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# Capital Receipts and Expenditure in Four Urban Local Bodies in Sangli District Financial Years 2020-21 to 2024-25

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***Abstract:***

*This study compares annual capital receipts and capital expenditure in Sangli–Miraj–Kupwad Municipal Corporation, Vita and Jat Municipal Councils, and Palus Nagar Panchayat. Across the four institutions, capital receipts were below capital expenditure in all five years. The ratio of receipts to expenditure fell from 85.40% in 2020–21 to 38.53% in 2022–23, recovered to 82.77% in 2023–24 and fell to 63.84% in 2024–25. The largest pooled gap occurred in 2022–23. In the final year, the pooled gap was ₹109.07 crore, even as the three smaller institutions' combined capital receipts exceeded their capital expenditure. The ratio compares recorded flows within a year. Interpreting how expenditure was financed requires fund balances and financing schedules.*

***Keywords:*** *capital receipts, capital expenditure, municipal finance, Sangli district*

## Introduction

Capital receipts and capital expenditure can move differently from one year to the next. A grant may be received in one year and spent in another. Capital expenditure may also draw on accumulated balances. The National Municipal Accounts Manual treats grants, borrowing and fixed assets in separate chapters [4]. This study examines the relation between the two recorded capital flows and considers the role of the municipal corporation in the pooled figures.

## Research Questions

In which years did capital receipts exceed capital expenditure in each institution? Which years show the largest pooled gaps? How does the comparison change when the municipal corporation is excluded from the aggregate?

## Sources and Method

The study uses five consecutive financial years from 2020–21 to 2024–25. Capital receipts for the municipal corporation, Jat and Palus come from research chapter 4, Table 4.6 [1]. Capital expenditure for these bodies comes from chapter 5, Table 5.3 [2]. Both figures for Vita come from the handwritten municipal finance compilation [3]. Amounts are in crore rupees at current prices. The annual capital balance is receipts less expenditure. Negative amounts indicate that expenditure exceeded recorded receipts for that year. The receipt-to-expenditure ratio is 100 times receipts divided by expenditure. The pooled ratio divides combined receipts by combined expenditure. Ratios and balances use source precision before rounding for display.

## Institution Level Results

Table 1. Capital flows by institution and year (₹ crore, except ratio)

| Institution and year | Receipts | Expenditure | Balance | Ratio (%) |
|---|---|---|---|---|
| SMK 2020–21 | 109.17 | 130.86 | -21.68 | 83.43 |
| SMK 2021–22 | 102.74 | 169.18 | -66.44 | 60.73 |
| SMK 2022–23 | 55.48 | 144.44 | -88.96 | 38.41 |
| SMK 2023–24 | 119.03 | 143.42 | -24.39 | 82.99 |
| SMK 2024–25 | 145.68 | 258.10 | -112.42 | 56.44 |
| Vita 2020–21 | 32.13 | 38.48 | -6.34 | 83.51 |
| Vita 2021–22 | 30.99 | 22.84 | 8.15 | 135.69 |
| Vita 2022–23 | 11.37 | 50.15 | -38.78 | 22.67 |
| Vita 2023–24 | 19.58 | 27.84 | -8.26 | 70.32 |
| Vita 2024–25 | 20.19 | 23.19 | -3.00 | 87.08 |

SMK refers to Sangli–Miraj–Kupwad Municipal Corporation. Sources [1–3].

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**Institution Level Results Continued**

Table 1 continued. Capital flows by institution and year (₹ crore, except ratio)

| Institution and year | Receipts | Expenditure | Balance | Ratio (%) |
|---|---|---|---|---|
| Jat 2020–21 | 8.27 | 6.24 | 2.04 | 132.64 |
| Jat 2021–22 | 10.19 | 15.43 | -5.24 | 66.04 |
| Jat 2022–23 | 12.14 | 22.02 | -9.88 | 55.15 |
| Jat 2023–24 | 7.67 | 9.45 | -1.77 | 81.24 |
| Jat 2024–25 | 18.48 | 13.36 | 5.12 | 138.36 |
| Palus 2020–21 | 7.41 | 8.26 | -0.85 | 89.68 |
| Palus 2021–22 | 9.64 | 13.41 | -3.77 | 71.91 |
| Palus 2022–23 | 9.64 | 13.41 | -3.77 | 71.91 |
| Palus 2023–24 | 11.55 | 9.97 | 1.58 | 115.82 |
| Palus 2024–25 | 8.17 | 6.95 | 1.22 | 117.62 |

