



ANALYSIS OF OWN TAX REVENUE IN RAJASTHAN

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ABSTRACT

Taxation plays a crucial role in resource mobilization in developing nation. The main objective of taxation policy is to raise revenue by transferring resources from the public to government. State finance of Rajasthan faced large deficits, growing interest burden. Increasing deficit states that expenditure of state government exceeds to its

revenue. Against This scenario, Rajasthan Government must assess the efforts to increase its own tax revenue. This paper attempts to provide analysis of state own tax revenue.

KEYWORDS: Taxation plays a crucial role.

INTRODUCTION

India's financial system is federal. In a federal system the government functions are divided between the Central Government and the State Government. Federal finance refers to the system in which all the item of revenue and expenditure are divided among central and state. State Governments gets revenue from tax revenue, non tax revenue and grants from central government. Tax revenue is one of the most important instruments in fiscal policy. Total tax revenue of the state divided into two parts^[1] central taxes and^[2] state tax revenue.

Rajasthan, the largest state of India, is located in north western side of the country. It is having the area 3.42 lakh sq. kms which is 10.40% of India's total area. Besides that Rajasthan have geographical disadvantage, lack of water resources, low productivity in agriculture, low level of socio economic indicators, high cost of developing infrastructure, which highly effects the development of the state. Fiscal indicators such as revenue deficit,

fiscal deficit and debt burden has increased. Government faced a lack of resources according to their need.

In this regards, the paper is divided into four sections.

Section 1.1: Introduction

Section 1.2: Components of State Own Tax Revenue

Section 1.3: Trends in State Own Tax Revenue of Rajasthan

Section 1.4: Conclusion.

Components of State Own Tax Revenue

State own tax revenue is the main source of revenue from the total tax revenue. There are many taxes levied by state government. These are land revenue, stamp & registration fee, state excise, sales tax, taxes on vehicles, tax on goods & passengers, taxes & duties on electricity, other tax on income & expenditure, taxes on goods & services, tax on agriculture income, service tax and other taxes.

Table 1.1: Components of Own Tax Revenue in Rajasthan.

Serial No.	State own Tax Revenue
1	Land Revenue
2	Stamp & Registration Fee
3	State Excise
4	Sales Tax
5	Taxes on Vehicles
6	Taxes on Goods & Passengers
7	Taxes & Duties on Electricity
8	Other Tax on Income & Expenditure
9	Taxes on Goods & Services
10	Tax on immovable property
11	Tax on Agriculture Income
12	Service Tax
13	Other Taxes

Source Budget Study, Directorate of Economics & Statistics, Government of Rajasthan.

Trends in State Own Tax Revenue of Rajasthan

State own tax revenue increased from Rs 529996.07 lakh in 2000-01 to Rs 3867294 lakh in 2014-15, recorded 15% growth rate per annum. Maximum annual growth rate of own tax revenue registered in 2010-11 (26.46%) over 2009-10 and minimum in 2001-02 (7.00 %) over 2000-01. It's having 65% average share in total tax revenue which is very high.

The share of sales tax in state own tax revenue recorded high. It was 53.23% in 2000-01 and reached at 62.50% in 2014-15. Value Added Tax (VAT) in Rajasthan in 2005 replaced sales tax. State Government has a large share of revenue from sales tax. Second highest share in state tax revenue recorded from state excise but it's having decreasing trends during the time period of 2000-01 to 2014-15. The share of components is shown in Table 1.4.

Table 1.2: Trends in Own Tax Revenue of Rajasthan (Rs in lakh).

Years	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-2012	2012-13	2013-14	2014-15
Own Tax Revenue	529996.07	567116.47	625334	724619.24	841482.11	988022.72	1160824.3	1327472.6	1494349.9	1641427.5	2075813.2	2537705.93	3050265.4	3347769.9	3867294.5
Land Revenue	4480.35	7916.66	5797.91	7143.59	6886.11	8430.37	11671.04	15529.23	16252.05	14765.95	22216.59	20900.94	30455.51	33797.93	28858.23
Stamp & Registration Fee	43672.62	47888.84	51573.33	61176.77	81782.65	103179.43	129368.3	154435.24	135663.16	136293.58	194104.54	265137.62	333487.36	312533.34	318888.75
State Excise	111848.11	111026.62	114233.8	116315.49	127607.18	152180.38	159109.25	180511.93	216989.47	230047.61	286140.94	328704.83	398783.5	498159.04	558577.42
Sales Tax	282121.05	306903.45	343789.9	398543.25	479753.48	559363.85	672070.54	775073.51	890450.21	1016353.2	1262959.3	1576643.04	1857464.9	2121551	2416991.3
Taxes on Vehicles	51130.44	56632.54	64613.93	90430.68	81720.68	90818.22	102360.72	116439.84	121355.93	137287.13	161224.59	192704.97	228313.32	249889.99	282986.43
Taxes on Goods & Passengers	1954.51	2309.93	13043.65	15050.29	14401.37	23671.08	24759.65	16060.63	18986.43	17610.46	23068.81	22012.73	24856.67	28791.57	95652.17
Taxes & Duties on Electricity	25190.16	25088.38	23984.99	28028.65	44276.25	47135.3	51588.3	58423.43	65404.49	69998.85	90580.75	109447.75	157005.61	94892.58	153450.47
Other Tax on Income & Expenditure	1098.76	1555.59	1722.81	2012.27	184.74	25.13	6.21	4.06	4.49	4.39	1.86	6.11	18.96	6.91	54.52
Taxes on Goods & Services	5289.39	5403.92	4712.05	4684.77	4755.72	3170.01	4603.6	5890.62	6452.29	5852	6444.53	4344.76	4846.71	6846.23	11368.87
Tax on immovable property	3210.52	2390.16	1858.94	1199.04	115.11	48.17	5286.57	5103.41	22791.36	13214.06	29071.25	17802.82	15032.77	1300.87	460.37
Tax on Agriculture Income	0.16	0.38	0.03	0.1	0.00	0.13	0.13	0.72	0.06	0.07	0.01	0.01	0.01	0.00	0.01
Service Tax	-	-	2.63	34.34	-1.18	0.65	0.00	0.00	0.00	0.24	0.05	0.35	0.08	0.35	5.98
Other Taxes	-	-	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: Budget Study, Directorate of Economics and Statistics, Government of Rajasthan.

