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TRENDS IN REVENUE INCOME FOR THE STATE OF MAHARASHTRA

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ABSTRACT:-

Role of state governments over a period of time has shifted from doer to facilitator for the economic development of respective states. As rightly pointed out by Wagner, an increase in states activity results in corresponding rise in government expenditure which needs to be financed from some or the other sources owing to states role of performing various functions. Receipts for government are primarily raised through revenue receipts and capital receipts. Revenue receipt forms an important component for the state governments considering its recurring nature. State of Maharashtra, one of the industrialized states in India has registered an average rise of 185% (1990-2015) in collection of revenue receipts. However the challenge remains arresting the falling share of tax revenue numbers in percentage terms which is only 76% (averaged for the year 1990-2015). This paper is an attempt to review the revenue receipts for the state of Maharashtra and indentify the movers and shakers.

KEYWORDS: Revenue Income, Maharashtra

INTRODUCTION:

Study of state finance for Maharashtra, would be incomplete without understanding the pattern of revenue receipts for the state of Maharashtra. Revenue collection plays a vital role which is base for various developmental and non developmental expenditure. It also reflects a level of efficiency of tax collection numbers. Revenue Receipts which comprises of tax and non tax revenue also reflects the various sources of revenue for the state.

OBJECTIVE:

The objective of this paper is to study the revenue income for the state of Maharashtra.

DATA SOURCES:

The study is entirely based on secondary data. The data is extracted from economic survey of Maharashtra, data table from RBI website and various other published sources.

CORE DISCUSSION:

Revenue and expenditure are two important pillars for any business, public institutions, and economies around the globe. It is a barometer to measure the efficiency in dual capacity one as collection



of revenue and other savings on expenditure. Government of India and various states that are part of India are not an exception to this phenomenon. Collection of revenue requires immense efforts on part of both the governments considering its importance as a vital resource for various developmental and non developmental revenue expenditure. Efficiencies of government is checked using revenue deficit numbers which is difference between revenue income and revenue expenditure on one end and revenue deficit as percentage to total gross domestic product for the state of Maharashtra.

REVENUE RECEIPTS/REVENUE INCOME:

Revenue receipts /Revenue Income is one of the important component of revenue budget, other being revenue expenditure. Revenue Receipts is generated from primarily main two sources i.e

- a) Tax Revenue and
- b) Non Tax Revenue

Tax Revenue consists of revenue collected from states own sources and shares in taxes from central government. States owns sources includes taxes collected on income, taxes on property and capital transactions, taxes on commodities and services. It also includes taxes collected against sales tax, state excise, taxes on vehicles etc.

While Non Tax Revenue for the states includes collections against interest receipts, dividends and profits, general, social, economic services done by government along with share from central government.

Table1 : Revenue Receipts for the State of Maharashtra

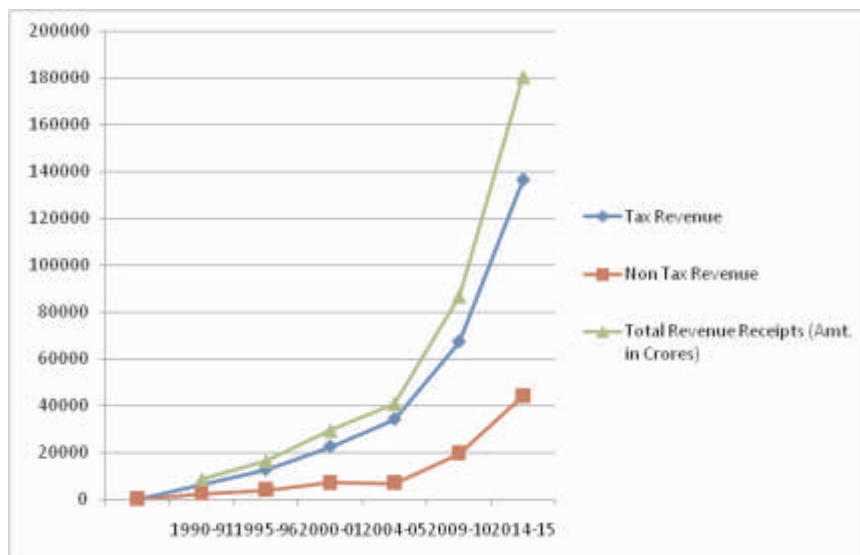
| Year | Tax Revenue (Amt. in Crores) | Non Tax Revenue (Amt. in Crores) | Total Amount in Crores |
|---------|---------------------------------|-------------------------------------|---------------------------|
| 1990-91 | 6109 | 2,590 | 8,699 |
| 1995-96 | 12612 | 3,947 | 16,559 |
| 2000-01 | 22508 | 7,059 | 29,567 |
| 2004-05 | 34201 | 6,812 | 41,013 |
| 2009-10 | 67354 | 19,556 | 86,910 |
| 2014-15 | 136615 | 44,179 | 180794 |

