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Original Article

# A Comparative Study of the Revenue Composition of Jat and Palus in Sangli District (Financial Years 2022-23 to 2024-25)

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*Abstract*

*This study compares the revenue composition of Jat Municipal Council and Palus Nagar Panchayat over three financial years, from 2022–23 to 2024–25. Using figures reported as actuals in municipal budget documents, it calculates the shares of tax revenue, non-tax revenue estimated as a residual, and revenue grants and transfers. The own-source revenue share ranged from 59.93% to 96.86% in Jat and from 63.05% to 65.57% in Palus. In Jat, the own-source share rose in 2023–24 even as the amount of own-source revenue fell. Revenue grants and transfers fell sharply in the same year. Tax revenue in Palus increased in each successive year. Total revenue receipts in Jat fell and then recovered, while receipts in Palus rose and then fell.*

***Keywords*** *— municipal finance, revenue receipts, own-source revenue, non-tax revenue, revenue grants*

**Introduction**

Urban local bodies need regular revenue to provide services such as water supply, sanitation and maintenance of local infrastructure. Their revenue comes from local taxes, fees and other non-tax sources, as well as grants and transfers from government. Examining the composition of receipts helps identify which components account for changes in total revenue. This study considers both the amount collected and the share of each component in total revenue receipts.

**Literature Review and Research Question**

The Reserve Bank of India examined budgetary data from 232 municipal corporations and identified challenges in raising own-source revenue and continued reliance on government transfers [1]. The World Bank linked difficulties in collecting local revenue and the level of service charges to the financing of urban infrastructure [2]. Against this background, the study asks how the revenue composition of Jat Municipal Council and Palus Nagar Panchayat changed over the same three financial years.

**Study Objectives**

1. Measure the shares of tax revenue, non-tax revenue, and revenue grants and transfers in the total revenue receipts of both bodies.
2. Compare changes in the amount of own-source revenue with changes in its share of total revenue receipts.
3. Compare the three-year trend in total revenue receipts and measure year-on-year changes.

**Data Sources and Methodology**

This descriptive comparative study uses secondary data. The 2026–27 budgets of Jat and Palus provide revenue figures reported as actuals for 2022–23 through 2024–25 [3, 4]. The two bodies were selected because the components needed for the comparison were available for all three years. The analysis covers the revenue account. Capital receipts and borrowings fall outside its scope.

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The non-tax residual equals total revenue receipts minus tax revenue and revenue grants and transfers. Own-source revenue equals tax revenue plus the non-tax residual. Each component's share equals its amount divided by total revenue receipts and multiplied by 100. Differences between shares are expressed in percentage points. Calculations use the underlying figures in rupees. Tables present amounts in lakh rupees and percentages to two decimal places.

**Table 1. Components of Revenue Receipts (₹ lakh)**

| Local body | Financial year | Total receipts | Tax revenue | Non-tax residual | Grants and transfers | Own-source revenue |
|---|---|---|---|---|---|---|
| Jat | 2022–23 | 1,145.72 | 516.83 | 169.85 | 459.05 | 686.67 |
| Jat | 2023–24 | 499.39 | 287.64 | 196.07 | 15.68 | 483.71 |
| Jat | 2024–25 | 646.80 | 272.21 | 176.91 | 197.68 | 449.12 |
| Palus | 2022–23 | 342.53 | 125.70 | 95.03 | 121.80 | 220.73 |
| Palus | 2023–24 | 466.48 | 133.91 | 160.22 | 172.34 | 294.14 |
| Palus | 2024–25 | 400.23 | 147.93 | 114.51 | 137.79 | 262.44 |

Sources — Jat 2026–27 budget, PDF pp. 18 and 22 [3]. Palus 2026–27 budget, PDF pp. 3, 5 and 11 [4]. The non-tax residual and own-source revenue were calculated for this study.

