



Comparative study of trends and growth pattern between tax and non-tax revenues

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Abstract

This is an effort to measure the trends and growth in tax and non-tax receipts of Government of India. For this purpose data have been collected for ten years primarily from the websites of ministry of finance, Government of India from 2013-14 to 2022-23. The collected data have been analyzed with the help of various statistical tools/ techniques such as trend analysis, mean score, standard deviation and CAGR. The study brought out increasing trends in Tax Receipts but the trends in case of Non-Tax Receipts found volatile in nature. Tax receipts and Non-Tax receipts are main source of revenue receipts for the Government of India. The growth rate of tax receipts (CAGR=9.90 per cent) was found to be more than growth rate of non-tax receipts (CAGR=3.68 per cent). The mean score of Tax Receipts (Rs. 1301007.30 Crore) was more than the mean score of Non-Tax Receipts (Rs. 253459.10 Crore). There was registered a more fluctuation in Tax Receipts (COV=31.08 per cent) in comparison to Non-Tax Receipts (COV=23.33 per cent) during the period of study.

Keywords: Revenue, Tax Receipts, Non-Tax Receipts, CAGR, COV etc.

Introduction

The revenue includes both revenue and capital receipts which are also known as Budgeted Receipts. The budgets have two main components- receipts and expenditures. The receipts may be of Revenue and Capital nature; and similarly the expenditures may also be divided into revenue and capital form.

The growth and development of an economy depends upon the size of revenue receipts of a Government. Tax and Non-Tax Receipts are the main source of Income for the Government. In our country, every year a finance bill is presented by the Finance Minister of Central Government in the budget session of Parliament. The different expected sources of tax are always discussed along with the provisions regarding taxation policy in this finance bill. In the budget session, a budget is presented by the Finance Minister in which expected receipts and expenditures are discussed for the upcoming years. Funds are allocated for certain purposes like education, health, defense, food, employment schemes, and development expenditures etc., so that economy could uplift. Tax Receipts consist of direct and indirect taxes. Further, direct and indirect taxes can be categorized in sub categories. Direct taxes are income tax, wealth tax, property tax, and corporate tax etc. Indirect taxes are categorized as GST, VAT, Excise Duty, And Custom Duty etc. Non-Tax receipts are that revenue which is other than taxation receipts. These consist of debt receipts, non-debt receipts, interest receipts, dividend receipts, profits receipts, receipts from general services, and receipts from defense services etc. As a welfare State, the Government has to think about the various ways and means of the revenue generation and capital formation in addition to expending it judiciously with the help of private sector.

Review of literature

Alesina, Alberto (2000) ^[1] examined the effects of fiscal policy on investment avenues using a panel of OECD countries. His study shows that fiscal policy of the

Government has a significant impact on private business investment. He finds that employment policy of Government creates wage pressure for the private sector. Various types of taxes also have negative impacts on profits, but, interestingly, the effects of Government spending on investment are more than the effect of taxes.

Salim, Nassir (2012) found out impact of fiscal policy on the economy of Turkey and Libya. He finds increase the size of expenditure on investment results in hike in GDP of Turkey and Libya. He also finds that higher taxation leads to less consumption by the consumer. Along with the main study he also determined that private consumptions and investments are highly affected by the tax rate in Turkey and Libya.

It was highlighted through a report (2016) that the Government of Haryana is in the tight grip of heavy debt which has been procured by the Government from various sources year over years. According to the report, the total debt which was Rs. 23,320 Crore during 2004-05 as increased to Rs. 98,843 during 2015-16 with a CAGR 12.79 per cent.

Objectives of the study

1. To study the trend and growth pattern of Tax Receipts of the Government of India during the period under study.
2. To study the trend and growth pattern of Non-Tax Receipts of the Government of India during the period under study.
3. To compare trends and growth pattern of Tax and Non-Tax Receipts of Government of India over the period under study.

Research Methodology

The present study is descriptive as well as analytical in nature which covers both the Tax Receipts and Non-Tax Receipts of the Government of India. The data have been collected mainly from the website of ministry of Finance

from 2013-14 to 2022-23 for a period of 10 years. The various statistical techniques such as trend analysis, mean score, standard deviation, CAGR and COV are applied to conduct the present study.