Source: Economic Survey of Maharashtra, various issues

It is clearly evident from the above table 1 that Revenue Receipts for the state of Maharashtra is growing at a faster pace. Total Revenue Receipts were Rs 8,699 Crores in 1990-91 which doubled in five year to Rs 16,559 Crores by the year 1995-96 to Rs 29,567 Crores in the year 2000-01. The Revenue Receipts for the state witnessed more that 100% growth from 2004-05 to 2009-10 where Total Revenue receipts jumped to Rs. 86,910 Crores from Rs 41,013 Crores. This was increase of around 212% growth. Total Revenue receipts for the year 2014-2015 stands at Rs 1,80,794 Crores with a growth of 208% when compared to 2009-10 numbers.

The average growth of revenue receipts for the state of Maharashtra since 1990-2015 stands at 185%.

Chart 1: Revenue Receipts for the state of Maharashtra



Source: Table 1

It is clearly evident from above chart that Revenue receipts for the state of Maharashtra is largely dependent on tax revenue which contributes a major share in the total revenue receipts. The trend clearly indicates that 2004-05 was the starting point of tremendous growth in numbers.

Table 2: Revenue Receipts for the State of Maharashtra

| Year | Tax Revenue (Amt. in Crores) | Percentage to Total Revenue Receipts | Non Tax Revenue | Percentage to Total Revenue Receipts | Amount in Crores |
|---------|------------------------------|--------------------------------------|-----------------|--------------------------------------|------------------|
| 1990-91 | 6109 | 70 | 2,590 | 30 | 8,699 |
| 1995-96 | 12612 | 76 | 3,947 | 24 | 16,559 |
| 2000-01 | 22508 | 76 | 7,059 | 24 | 29,567 |
| 2004-05 | 34201 | 83 | 6,812 | 17 | 41,013 |
| 2009-10 | 67354 | 77 | 19,556 | 23 | 86,910 |
| 2014-15 | 136615 | 76 | 44,179 | 24 | 180794 |

Source: Economic Survey of Maharashtra, various issues

It is clearly evident from table 2 that revenue receipts of Maharashtra are totally dependent on tax revenue. The Contribution of tax revenue to total revenue receipts was 70 % in the year 1990-91 which further improved to 76% in 1995-96 and 2000-01. Tremendous rise in contribution was seen for the year 2004-05 where its contribution was 86% to total revenue receipts of the state. However this momentum couldn't be sustained and contribution fell to 77% and 76% for the years 2009-10 and 2014-15 respectively.

The average contribution of tax revenue to total revenue receipts for the state of Maharashtra from 1990-2015 is 76%.

Further looking at the numbers for non tax revenue it is clearly evident that the contribution of non tax revenue to total revenue receipts for the state of Maharashtra was 30% (Rs 2590 Crores) in 1990-91 which further declined to 24 % (Rs 3947 Crores) in 1995-96 and Rs 7059 Crores in 2000-01. The contribution saw tremendous fall in next five year where non tax revenue contribution stood at 17% (Rs 6812 Crores) for the year 2004-05. The very next five year improvement was registered with 23% and 24% contribution visible in the year 2009-10 and 2014-15 respectively.

The average contribution of non tax revenue to total revenue receipts for the state of Maharashtra from 1990-2015 is 24%.

Tax Revenue

Tax Revenue is one of the most important source of raising finance. Tax Revenue is primarily contributed by states own tax revenues and share in central taxes received from central government.

States Own Tax Revenue:

States Own tax revenue is contributed primarily under three heads i.e

- Taxes on Income
- Taxes on Property and Capital Transactions
- Taxes on Commodities and Services

All together comprises states own tax revenue.