## Results and Discussion

**Table 2. Shares of Total Revenue Receipts (%)**

| Local body | Financial year | Tax revenue | Non-tax residual | Grants and transfers | Own-source revenue |
|---|---|---|---|---|---|
| Jat | 2022–23 | 45.11 | 14.82 | 40.07 | 59.93 |
| Jat | 2023–24 | 57.60 | 39.26 | 3.14 | 96.86 |
| Jat | 2024–25 | 42.09 | 27.35 | 30.56 | 69.44 |
| Palus | 2022–23 | 36.70 | 27.74 | 35.56 | 64.44 |
| Palus | 2023–24 | 28.71 | 34.35 | 36.95 | 63.05 |
| Palus | 2024–25 | 36.96 | 28.61 | 34.43 | 65.57 |

Source — Calculations using the underlying rupee figures for Table 1. The own-source share includes tax revenue and the non-tax residual. Independent rounding may cause the component shares to sum to 99.99% or 100.01%.

### 1 Jat Municipal Council

Jat's total revenue receipts fell from ₹1,145.72 lakh in 2022–23 to ₹499.39 lakh in 2023–24. Revenue grants and transfers fell from ₹459.05 lakh to ₹15.68 lakh, and their share declined from 40.07% to 3.14%. Over the same period, own-source revenue fell from ₹686.67 lakh to ₹483.71 lakh. Its share rose from 59.93% to 96.86% because total revenue receipts fell more sharply than own-source revenue. In 2024–25, total revenue receipts recovered to ₹646.80 lakh. Revenue grants and transfers increased to ₹197.68 lakh, while own-source revenue fell to ₹449.12 lakh. The own-source share consequently declined to 69.44%.

### 2 Palus Nagar Panchayat

Tax revenue in Palus increased from ₹125.70 lakh to ₹133.91 lakh and then to ₹147.93 lakh. Total revenue receipts rose to ₹466.48 lakh in 2023–24 before falling to ₹400.23 lakh in 2024–25. In the final year, tax revenue rose while the non-tax residual and revenue grants and transfers fell. The own-source share remained between 63.05% and 65.57% over the three years.

### 3 Comparison of the Two Local Bodies

In 2024–25, the own-source revenue shares differed by 3.87 percentage points. Jat recorded ₹449.12 lakh in own-source revenue and Palus recorded ₹262.44 lakh. Jat's share fluctuated more over the three years. A broader comparison of revenue performance would also need to account for administrative status, population and the scope of services.

### Components of Year-on-Year Revenue Changes

Table 3 shows how much each component contributed to the change in total revenue receipts. Each entry equals the current year's receipt minus the previous year's receipt. Positive values indicate an increase and negative values a decrease.

**Table 3. Changes Between Consecutive Financial Years (₹ lakh)**

| Local body | Period | Tax revenue | Non-tax residual | Grants and transfers | Total receipts |
|---|---|---|---|---|---|
| Jat | 2022–23 to 2023–24 | −229.19 | +26.22 | −443.37 | −646.33 |

| Local body | Period | Tax revenue | Non-tax residual | Grants and transfers | Total receipts |
|---|---|---|---|---|---|
| Jat | 2023–24 to 2024–25 | −15.43 | −19.15 | +182.00 | +147.41 |
| Palus | 2022–23 to 2023–24 | +8.21 | +65.20 | +50.54 | +123.95 |
| Palus | 2023–24 to 2024–25 | +14.02 | −45.72 | −34.56 | −66.25 |

Source — Calculations using the underlying rupee figures for Table 1. Rounded components may differ slightly from the total change.

**1 Jat Municipal Council**

The decline in tax revenue and the sharp fall in grants and transfers accounted for most of the reduction in total receipts in 2023–24. An increase in the non-tax residual partly offset those declines. In the following year, grants and transfers increased by more than the combined decline in tax revenue and the non-tax residual, leading to a recovery in total receipts.