**Pooled Capital Flows**

Table 2. Pooled capital flows across the four institutions (₹ crore, except ratio)

| Financial year | Receipts | Expenditure | Balance | Ratio (%) |
|---|---|---|---|---|
| 2020–21 | 156.98 | 183.83 | -26.84 | 85.40 |
| 2021–22 | 153.56 | 220.85 | -67.29 | 69.53 |
| 2022–23 | 88.63 | 230.01 | -141.38 | 38.53 |
| 2023–24 | 157.84 | 190.68 | -32.85 | 82.77 |
| 2024–25 | 192.53 | 301.60 | -109.07 | 63.84 |

The lowest pooled ratio was 38.53% in 2022–23. The largest gap also occurred in 2022–23, when capital expenditure exceeded receipts by ₹141.38 crore. After narrowing in 2023–24, the gap widened again to ₹109.07 crore in 2024–25.

**Interpretation of Annual Movements**

In 2022–23, capital receipts declined at SMK and Vita relative to 2021–22. At the same time Vita's capital expenditure rose from ₹22.84 crore to ₹50.15 crore. Its ratio fell from 135.69% to 22.67%. SMK's ratio also fell, as its receipts declined more sharply than its expenditure. These movements help explain the pooled low point.

The pooled ratio recovered to 82.77% in 2023–24. SMK's capital receipts rose by ₹63.56 crore, while its capital expenditure remained close to its prior-year level. Vita's receipts also rose and its expenditure fell. Both changes narrowed Vita's annual capital gap.

In 2024–25, SMK's capital expenditure rose by ₹114.68 crore, while capital receipts rose by ₹26.65 crore. The larger rise in expenditure widened its gap to ₹112.42 crore. The other three institutions together recorded a positive capital balance of ₹3.35 crore. That balance partly offset SMK's gap in the pooled figures.

**Comparison outside the Municipal Corporation**

Table 3. Pooled ratio with and without the municipal corporation (%)

| Financial year | All four institutions | Vita, Jat and Palus |
|---|---|---|
| 2020–21 | 85.40 | 90.26 |
| 2021–22 | 69.53 | 98.34 |
| 2022–23 | 38.53 | 38.74 |
| 2023–24 | 82.77 | 82.11 |
| 2024–25 | 63.84 | 107.71 |

In 2024–25, Jat and Palus recorded ratios of 138.36% and 117.62%, respectively. Vita remained below 100%. For the three bodies together, receipts exceeded expenditure for the first time in the five-year comparison.

Five-Year Capital Flows and the Role of the Corporation

Table 4. Cumulative capital flows by institution, 2020–21 to 2024–25

| Institution | Receipts (₹ crore) | Expenditure (₹ crore) | Ratio (%) |
|---|---|---|---|
| SMK | 532.10 | 846.00 | 62.90 |
| Vita | 114.26 | 162.50 | 70.31 |
| Jat | 56.75 | 66.50 | 85.34 |
| Palus | 46.41 | 52.00 | 89.25 |
| All four | 749.52 | 1,127.00 | 66.51 |

Source. Author's calculations from the displayed amounts in Table 1. Each ratio divides cumulative receipts by cumulative expenditure. Small differences from sums calculated with unrounded source data are possible.

The four institutions recorded about ₹749.52 crore in capital receipts and ₹1,127.00 crore in capital expenditure over five years. Their combined receipts were equivalent to 66.51% of expenditure over the period. This calculation weights years and institutions by their capital expenditure. A large investment year therefore has more influence than a year with little expenditure. The five-year ratio reduces the influence of timing differences within the window, though receipts carried in from earlier years or expenditure occurring after 2024–25 remain outside it.