Table 3: Maharashtra State's Own Tax Revenue

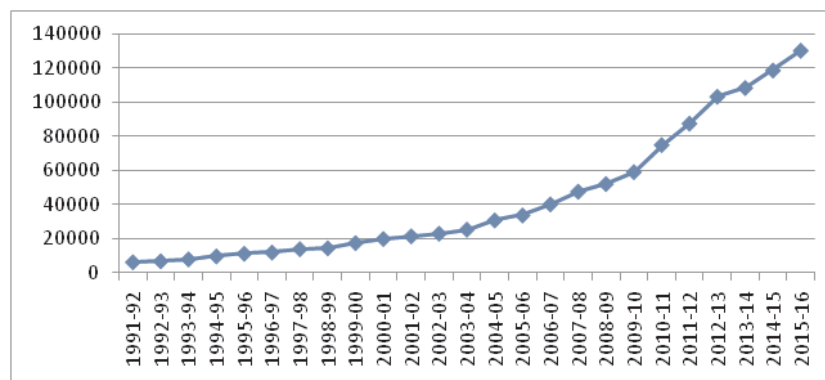
| Year | States Own Tax Revenue (In Crores) | Year | States Own Tax Revenue (In Crores) |
|---------|------------------------------------|---------|------------------------------------|
| 1990-91 | 5761.94 | 2003-04 | 25162.15 |
| 1991-92 | 5954.3 | 2004-05 | 30605.75 |
| 1992-93 | 6560.93 | 2005-06 | 33540.25 |
| 1993-94 | 7696.2 | 2006-07 | 40099.24 |
| 1994-95 | 9454.62 | 2007-08 | 47528.16 |
| 1995-96 | 10934.45 | 2008-09 | 52030.13 |
| 1996-97 | 11714.97 | 2009-10 | 59106.32 |
| 1997-98 | 13719.26 | 2010-11 | 75027.06 |
| 1998-99 | 14202.36 | 2011-12 | 87608.46 |
| 1999-00 | 17264.95 | 2012-13 | 103448.53 |
| 2000-01 | 19724.28 | 2013-14 | 108598 |
| 2001-02 | 21287.63 | 2014-15 | 118956.53 |
| 2002-03 | 22811.01 | 2015-16 | 130576.22 |

Source: Economic Survey of Maharashtra, various issues.

It is evident from table that state's own tax revenue for the state of Maharashtra was Rs 5761.94 Crores in the year 1990-91 which grew to Rs 9454.62 crores in span of 5 years time recording a growth of 90% by the year 1995-96 to Rs 10934.45 Crores which further recorded a maximum growth of 108% by the year 2000-01 amounting to Rs 19724.28 Crores. However the growth declined in next five years for States Own tax revenue which stood at 55% by the year 2004-05 amounting to Rs 30605.75 Crores. The growth stood at 93% and 122% for (2004-05 to 2009-10) and (2009-10 to 2015-16) respectively.

The average growth of Maharashtra own tax revenue stood at 13.47% from 1990-2015.

Figure 2: Maharashtra Own Tax Revenue



Source: Table 3

Table 4: Maharashtra Own Tax Revenue

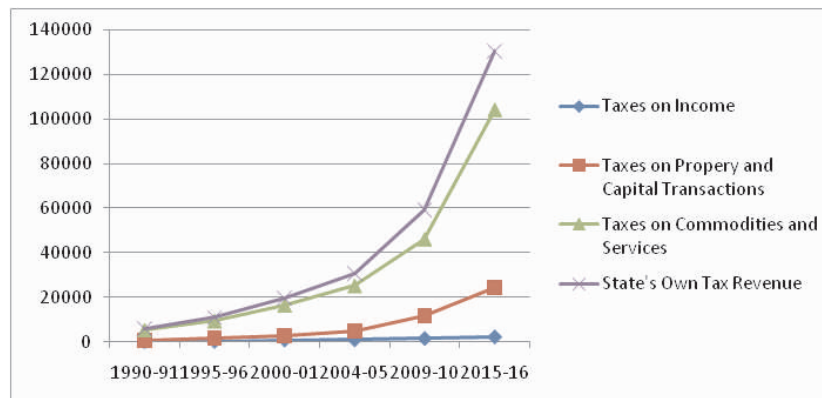
| Year | Amount in Crores | | | |
|---------|------------------|--|-----------------------------------|-------------------------|
| | Taxes on Income | Taxes on Property and Capital Transactions | Taxes on Commodities and Services | State's Own Tax Revenue |
| 1990-91 | 190.71 | 348 | 5,223 | 5761.94 |
| 1995-96 | 330.6 | 1,357 | 9,247 | 10934.45 |
| 2000-01 | 942.21 | 2,418 | 16,365 | 19724.28 |
| 2004-05 | 1076.57 | 4,477 | 25,052 | 30605.75 |
| 2009-10 | 1612 | 11,488 | 46,006 | 59106 |
| 2015-16 | 2309 | 24,200 | 104066.6 | 130576.22 |

Source: Economic Survey of Maharashtra, various issues

It is evident from table that Maharashtra own state revenue income is dependent on taxes on commodities and services. In the Year 1990-91 States Own tax revenue 91% was contributed by taxes on commodities and services which is declining slowly but still holds a major share in states own tax revenues. The contribution of taxes on commodities and services to the Maharashtra states own tax revenue stood at 85% in 1995-96, 83% in 2000-01, 82% in 2004-05, 78% in 2009-10 and 80% in 2015-16.

