data for the projection. The total period of projection is divided into two parts, 1998-99 to 1999-2000 and 2000-01 to 2004-05. For the first sub-period, the needs and resources are estimated on the basis of actual of 1997-98. On the other hand, the projection is made for the period 2000-01 to 2004-05, with 10 per cent rise in revenue and 20 per cent rise in expenditure per annum over the estimated projection for the year 1999-2000. The projections are shown separately for different ULBs as well as collectively for all ULBs.

9.94 Table 9.56 presents the projection of Income and Expenditure of NACs for the period 1998-99 to 2004-05.

Table 9.56
Projection of Income and Expenditure of Notified Area Councils
1998-99 to 2004-05

(Rs in Thousand)

Year	Income	Expendi- ture	Gross Deficit (2) - (3)	Grants	Net Deficit (4) + (5)
1	2	3	4	5	6
1998-99	188863	426268	-237405	102716	-134689
1999-2000	207749	496108	-288359	107918	-180441
Sub Total	396612	922376	-525764	210634	-315130
2000-01	228524	579145	-350621	113314	-237307
2001-02	251377	677980	-426603	118980	-307623
2002-03	276513	795724	-519211	124929	-394282
2003-04	304166	936132	-631966	131175	-500791
2004-05	338808	1103678	-764870	137733	-627137
Sub Total	1399388	4092659	-2693271	626131	-2067140
Grand Total	1796000	5015035	-3219035	836765	-2382270

Notes: (1) Income includes Tax Revenue, Non-Tax Revenue and Assigned Revenue. (2) Expenditure includes Establishment, Maintenance and Development. (3) Grants are from both State and Central Governments, including TFC/EFC and are calculated on the basis of current trend. (4) Projected figures are furnished by Housing and Urban Development Dept., Govt. of Orissa.

9.95 It can be seen from the table that the projected needs of NACs are much higher than their projected resources in the total period as well as in the sub-periods. As a result of which, huge deficits are observed in the projected period. The gross deficits/gaps in the two sub-periods are about Rs 52.58 crore and Rs 269.33 crore respectively, which totalled to Rs 321.90 crore in the whole period. Even after the projected/anticipated grants of about Rs 83.68 crore during the total period, the NACs would still be left with a net gap/requirement of about Rs 238.23 crore.

9.96 Table 9.57 presents the projection of needs and resources of the Municipalities.

Table 9.57

**Projection of Income and Expenditure of Municipalities
1998-99 to 2004-05**

(Rs in Thousand)

Year	Income	Expendi- ture	Gross Deficit	Grants	Net Deficit
1	2	3	4	5	6
1998-99	496858	857747	-360889	79742	-281147
1999-2000	550558	1023335	-472777	83750	-389027
Sub Total	1047416	1881082	-833666	163492	-670174
2000-01	599415	1284490	-685075	87937	-597138
2001-02	652826	1519736	-866910	96730	-770180
2002-03	711214	1800936	-1089722	106404	-983318
2003-04	775181	2137267	-1362086	117044	-1245042
2004-05	845143	2539654	-1694511	128749	-1565762
Sub Total	3583779	9282083	-5698304	536864	-5161440
Grand Total	4631195	11163165	-6531970	700356	-5831614

Note: As in Table 9.56

9.97 The table shows the projection of huge gaps in the needs and resources of Municipalities in the sub-periods as well as in the period 1998-99 to 2004-05. The gross deficit/gap in the total period comes to about Rs 653.20 crore, with a deficit of about Rs 83.37 crore in the first sub-period and Rs 569.83 crore in the second sub-period. With the projected/anticipated grants of about Rs 70.34 crore, the Municipalities would still be left with a net gap/requirement of about Rs 583.16 crore during the period 1998-99 to 2004-05.

9.98 Table 9.58 presents the projection of needs and resources of Municipal Corporations over the period 1998-99 to 2004-05.