**2 Palus Nagar Panchayat**

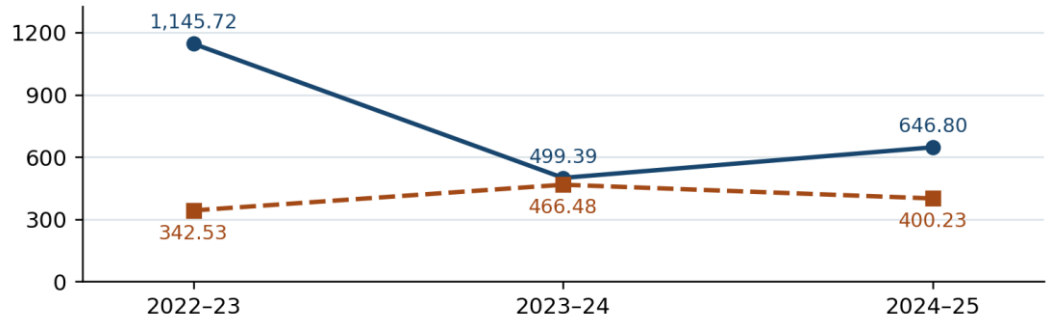
All three revenue components increased in 2023–24, with the non-tax residual recording the largest increase. Tax revenue continued to rise the following year. The combined decline in the non-tax residual and grants and transfers exceeded that increase, so total revenue receipts fell.

**3 Interpretation**

In 2024–25, total revenue rose in Jat and fell in Palus, while tax revenue fell in Jat and rose in Palus. Total receipts and tax revenue can therefore move in different directions. Grant sanction and disbursement schedules could help explain changes in transfers, while tax demand, collection and arrears records could help explain changes in tax receipts. The available receipts data identify the components of each change. Establishing the underlying causes would require those additional records.

**Three-Year Trend in Total Revenue Receipts**

**Figure 1. Total Revenue Receipts (₹ lakh)**




Solid line with circles — Jat Municipal Council. Dashed line with squares — Palus Nagar Panchayat. Source — Table 1.

Jat's receipts fell by 56.41% in 2023–24 and rose by 29.52% the following year. Palus recorded a 36.19% increase followed by a 14.20% decline. By 2024–25, receipts in Jat remained below their 2022–23 level, while receipts in Palus were above their 2022–23 level.

**Cumulative Revenue Composition**

Table 4. Cumulative Revenue Receipts by Component, 2022–23 to 2024–25 (₹ lakh)

| Component | Jat | Palus |
|---|---|---|
| Total receipts | 2,291.91 | 1,209.24 |
| Tax revenue | 1,076.68 | 407.54 |
| Non-tax residual | 542.83 | 369.76 |
| Grants and transfers | 672.41 | 431.93 |
| Own-source revenue | 1,619.50 | 777.31 |
| Own-source share (%) | 70.66 | 64.28 |

Source — Author's calculations from displayed values in Table 1. Rounding can produce small differences between component totals. The own-source share divides cumulative own-source receipts by cumulative total receipts.

Across the three years, Jat recorded approximately ₹2,291.91 lakh in total revenue receipts and Palus recorded ₹1,209.24 lakh. The cumulative own-source shares were 70.66% and 64.28%, respectively. The gap between these shares was 6.38 percentage points. The comparison is sensitive to the size of annual receipts because the cumulative measure gives higher-revenue years more weight.

Jat illustrates the effect of this weighting. The simple average of its three annual own-source shares was 75.41%. The cumulative share was lower because 2022–23, when own-source receipts represented 59.93% of total receipts, contributed almost half of the three-year revenue total. The two measures answer different questions. The cumulative share describes the composition of all rupees received over the period. The simple average describes the composition of an equally weighted year.

Palus recorded a cumulative own-source share of 64.28%, close to its simple annual average of 64.35%. The annual shares varied within a narrow band. This closeness indicates a relatively stable revenue mix in the study period, while the change in total receipts shown in Figure 1 indicates that the amount available to the Nagar Panchayat still fluctuated.