Average contribution of taxes on income, taxes on property and capital transaction and taxes on commodities and services to states own tax revenue from 1990-2015 stands at 3.19%, 13.88% and 82.93% respectively.

Figure 3: Maharashtra Own Tax Revenue



Source: Table

Taxes on Income

Taxes on income which on an average contributes 3.16% to Maharashtra's own tax revenue collects it from two sources

- Agricultural Income Tax and
- Taxes on Profession, Trades, Callings and Employment.

Since Agriculture is not taxed, the contribution of agricultural income tax is nil for most of the years and negligible amounts for some years from 1990-2015.

Taxes on Profession, Trades, Callings and Employment contributes 100% to Taxes on Income.

Table : 5: Taxes on Income for the state of Maharashtra

| Year | Taxes on Income (In Crores) |
|---------|-----------------------------|
| 1990-91 | 190.71 |
| 1995-96 | 330.6 |
| 2000-01 | 942.21 |
| 2004-05 | 1076.57 |
| 2009-10 | 1612 |
| 2015-16 | 2309 |

Source: Economic Survey of Maharashtra, various issues

It is evident from table that taxes on income was Rs 190.71 crores in the year 1990-91, Rs 330.6 crores in the year 1995-96 post which it recorded almost 300% rise by 2000-01 amounting to Rs 942.21 crores, Rs 1076.57 Crores in 2004-05, Rs 1612 Crores in 2009-10 and Rs 2309 Crores in 2015-16.

Taxes on Property and Capital Transactions

Taxes on property and capital transactions on an average contributes 13.88% to the state own tax revenue. Taxes on Property and capital transactions is basically contributed by following sources

- a) Land Revenue
- b) Stamps and Registration Fees
- c) Urban Immovable Property Tax
- d) Surcharge on Cash Crops

Contribution of surcharge on cash crops in states revenue, likewise that of urban immovable property tax too is negligible.

Land Revenue and Stamp Registration fees forms the major source for the states revenue under the heading of Taxes collected from property and capital transactions

Table 6 : Taxes on Property and Capital Transactions

| Year | Taxes on Property and Capital Transactions (In Crores) |
|---------|--|
| 1990-91 | 348.12 |
| 1995-96 | 1,356.5 |
| 2000-01 | 2,417.55 |
| 2004-05 | 4,477.2 |
| 2009-10 | 11,487.69 |
| 2015-16 | 24,200.15 |

Source: Economic Survey of Maharashtra, various issues.

It is evident from table that taxes on property and capital transactions is almost doubling every 5 years for the state of Maharashtra. The contribution was 348.12 crores in the year 1990-91 which further increased to 1356.5 crores by 1995-96 registering a rise of almost 400%. The contribution was registered at 2417.55 Crores in 2000-01, 4477.2 Crores in 2004-05, 11,487.69 Crores by 2009-10 and by 2015-16 it was around 24,200.15 Crores.

It is further evident that states own tax revenue under this head is majorly contributed by collection against stamps and registration fees. The following table highlights the same

Table 7: Taxes on Property and Capital Transactions

| Year | Land Revenue (In Crores) | Stamp and Registration Fees (In Crores) | Taxes on Property and Capital Transactions (In Crores) |
|---------|--------------------------|---|--|
| 1990-91 | 61.64 | 286.39 | 348.12 |
| 1995-96 | 120.52 | 1,235.98 | 1,356.5 |
| 2000-01 | 214.72 | 2,200.92 | 2,417.55 |
| 2004-05 | 360.72 | 4,116.48 | 4,477.2 |
| 2009-10 | 714.04 | 10,773.65 | 11,487.69 |
| 2015-16 | 3,200 | 21,000 | 24,200.15 |

Source: Economic Survey of Maharashtra, various issues

It is clearly evident from table that states own tax revenue under the heading of taxes on property and capital transactions is majorly collected from stamp duty and registration fees. On an average land revenue contributes 10.50% and Stamp and registration fees contributes around 89.50% to the taxes collected from property and capital transactions.

Taxes on Commodities and Services

This head contributes maximum to Maharashtra's own tax revenue. It is evident from the following table that taxes collected on commodities and services contributed around 91% to Maharashtra own tax revenue in the year 1990-91, which fell down to 84.57% in the year 1995-96, 82.97% by the year 2000-01, 81.85 % by 2004-05, 77.84% by 2009-10 and 79.70 by the year 2015-16.