Analysis and interpretation

The Exhibit-1 analyzed Tax Receipts of Government of India. It is clear from the analysis that the ‘budgeted estimates’ were observed to be increasing with a CAGR 8.15 per cent over the period under study but established fluctuated trends. The ‘estimated receipts’ showed a mean score of Rs. 1337322.30 Crore with a standard deviation (SD) Rs. 406383.33 Crore. During the first five years of the study the ‘estimated’ values were found to be less than the mean score whereas during the remaining period they were found to be more than their mean score; out of which Rs.

1934771 Crore was the highest value during the year 2022-23. As far as ‘the revised estimates’ of tax receipts of India are concerned, the exhibit indicated an increasing trend with a CAGR 9.58 per cent over the period under account except in the year 2020-21, it reached declined from 179.97 to 160.82. The mean score of ‘revised estimates’ of the tax receipts was recorded to be Rs. 1330433.90 Crore with a SD Rs. 393418.53 Crore over the period under study. In first five years of study, all revised estimates were less than their mean score and rest of the time estimates were recorded to be more than mean score.

It was exposed from the analysis that the ‘actual’ tax receipts of India also increased over the period under consideration with a CAGR 9.90 per cent and established increasing trend during the study. The mean score of the ‘actual’ tax receipts was Rs. 1301007.30 Crore with a SD Rs.

Exhibit 1: Budgeted and Actual Tax Revenue Receipts of Government of India (Rs. In Crore)

Years	Budget Estimates		Revised Estimates		Actual		Deviation from Budgeted to Revised Estimate (%ge)	Deviation from Revised to Actual figures (%ge)
2013-14	884078	(100.00)	836026	(100.00)	815854	(100.00)	-5.44	-2.41
2014-15	986417	(111.58)	908463	(108.66)	903615	(110.76)	-7.90	-0.53
2015-16	919842	(104.05)	947508	(113.33)	943765	(115.68)	3.00	-0.40
2016-17	1054101	(119.23)	1088792	(130.23)	1101372	(135.00)	3.29	1.16
2017-18	1227014	(138.79)	1269454	(151.84)	1242488	(152.29)	3.46	-2.12
2018-19	1480649	(167.48)	1484406	(177.56)	1317211	(161.45)	0.25	-11.26
2019-20	1705046	(192.86)	1504587	(179.97)	1356902	(166.32)	-11.76	-9.82
2020-21	1635909	(185.04)	1344501	(160.82)	1426287	(1722)	-17.81	6.08
2021-22	1545396	(1720)	1765145	(211.14)	1804793	(221.22)	14.22	2.25
2022-23	1934771	(218.85)	2086662	(249.59)	2097786	(257.13)	7.85	0.53
Mean Score	1337322.3		1330433.9		1301007.3		-0.52	-2.21
SD	371243.2334		393418.5306		404410.8604			
CAGR	8.15%		9.58%		9.90%			

Source: Official Website of Department of Finance, Government of India.

Note: figures in brackets are showing trend values.

404410.86 Crore. From the one end to another, it was examined that during the first five years, the values of the ‘actual’ tax receipts were less than their mean score and in the lateral period they were greater than their mean score over the period under consideration. From the analysis, it was underlined that ‘budgeted estimates’, ‘revised estimates’, and ‘actual’ tax receipts, all are increasing over the period under study but the pace of growing ‘actual’ tax receipts was the highest along with highest standard deviation as compared to ‘budgeted estimates’ and ‘revised estimates’ of Government of India.

The analytical exhibit 1 further examined the deviation from the ‘budgeted’ to ‘revised’ and ‘revised’ to ‘actual’ figures of the tax receipts of Government of India. The average deviation was found to be minus 0.52 per cent which shows overall revision in budget estimates was not even 1 per cent

in the course of study. The average deviation from revised to actual tax receipts was minus 2.21 per cent and just few points more than 2 per cent during the study.