Table 1.3: Annual Growth Rate (%).

Years	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-2012	2012-13	2013-14	2014-15
Own Tax Revenue	-	7.00	10.27	15.88	16.13	17.41	17.49	14.36	12.57	9.84	26.46	22.25	20.20	9.75	15.52
Land Revenue	-	76.70	-26.76	23.21	-3.60	22.43	38.44	33.06	4.65	-9.14	50.46	-5.92	45.71	10.97	-14.62
Stamp & Registration Fee	-	9.65	7.69	18.62	33.68	26.16	25.38	19.38	-12.16	0.46	42.42	36.60	25.78	-6.28	2.03
State Excise	-	-0.73	2.89	1.82	9.71	19.26	4.55	13.45	20.21	6.02	24.38	14.88	21.32	24.92	12.13
Sales Tax	-	8.78	12.02	15.93	20.38	16.59	20.15	15.33	14.89	14.14	24.26	24.84	17.81	14.22	13.93
Taxes on Vehicles	-	10.76	14.09	39.96	-9.63	11.13	12.71	13.75	4.22	13.13	17.44	19.53	18.48	9.45	13.24
Taxes on Goods & Passengers	-	18.18	464.68	15.38	-4.31	64.37	4.60	-35.13	18.22	-7.25	30.99	-4.58	12.92	15.83	232.22
Taxes & Duties on Electricity	-	-0.40	-4.40	16.86	57.97	6.46	9.45	13.25	11.95	7.02	29.40	20.83	43.45	-39.56	61.71
Other Tax on Income & Expenditure	-	41.58	10.75	16.80	-90.82	-86.40	-75.29	-34.62	10.59	-2.23	-57.63	228.49	210.31	-63.55	689.00
Taxes on Goods & Services	-	2.17	-12.80	-0.58	1.51	-33.34	45.22	27.96	9.53	-9.30	10.13	-32.58	11.55	41.26	66.06
Tax on immovable property	-	-25.55	-22.23	-35.50	-90.40	-58.15	10874.82	-3.46	346.59	-42.02	120.00	-38.76	-15.56	-91.35	-64.61
Tax on Agriculture Income	-	137.50	-92.11	233.33	-100.00	-	0.00	453.85	-91.67	16.67	-85.71	0.00	0.00	-100.00	-
Service Tax	-			1205.70	-103.44	-155.08	-100.00	-	-	-	-79.17	600.00	-77.14	337.50	1608.57
Other Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Estimated from table 1.2.

Table 1.4: Share of Components in State own tax Revenue (%).

Years	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-2012	2012-13	2013-14	2014-15
Own Tax Revenue	529996.07	567116.47	625334	724619.24	841482.11	988022.72	1160824.3	1327472.6	1494349.9	1641427.5	2075813.2	2537705.93	3050265.4	3347769.9	3867294.5
Land Revenue	0.85	1.40	0.93	0.99	0.82	0.85	1.01	1.17	1.09	0.90	1.07	0.82	1.00	1.01	0.75
Stamp & Registration Fee	8.24	8.44	8.25	8.44	9.72	10.44	11.14	11.63	9.08	8.30	9.35	10.45	10.93	9.34	8.25
State Excise	21.10	19.58	18.27	16.05	15.16	15.40	13.71	13.60	14.52	14.02	13.78	12.95	13.07	14.88	14.44
Sales Tax	53.23	54.12	54.98	55.00	57.01	56.61	57.90	58.39	59.59	61.92	60.84	62.13	60.90	63.37	62.50
Taxes on Vehicles	9.65	9.99	10.33	12.48	9.71	9.19	8.82	8.77	8.12	8.36	7.77	7.59	7.49	7.46	7.32
Taxes on Goods & passengers	0.37	0.41	2.09	2.08	1.71	2.40	2.13	1.21	1.27	1.07	1.11	0.87	0.81	0.86	2.47
Taxes & Duties on Electricity	4.75	4.42	3.84	3.87	5.26	4.77	4.44	4.40	4.38	4.26	4.36	4.31	5.15	2.83	3.97
Other Tax on Income & Expenditure	0.21	0.27	0.28	0.28	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxes on Goods & Services	1.00	0.95	0.75	0.65	0.57	0.32	0.40	0.44	0.43	0.36	0.31	0.17	0.16	0.20	0.29
Tax on immovable property	0.61	0.42	0.30	0.17	0.01	0.00	0.46	0.38	1.53	0.81	1.40	0.70	0.49	0.04	0.01
Tax on Agriculture Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Service Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Estimated from table 1.2.

CONCLUSION

This paper highlights the trends and structure of state own tax revenue during 2000-2015. Due to introduction of FRBM act and VAT in Rajasthan, state started turned around for better fiscal management. State achieved revenue surplus, low fiscal deficit. The portion of state tax revenue receipts has increased. The State Government should increase transparency in taxation policy and revise the tax policy. Therefore, there is an essential need of resources for economic growth of the state.

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