Table 8 : Taxes on Commodities and Services and State's Own Tax Revenue

| Year | Taxes on Commodities and Services (In Crores) | State's Own Tax Revenue (In Crores) |
|---------|---|-------------------------------------|
| 1990-91 | 5,223 | 5,761.94 |
| 1995-96 | 9,247 | 10,934.45 |
| 2000-01 | 16,365 | 19,724.28 |
| 2004-05 | 25,052 | 30,605.75 |
| 2009-10 | 46,006 | 59,106 |
| 2015-16 | 1,04,066.6 | 1,30,576.22 |

Source: Economic Survey of Maharashtra, various issues

The average contribution of taxes collected through commodities and Services to the Maharashtra's own tax revenue is 82.93%.

The sub-heads that together contribute to this head are as follows:

- a) Sales Tax
- b) State Excise
- c) Taxes on Vehicle
- d) Taxes on Goods and Passengers
- e) Taxes on duties on electricity
- f) Entertainment Tax
- g) Surcharge and Cess on Sugar cane
- h) Other taxes and duties

Table 9: Total Sales Tax and Taxes on Commodities and Services

| Year | Total Sales Tax (In Crores) | Taxes on Commodities and Services (In Crores) |
|---------|--------------------------------|--|
| 1990-91 | 3,174.42 | 5,223 |
| 1995-96 | 6,844.32 | 9,247 |
| 2000-01 | 12,196.39 | 16,365 |
| 2004-05 | 18,816.72 | 25,052 |
| 2009-10 | 32,676 | 46,006 |
| 2015-16 | 74,616.77 | 1,04,066.6 |

Source: Economic Survey of Maharashtra, various issues

Note: Total Sales Taxes includes : State Sales Tax , Central Sales Tax, Sales Tax on Motor Spirit and lubrication, Surcharge on sales tax, Receipts of turnover tax, Purchase tax on sugar cane and other receipts

It is evident from table that taxes on commodities and services that contributes majorly to the Maharashtra's own tax revenue income gets its major contribution from Sales tax.

The contribution of sales tax to taxes on commodities and services was 60.78% in 1990s, 74 to 75% till 2004-05 and around 72% by 2015-16 which highlights its importance to the states own tax revenue.

The average contribution of sales tax towards taxes on commodities and services for 1990-2016 is around 71.19%

a) Sales tax is collected from various sources namely

- i. State Sales Tax
- ii. Central Sales Tax
- iii. Sales Tax on Motor Spirits and Lubrication
- iv. Surcharge on Sales Tax
- v. Receipts of Turnover Tax
- vi. Purchase Tax on Sugarcane
- vii. Other Receipts

State of Maharashtra hasn't collected any amount against purchase tax on sugarcane which is under sales tax head since 1990 to 2016. Likewise receipts of turnover tax is also nil for most of the years under study leaving 1996-97 and 2011-12 during which the collection was 85.58 Crores and 2.68 Crores respectively.

Surcharge on sales tax was amounting in lakhs till 1999, the contribution jumped to 5.52 Crores in 1999-2000. The contribution saw tremendous rise in the year 2004-05 during which the amount contributed by this head was 71.43 Crores. However this trend was not continued when the amount dropped to 9.33 Crores very next year i.e. 2005-06. The contribution was 17.86 Crores and 13.63 Crores for the year 2012-13 and 2013-14 respectively.

Sales tax is majorly contributed by states sales tax, central sales tax, sales tax on motor spirit and lubrication and other receipts

Table 10: Sales Tax figures for the state of Maharashtra's own tax revenue

| Year | State Sales Tax | Central Sales Tax | Sales Tax on Motor Spirit & Lubrication | Other Receipts | Total Sales Tax |
|---------|--------------------|-------------------|---|----------------|-----------------|
| | (Amount in Crores) | | | | |
| 1990-91 | 2385.87 | 621.85 | 114 | 52.47 | 3,174.42 |
| 1995-96 | 4635.64 | 1154.13 | 999.71 | 54.78 | 6,844.32 |
| 2000-01 | 7203.41 | 1865.31 | 3004.1 | 116.53 | 12,196.39 |
| 2004-05 | 11371.2 | 2417.1 | 4950.41 | 6.58 | 18,816.72 |
| 2009-10 | 30047.58 | 2505.32 | - | 123.11 | 32,676 |
| 2015-16 | 68730.10 | 4729.81 | 0 | 1156.86 | 74,616.77 |

Source: Economic Survey of Maharashtra, various issues.