**Tax Revenue and the Composition of Own-Source Receipts**

The comparison between 2022–23 and 2024–25 shows how tax receipts and the non-tax residual contributed to changes in own-source revenue. In Jat, own-source receipts declined by approximately ₹237.55 lakh, or 34.59%. Tax revenue fell by ₹244.62 lakh, and the non-tax residual increased by ₹7.06 lakh. The increase in the residual therefore offset only a small part of the tax decline. In Palus, own-source receipts increased by approximately ₹41.71 lakh, or 18.90%. Tax revenue rose by ₹22.23 lakh, and the non-tax residual rose by ₹19.48 lakh. Both components contributed to the increase over the period.

Tax receipts accounted for about 75.27% of Jat's own-source revenue in 2022–23 and 60.61% in 2024–25. The tax share of own-source receipts declined even though Jat's own-source share of total receipts rose between the two endpoints. These two ratios have different denominators. The first describes the composition of locally generated revenue. The second describes the contribution of locally generated revenue to all revenue receipts.

Palus provides an example of a rising tax amount alongside a changing tax share. Tax receipts increased in 2023–24, but the tax share of total revenue fell from 36.70% to 28.71%. The non-tax residual and transfers increased by more than tax receipts in that year. In 2024–25, tax receipts increased again and the tax share recovered to 36.96% as the other two components fell. Reading the absolute amount beside the share helps determine whether the observed change is driven by tax receipts or by movements elsewhere in the revenue account.

Tax receipts alone cannot establish whether a local body improved its collection efficiency. Receipts can change with the size of the assessed tax base, tax rates, recovery of arrears, exemptions and the timing of payments. A year-wise demand and collection statement would separate current demand from arrears and show how much of each was collected. Comparisons across Jat and Palus could then account for assessed properties and the scope of services, where comparable records are available.

**Implications for Municipal Revenue Reporting**

The Jat figures illustrate why budgets should identify revenue grants by scheme and distinguish release dates from sanction dates. Grants and transfers fell by ₹443.37 lakh in 2023–24 and rose by ₹182.00 lakh in the following year. A grant register showing the sanction, actual receipt, purpose and unspent balance would help determine which releases account for the movement. The annual totals establish the scale of the variation. Scheme records would be needed to determine whether a change reflects timing, a funding decision or a change in classification.

A separate non-tax schedule would make the estimated residual easier to assess. The budget could show receipts from fees, user charges, rents and other relevant items under comparable heads, with one-off recoveries identified where records permit. For Palus, this would help explain the rise in the residual in 2023–24 and its subsequent decline. For Jat, it would show how much of the non-tax increase over the study period came from recurring receipts that could be considered in later budget forecasts.

Municipal budget reviews could use three measures alongside total revenue. The first is the own-source amount, which shows the scale of locally generated resources. The second is the own-source share, which shows how those resources compare with overall receipts. The third is a current-year tax collection ratio based on current demand and collections against that demand. Reporting the measures together would help distinguish a change in the revenue mix from a change in collections.

For follow-up research, the six budget observations could be reconciled with the corresponding final revenue accounts. The reconciliation should retain the institution, year,

account head, document page and whether a number is reported as actual, revised or budgeted. Once the revenue classifications are consistent, a longer time series could be used to examine whether Jat's grant variation and Palus's tax increases recur. Additional data on population and service coverage would make comparisons across the two local bodies more informative.

**Limitations**

The analysis covers three financial years and two local bodies. The term "actuals" refers to figures reported as such in the budget documents. These figures were not independently verified against audited accounts. The residual method does not identify the separate contributions of fees, rents and other non-tax items. If the residual contains other receipts, the estimated own-source share may change. The three-year descriptive comparison cannot establish causation.

**Conclusion**

Jat's own-source revenue share fluctuated alongside large changes in revenue grants and transfers. In Palus, tax revenue rose each year and the own-source share varied within a narrower range. Jat's experience in 2023–24 shows why the share and the amount of own-source revenue should be read together. A line-item reconciliation of grants, non-tax receipts and total revenue with the final accounts would strengthen the comparison.

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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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