Journal of Advances and Scholarly Researches in Allied Education
Vol. 16, Issue No. 2, February-2019, ISSN 2230-7540

Trends and Growth in the Receipts of Government of India

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Abstract – This is an effort to measure the trends and growth in the receipts i.e., revenue as well as capital receipts of the Government of India. For this purpose data have been collected for five years primarily from the websites of ministry of finance, Government of India from 2013-14 to 2017-18. The assembled 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 both types of receipts- revenue receipts and capital receipts. Revenue receipts found to be more increasing (CAGR=7.18 %) in comparison to capital receipts (CAGR=5.35 %). There was registered a more fluctuation in revenue receipts in comparison to capital receipts during the period of study.

Keywords: Revenue Receipts, Capital Receipts, GDP, Capital Formation and CAGR etc.

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INTRODUCTION

The economic development of an economy depends upon the rate of capital formation which depends upon the size of revenue not only to break the vicious circle of poverty but also to enhance the GDP. 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. 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.

REVIEW OF LITERATURE

Alesina, Alberto (2000) evaluated the effects of fiscal policy on investment using a panel of OECD countries. His study shows that fiscal policy has a significant impact on private business investment. He finds that Government employment creates wage pressure for the private sector. Various types of taxes also have negative effects on profits, but, interestingly, the effects of Government spending on investment are larger than the effect of taxes.

Salim, Nassir (2012) studied impact of fiscal policy on the economy of Turkey and Libya. He finds rising amount of expenditure deals in increase in GDP of Turkey and Libya. He also finds that bigger taxation leads to less consumption by the consumer. Along with the main study he also examined that private consumptions and investments are strongly affected by the tax rate in Turkey and Libya.

It was highlighted through a report (2016) that the Government of Haryana is in the 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 of Revenue Receipts of the Government of India during the period under study.

2. To study the trend and growth of Capital Receipts of the Government of India during the period under study.

RESEARCH METHODOLOGY

The present study is descriptive as well as analytical in nature which covers both the Revenue Receipts and Capital Receipts of the Government of India. The data have been collected mainly from the website of ministry of Finance from 2013-14 to 2017-18 for a period of 5 years. The various statistical techniques such as trend analysis, mean score, standard deviation and CAGR are applied to conduct the present study.

ANALYSIS AND INTERPRETATION

Table 1

Budgeted and Actual Revenue Receipts of Government of India

(In Crores of Rupees)

Year	Budget Estimates	Revised Estimates	Actual Rec.
2013-14	1056331 (100)	1029252 (100)	1014724 (100)
2014-15	1167131 (110.45)	1126294 (109.43)	1101472 (108.55)
2015-16	1141576 (108.07)	1206084 (117.18)	1195025 (117.77)
2016-17	1377022 (130.36)	1423562 (138.31)	1374203 (135.43)
2017-18	1515771 (143.49)	1505428 (146.26)	1435233 (141.44)
Total	6257831	6290620	6120657
MEAN SCORE	1251566.2	1258124	1224131.4
SD	189002.1591	200623.2185	178065.5362
CAGR	7.49%	7.90%	7.18%

Source: *Economic survey of India for different years.*
Note: *figures in brackets are showing trend values.*

Table 1 indicates trends in budgeted estimates, revised estimates and actual values of revenue receipts. Budget estimates increased all the way and all the time during the period taken into care except in 2015-16 where it declined. The same linear trend is also found in case of revised estimates whereas actual receipts increased year by year without any break in its flow during the period under consideration. Actual receipts are always lower than its estimated values or targets. Budget estimates and revised estimates shows growth by 7.49 per cent and 7.90 per cent whereas actually it grows by 7.18 per cent.

Figure 1.1

Revenue Receipts of Government of India

(In Crores of Rupees)

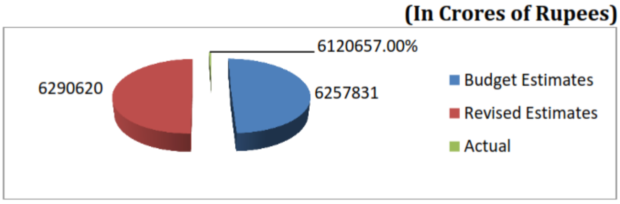

Figure 1.1 cross checks the results of table 1 and prove that actual revenue receipts are most of the time is less than budgeted values. It means Government is not able to forecast proper estimates.