It is evident from table that total sales tax is collected by state of Maharashtra, lion share of it is contributed by State Sales Tax which was around Rs 2385.87 Crores (75.16%) to total sales tax collection in the year 1990-91, Rs 4635 Crores (67.73%) in 1995-96, Rs 7203.41 Crores (59.06%) in 2000-01, Rs 11371.2 Crores (60.43%), Rs 30,047.58 Crores (91.96%) and Rs 68,730.10 Crores (92.11%) in 2004-05, 2009-10 and 2015-16 respectively.

It is also evident that collection of state sales tax shown tremendous rise of more than 100% every five year between 2004- 2016. It will be not incorrect to conclude saying that total sales tax collected for the state of Maharashtra is dependent on its own sales tax collection.

The contribution of collection central sales tax is showing signs of gradual decrease when compared to total sales tax collection. The contribution in percentage terms was 19.59% in the year 1990-91 which drastically reduced to 15.29% by 2000-01, 7.67% by 2009-10 and 6.34% by 2015-16.

However a opposite trend is notice in collections from sales of motor spirit and lubricants for the state of Maharashtra can be noticed. The contribution is rising at a good pace. Figure for the year 2009-10 and 2015-16 were not available. Hence nothing concrete can be concluded from its contribution to Maharashtra's total sales tax revenue.

Contribution of other receipts to total sales tax figures are miniscule when compare to total sales tax collection for the state of Maharashtra and are in range of 0.03 % to 1.65% from 1990s-2015.

State Excise

State Government levies a tax on production and manufacturing of goods that are produced within its geographic boundaries.

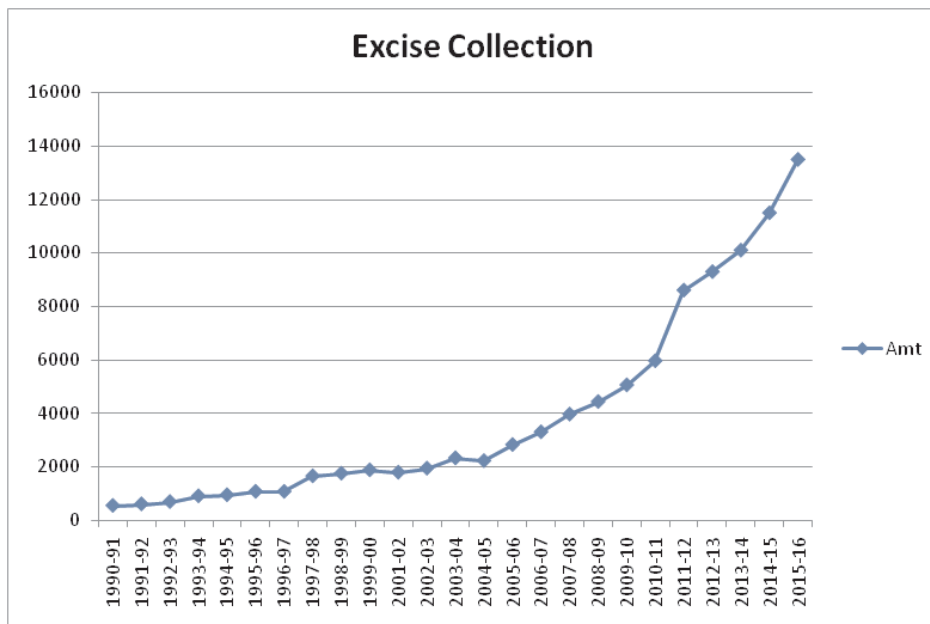
Maharashtra is considered one of the developed states when it comes to industrialization which is reflected in higher collection of state excise duty reflected in its collection numbers.

Table 11 : Excise Collection for the state of Maharashtra

| Year | Amt in Crores | Year | Amt in Crores |
|---------|---------------|---------|---------------|
| 1990-91 | 542.31 | 2003-04 | 2324.42 |
| 1991-92 | 600.88 | 2004-05 | 2218.87 |
| 1992-93 | 689.74 | 2005-06 | 2823.85 |
| 1993-94 | 903.16 | 2006-07 | 3300.7 |
| 1994-95 | 944.37 | 2007-08 | 3963.05 |
| 1995-96 | 1070.91 | 2008-09 | 4433.76 |
| 1996-97 | 1068.5 | 2009-10 | 5056.63 |
| 1997-98 | 1650.88 | 2010-11 | 5961.85 |
| 1998-99 | 1748.74 | 2011-12 | 8605.47 |
| 1999-00 | 1875.68 | 2012-13 | 9297.11 |
| 2000-01 | 1779.51 | 2013-14 | 10101.12 |
| 2001-02 | 1787.26 | 2014-15 | 11500 |
| 2002-03 | 1938.69 | 2015-16 | 13500 |

Source: Economic Survey of Maharashtra, various issues

It is evident from table __ that revenue collected as excise duty is growing at a rapid pace in the state of Maharashtra's status as one of the advanced and progressing state in terms of industrialization.