Table 9.58

**Projection of Income and Expenditure of Municipal Corporations
1998-99 to 2004-05**

(Rs in Thousand)

Year	Income	Expendi- ture	Gross Deficit	Grants	Net Deficit
1	2	3	4	5	6
1998-99	371631	676001	-304370	31650	-272720
1999-2000	408791	872210	-463419	33233	-430186
Sub Total	780422	1548211	-767789	64883	-702906
2000-01	458969	1052991	-594022	34894	-559128
2001-02	504861	1263590	-758729	36639	-722090
2002-03	560347	1516308	-955961	38471	-917490
2003-04	580882	1819567	-1238685	40395	-1198290
2004-05	671974	2183483	-1511509	42414	-1469095
Sub Total	2777033	7835939	-5058906	192813	-4866093
Grand Total	3557455	9384150	-5826695	257696	-5568999

Note: As in Table 9.56

9.99 Projection of huge gaps in the needs and resources of Municipal Corporations are also observed in the sub-periods as well as in the total period. The gross gaps/deficits are about Rs 76.78 crore, Rs 505.89 crore and Rs 582.67 crore respectively. With the projected grants of about Rs 6.49 crore and Rs 19.28 crore in the two sub-periods and about Rs 25.77 crore in the total period, the net gap/requirement of funds would come to about Rs 70.29 crore, Rs 486.61 crore and Rs 556.90 crore respectively.

9.100 The gap in the needs and resources of total ULBs is presented in Table 9.59.

Table 9.59
Projection of Income and Expenditure of All Urban Local Bodies
1998-99 to 2004-05

(Rs. in Thousand)

Year	Income	Expendi- ture	Gross Deficit	Grants	Net Deficit
1	2	3	4	5	6
1998-99	1057352	1960016	-902664	214108	-688556
1999-2000	1167098	2391653	-1224555	224901	-999654
Sub Total	2224450	4351669	-2127219	439009	-1688210
2000-01	1286908	2916626	-1629718	236145	-1393573
2001-02	1409064	3461306	-2052242	252349	-1799893
2002-03	1548074	4112968	-2564894	269804	-2295090
2003-04	1660229	4892966	-3232737	288614	-2944123
2004-05	1855925	5826815	-3970890	308896	-3661994
Sub Total	7760200	21210681	-13450481	1355808	12094673
Grand Total	9984650	25562350	-15577700	1794817	-13782883

Note: As in Table 9.56

9.101 The table shows that the projected gross gap/requirement of funds for all ULBs during the period 1998-99 to 2004-05 is Rs 1557.77 crore. With the projected/anticipated grants of about Rs 179.48 crore during the same period, the net gap/requirement of funds would be about Rs 1378.29 crore. While the net requirement of funds during the first sub-period, 1998-99 to 1999-2000, is estimated at about Rs 168.82 crore, in the second sub-period, 2000-01 to 2004-05, it is projected at Rs 1209.47 crore.

9.102 The above projected net requirements are only to carry on the normal operation and maintenance of core services. Besides the above normal operation and maintenance, the ULBs have projected additional requirement of Rs 381.48 crore during 2000-01 to 2004-05 for the improvement of core civic services to obtain desired service level by 2005. The additional requirement are projected for Roads (Rs 230.95 crore), Street Light (Rs 60.57 crore), Solid Waste Management (Rs 1.06 crore) and Storm Water Drains (Rs 88.90 crore).

9.103 Considering both the normal operation and the additional requirement, the total net requirement of funds by the ULBs for the period 2000-01 to 2004-05 is about Rs 1590.95 crore. For the total period of projection, i.e. 1998-99 to 2004-05, the requirement becomes Rs 1659.77 crore. This amount is required in addition to the projected income from all sources.

Salient Features of Projection of ULBs

9.104 The salient features of the Projection of needs and resources of ULBs are as follows.

- (1) The projection shows a huge gap/deficit (Rs 1378.29 crore) in the needs and resources of ULBs during the period 1998-99 to 2004-05. While the net gap/deficit in the period 1998-99 to 1999-2000 is estimated at about Rs 168.82 crore, in the period 2000-01 to 2004-05 it is projected at Rs 1209.47 crore.
- (2) The huge gap is mostly due to the projection of expenditure at a higher rate (20 per cent) than that of income (10 per cent).
- (3) The high growth in the projection of expenditure of ULBs is in order to provide better services than the existing level of poor services.
- (4) Besides the requirement of funds for the normal operation, an additional amount of Rs 381.48 crore is projected for the period 2000-01 to 2004-05 for the improvement of core civic services, viz. Road (Rs 230.95 crore), Street Light (Rs 60.57 crore), Solid Waste Management (Rs 1.06 crore) and Storm Water Drains (Rs 88.90 crore), to obtain desired level of services by 2005.
- (5) In order to meet the above requirement of funds, the ULBs may be needed to raise more revenue from their own sources and to economise their spending. However, considering the present condition of ULBs, raising of additional revenue from their own sources may not be feasible. Hence, there is a need to increase the grants from the Government so as to obtain desired level of services by these ULBs.