The analysis and interpretation of the analytical exhibit 1 can be supplemented through the time series diagram mentioned under the head of ‘Figure 1’. The figure 1 is confirming increasing trends of the ‘budgeted estimates’, ‘revised estimates’, and ‘actual’ tax receipts and ensured a deviation from ‘budget’ to ‘revised’ and ‘revised’ to ‘actual’ figures for the tax receipts of India. It is clear from the analysis that actual tax receipts showed highest increasing trend than estimated trends. Due to deviation percentage in minus or less than one in some of the years, these three lines may intersect each-other. Hence, there was not developed any significant deviation between figures of ‘budgeted estimates’, ‘revised estimates’ and ‘actual’ tax receipts of Government of India over the period.

Exhibit 4.8: Budgeted and Actual Non-Tax Revenue Receipts of Government of India (Rs. In Crore)

Years	Budget Estimates		Revised Estimates		Actual		Deviation from Budgeted to Revised Estimate (%ge)	Deviation from Revised to Actual figures (%ge)
2013-14	172252	(100.00)	193226	(100.00)	198870	(100.00)	12.18	2.92
2014-15	180714	(104.91)	217831	(112.73)	197857	(99.49)	20.54	-9.17
2015-16	221733	(128.73)	258576	(133.82)	251260	(126.34)	16.62	-2.83
2016-17	322921	(187.47)	334770	(173.25)	272831	(137.19)	3.67	-18.50
2017-18	288757	(167.64)	235974	(122.12)	192745	(96.92)	-18.28	-18.32
2018-19	245089	(142.29)	245276	(126.94)	235705	(118.52)	0.08	-3.90
2019-20	272647	(158.28)	345514	(178.81)	327157	(164.51)	26.73	-5.32

2020-21	385017	(223.52)	210652	(109.02)	207633	(104.41)	-45.29	-1.43
2021-22	243028	(141.09)	313791	(162.40)	365112	(183.59)	29.12	16.36
2022-23	269651	(156.54)	261751	(135.46)	285421	(143.52)	-2.93	9.04
Mean Score	260180.9		267203.5		253459.1		2.70	-5.14
SD	773819.30		50692.18		59134.90			
CAGR	4.58%		3.08%		3.68%			

Source: Official Website of Department of Finance, Government of India.

Note: figures in brackets are showing trend values.

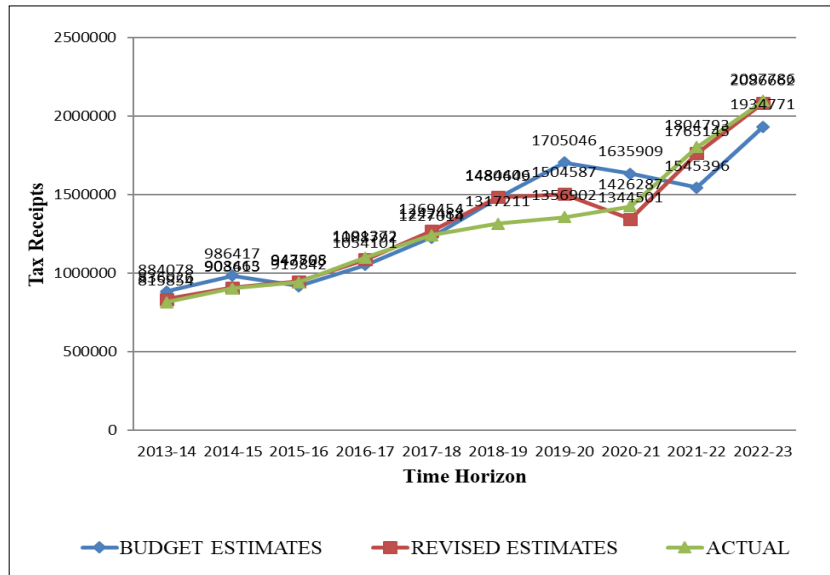


Fig 1: Trends in Total Tax Receipts of Government of India (Rs. in Crore)

The Exhibit 2 analyzed Non-Tax Receipts of Government of India. From the analysis, it was underlined that ‘budgeted estimates’, ‘revised estimates’, and ‘actual’ non-tax receipts, all are increasing over the period under study but the pace of growing ‘actual’ non-tax receipts was the highest. It was presented a lowest standard deviation in case of revised estimates of non-tax receipts as compared to budgeted estimates and actual non-tax receipts which confirm least fluctuations in revised estimates of non-tax receipts.