Figure 1.2

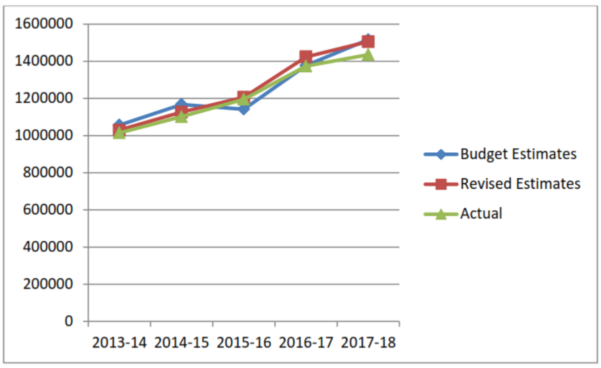

Figure 1.2 confirmed the result of table 1 in another way by drawing the figures on line graph. Here budgeted and actual receipts are in increasing but actual receipts are less than of budgeted estimates during the study.

Table 2

Budgeted and Actual Capital Receipts of Government of India

(In Crores of Rupees)

Year	Budget Estimates	Revised Estimates	Actual Capital Rec.
2013-14	608967 (100)	561182 (100)	544723 (100)
2014-15	596083 (97.88)	554864 (98.87)	562201 (103.21)
2015-16	635902 (104.42)	579307 (103.23)	595748 (109.37)
2016-17	601038 (98.70)	590845 (105.29)	600991 (110.33)
2017-18	630964 (103.61)	712322 (126.93)	706742 (129.74)
Total	3072954	2998520	3010405
MEAN SCORE	614590.8	599704	602081
SD	17889.19436	64559.86272	62999.1557
CAGR	0.71%	4.89%	5.35%

Source: *Economic survey of India for different years.*
Note: *figures in brackets show trend values.*

Table 2 reveals that there is also an increasing trend in capital receipts with less fluctuation in figures is registered as comparison to revenue receipts during the period taken into account. An oscillating trend was found in case of budgeted receipts and increasing trends were found for both revised estimates (except 2014-15 in which a decline registered) and actual capital receipts during the period under study. The highest CAGR was registered in case of actual capital receipts (5.35 per cent) followed by revised estimates (4.89 per cent) and then Budgeted estimates (0.71 per cent).

Figure 2.1

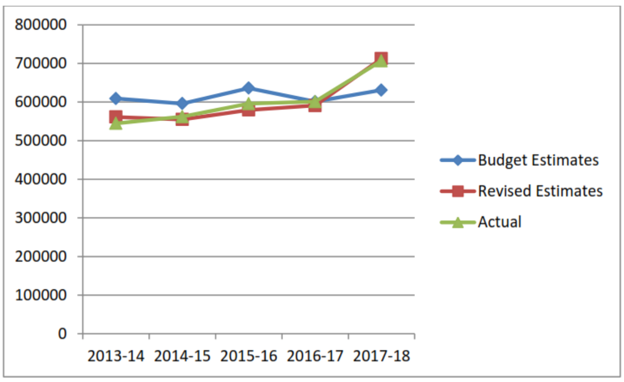

Figure 2.1with line graph also makes sure the computed trends in table 2. All the three variables are very close to each other's. That is why there is a less fluctuations in capital receipts found during the study.

Figure 2.2

Capital Receipts of Govt. of India

Figure 2.2 compare the total budgeted estimates, revised estimates and actual figures of capital receipts. As we look after the all the three figures, it can be said there is very thin deviation between these three and so there is less fluctuations in comparison to revenue receipts.

CONCLUSION AND SUGGESTIONS

The increasing trends were found for both types of receipts- revenue receipts and capital receipts during the period under study. But the main thing is deviation in their budgeted targets and actual receipts. No single year is there for which it can be said that there is not any deviation between budgeted targets and actual values. In brief, it is observed that budgets are over estimated all the time and all the way during the period under study. So, it is suggested to the Government to take care all the factors affecting revenue while preparing budgets.

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