Figure 4: Maharashtra's collection of excise duty

Source: Economic Survey of Maharashtra, various issues

It can be seen from above graphic representation of excise duty collection number for the state of Maharashtra from 1990s to 2016.

The collection which was 542.31 Crores in 1990-91 doubled in span of five years with Rs 1070.91 Crores by 1995-96. However next 100% growth was slow and it took seven years to double this collection which was Rs. 2324.42 Crores in 2003-04, next 100% growth came in six years of time at Rs. 4433.76 Crores in 2008-09.

The figures of state excise collection stood at Rs. 13,500 crores for the year 2015-16.

State government also receives its tax revenue from taxes on vehicles registered in its state. The following table highlights the collection figures in crores

Table 12: State Revenue Collection from taxes on Vehicles

| Year | Amount in Crores |
|---------|------------------|
| 1990-91 | 204.32 |
| 1995-96 | 423.19 |
| 2000-01 | 785.84 |
| 2004-05 | 1177.15 |
| 2009-10 | 2682.3 |
| 2015-16 | 5693.67 |

Source: Economic Survey of Maharashtra, various issues

It is evident from table __ that the State of Maharashtra received Rs 204 Crores in 1990-91 recording a growth of 107 % in five year resulting in collection of Rs 423.19 Crores in 1995-96. However the collection numbers slowed down for the next decade. 1995-2001 growth in percentage wise was 85% amounting to Rs 785.84 Crores in the year 2000-01 and growth of 50% amounting to Rs 1177.15 Crores in the year 2004-05. The growth accelerated in next five years when the collection numbers jumped 127% in five years amounting to Rs 2682 Crores in the year 2009-10 and growth was 112% from 2009-10 to 2015-16 amounting to Rs 5693.67 Crores in the year 2015-16.

Taxes from Goods and Passengers, Taxes and Duties on Electricity, Entertainment Tax and Other Taxes and duties

State government of Maharashtra also collects taxes from goods and passengers, electricity, entertainment and other taxes and duties. Following table gives a snapshot of collection numbers from the said sources.

Table 13: Taxes collected by Govt of Maharashtra under the head Commodities and Services

| Year | Goods and Passengers | Taxes and Duties on Electricity | Entertainment Tax | Other Taxes and Duties |
|---------|----------------------|---------------------------------|-------------------|------------------------|
| 1990-91 | 201.85 | 277.5 | 713.6 | 109.11 |
| 1995-96 | 248.35 | 357.12 | 96.18 | 207.28 |
| 2000-01 | 100.23 | 933.59 | 200.92 | 368.04 |
| 2004-05 | 427.75 | 1673.76 | 246.48 | 491.25 |
| 2015-16 | 1150 | 7150 | 658.13 | 1298.03 |

Source: Economic Survey of Maharashtra, various issues.

It is evident from table 13 that collection of taxes on goods and passengers was Rs 201.85 Crores which grew to 248.35 Crores by 1995-96, which declined in very next five years amounting to Rs 100.23 Crores in the year 2000-01, Rs. 427.75 Crores in 2004-05, Rs 1150 Crores in 2015-16.

Collection of taxes on electricity amounted to Rs 277.5 Crores in the year 1990-91, Rs 357.12 Crores by 1995-96, Rs 933.59 Crores in 2000-01, Rs 1673.76 Crores in 2004-05, Rs 4730 Crores in 2009-10, Rs 7150 Crores by 2015-16.

Likewise State Government of Maharashtra also collects taxes from Entertainment Sector which was Rs 713 Crores in 1990-91. Collection from this head has shown wide fluctuations with decrease and rise in collection figures. The taxes collected as entertainment tax for the year 2015-16 stood at Rs 658.13 Crores.

Government also received taxes from several other sources which amounted to Rs 109.11 Crores in 1990-91, Rs 368.04 Crores in 2000-01, Rs 833 Crores by 2009-10 and Rs 1298.03 Crores by 2015-16.