The analytical exhibit 2 further expressed the deviation from the ‘budgeted’ to ‘revised’ and ‘revised’ to ‘actual’ figures of the non-tax receipts of Government of India. The average deviation was found to be 2.70 per cent which shows overall revision in budget estimates was not even 3 per cent during the period under study. The average deviation from revised to actual non-tax receipts was minus 5.14 per cent and just few points more than 5 per cent during the study.

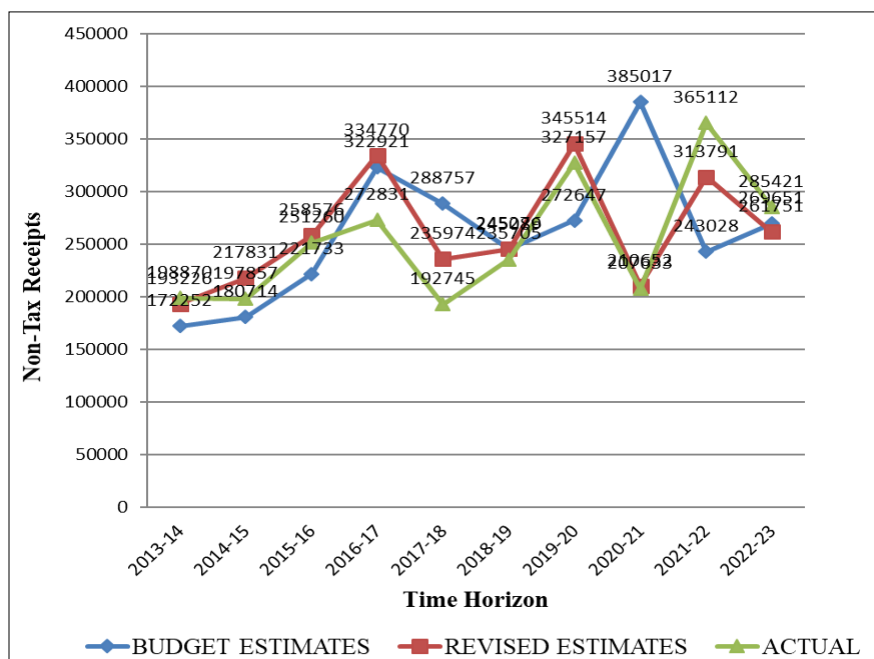


Fig 4.8: Trends in Non-Tax Receipts of Government of India (Rs. in Crore)

The analysis and interpretation of the analytical exhibit 2 can be proved through the time series diagram mentioned under the head of 'Figure 2'. The figure 2 is ensuring uptrend for the 'budgeted estimates', 'revised estimates', and 'actual' non-tax receipts and confirmed a deviation from 'budget' to 'revised' and 'revised' to 'actual' figures for the non-tax receipts of India through the lines of different colours which are not so far away from each other on maximum point and intersect each other on few points during the tenure of study but at some distant from each other on other points. In the figure 2, green line was showing the 'actual' figures and respective trends. The red line was used to represent 'revised estimates' for the non-tax receipts of Government of India and respective trends. The blue line was indicating the trends, growth, and deviation of the 'budgeted' figures of the non-tax receipts over the period under study. It is clear from the analysis that budgeted estimates for non-tax receipts showed highest increasing trend than revised estimated trends and actual non-tax receipts trends. Due to deviation percentage in minus or less than one in some of the years, these three lines may intersect each-other. Hence, there was not developed any significant deviation between figures of 'budgeted estimates', 'revised estimates' and 'actual' non-tax receipts of Government of India over the period.

Conclusion

As per the analysis of study, it is the bottom line that tax receipts are more increasing than non-tax receipts. In the analysis, it is clearly displayed by higher CAGR rate. It also can be seen in the diagram that all three trend line position confirms the mathematical calculations of Exhibit-1 and Exhibit-2. Hence, Tax Revenues play an important role in economy than non-tax revenue as and if compared both together.

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