SMK accounted for about 75.1% of the five-year capital expenditure and 71.0% of receipts. The three smaller institutions together recorded ₹217.42 crore in receipts and ₹281.00 crore in expenditure, a cumulative ratio of approximately 77.37%. Their combined ratio exceeded 100% in 2024–25, while their five-year ratio remained below that threshold. The final-year result therefore describes that year's flow position. It gives limited evidence about a sustained improvement in capital financing.

The 2022–23 result shows that excluding SMK does not always change the interpretation. The ratio was 38.53% for all four institutions and 38.74% for the smaller three. Vita accounted for about 58.6% of expenditure among the three smaller bodies that year, while recording a ratio of 22.67%. By 2024–25 the two pooled ratios were 43.87 percentage points apart. The two years illustrate how the location of major expenditure and the corresponding receipt flows can change the pooled comparison.

**Budget Interpretation and Implications for Municipal Reporting**

The annual capital balance is an indicator of the timing and scale of recorded flows. Its interpretation begins with a reconciliation of the capital funds actually available during the year. Opening balances, capital receipts and eligible transfers can be matched against capital payments and closing balances. The reconciliation should be prepared by fund wherever grants have conditions attached. An unspent balance assigned to a particular scheme may be available only for that scheme, even when the municipality has capital payments due elsewhere [4].

A project-level schedule would make the annual movements easier to interpret. Each entry could record the sanctioned amount, receipts during the year, payments made, outstanding commitments, and expected completion date. For a project financed in instalments, matching a grant release with the corresponding stage of construction would distinguish a routine lag from a delay that may interrupt implementation. The schedule could also record whether the completed asset was put into service. This gives a separate measure of delivery alongside the amount spent.

The 2024–25 gap at SMK merits a comparison of the projects contributing most to expenditure growth. For each major project, opening balances, grants released, payments and outstanding commitments would show how the expenditure was funded and what payments remained due. The smaller institutions require the same reconciliation when receipts exceed payments. In Jat and Palus, the 2024–25 ratios above 100% could be examined alongside the amount of unspent earmarked funds and the stage of the associated works. The aggregate tables do not identify those funding arrangements or project stages.

Source verification also affects the interpretation. The two reported SMK expenditure figures for 2022–23 should be traced to their original annual statements, with the schedule, accounting basis and estimate status recorded. The identical Palus figures for 2021–22 and 2022–23 in Table 1 warrant checking against the records for both years. For Vita, verification should start with the original schedules used in the handwritten compilation. A consistent source register would help distinguish changes in expenditure from differences in reporting coverage or budget classification.

A comparable annual statement for all four institutions could present original budget estimates, revised estimates and actual amounts in separate columns. The variance between budget and actual would indicate how far spending differed from plan. The capital receipts-to-expenditure ratio would continue to show the relation between recorded flows. Reporting the two measures alongside opening and closing balances would support comparisons across institutions and give municipal officials a clearer basis for reviewing project commitments.

**Limitations and Source Sensitivity**

Research chapter 3 gives an alternative 2022–23 capital expenditure figure of ₹158.21 crore for SMK [5]. Using it in place of the chapter 5 figure reduces the pooled ratio for that year from 38.53% to 36.36%. The year still has the lowest pooled ratio in the study.

The analysis compares aggregate annual flows from budget transcriptions and a handwritten compilation. It does not identify the shares of grants, borrowing and other receipts, or which funds financed individual projects. Opening balances, restricted grants, loan schedules and interfund transfers would help reconcile annual gaps. The results apply to the four selected institutions.

**Conclusion**

The pooled capital expenditure of the four institutions exceeded recorded capital receipts in every study year. The lowest receipt-to-expenditure

ratio and the largest rupee gap both occurred in 2022–23. In the final year, the pooled ratio was 63.84% for all four bodies and 107.71% for Vita, Jat and Palus. This comparison shows the influence of SMK's capital expenditure on the pooled figures.

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**Conflicts of interest**

The authors declare that there are no conflicts of interest regarding the publication of thesis paper.

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