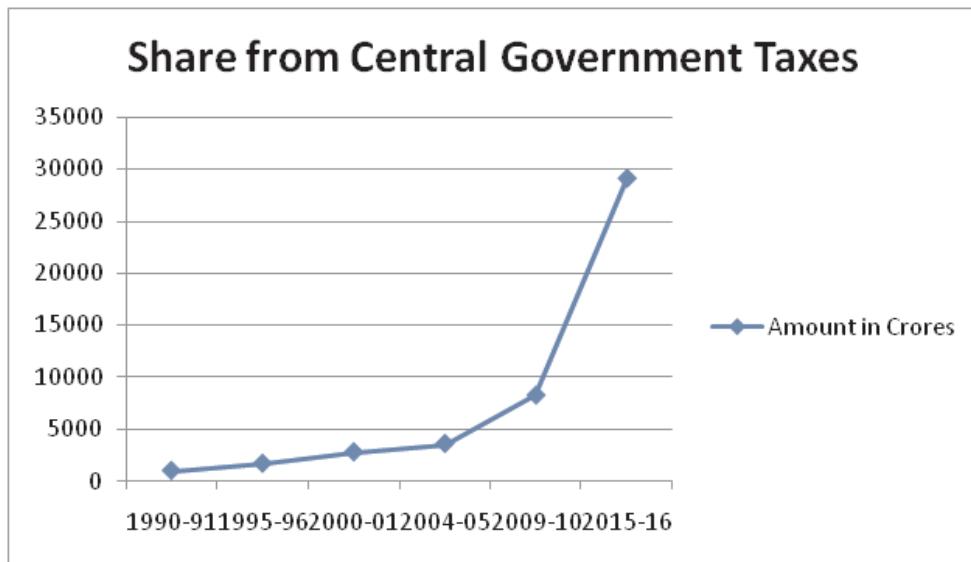
State of Maharashtra's share received from central taxes

State of Maharashtra receives share in taxes that are collected by central government. The following table captures the trend in it.

Table 14: Government of Maharashtra share in Central taxes

| Year | Amount in Crores |
|---------|------------------|
| 1990-91 | 989.86 |
| 1995-96 | 1677.47 |
| 2000-01 | 2783.67 |
| 2004-05 | 3595.03 |
| 2009-10 | 8248.11 |
| 2015-16 | 29120.45 |

Source: Economic Survey of Maharashtra, various issues

Figure 6: Share from Central Government Taxes to State of Maharashtra

Source: Table No 14

It is evident from table that Share in central taxes is increasing at faster pace. In the year the 1990-91 the amount received from central government against share in central taxes was amounting to Rs 989.86 Crores, which jumped by 69% by 1995-96 amounting to Rs 1677.47 Crores. In the year 2000-01 the amount was Rs 2783.67 Crores registering a growth of 65% when compared to 1995-96 numbers. However growth slowed down registering a growth of 29% from 2000-01 to 2004-05 amounting to Rs 3595.03%.

The numbers thereafter shows tremendous improvements recording a growth of 129% from 2004-05 to 2009-10 amounting to Rs 8248.11 Crores, the reason behind such a tremendous rise in revenue was that till 2005-06, State government of Maharashtra received share from central government from only two major heads namely income tax and Union Excise duties. However from the year 2006-07 state government started receiving funds under various other heads like Corporation Tax, Custom duties and Service Tax which facilitated large collection of taxes.

The amount collected as share in central government taxes amounted in the year 2015-16 amounted to Rs 29,120 Crores registering a record growth of 253% when compared to 2009-10 numbers.

Non Tax Revenue under Revenue Receipts

Non tax revenue is an important aspect of revenue receipts for the state of Maharashtra. Following table highlights the same.

Table 15: Non Tax Revenue & Total Revenue Receipts for the State of Maharashtra

| Year | Amount in Crores | |
|---------|------------------|------------------------|
| | Non Tax Revenue | Total Revenue Receipts |
| 1990-91 | 2589.46 | 6109.56 |
| 1995-96 | 3947.36 | 12611.92 |
| 2000-01 | 7058.97 | 22507.95 |
| 2004-05 | 6812.55 | 34200.78 |
| 2009-10 | 19555.8 | 67354.43 |
| 2015-16 | 38533.84 | 159696.66 |

Source: Economic Survey of Maharashtra, various issues

It is evident from table 15 that Non tax revenue which accounted for 42% in 1990-91 share in total revenue receipts for the state of Maharashtra has dropped to 31% in next five year i.e in 1995-96 amounting to Rs 3947.36 Crores. The fall was arrested during next five year in which the contribution jumped to Rs 7058.97 Crores by 2000-01 however contribution in percentage terms changed by 0.05 at 31.36%.

Next five year tremendous fall in the share of non tax revenue is noticed amounting to Rs 6812.55 Crores with percentage contribution to total revenue receipts at 19.91% only. However by next five year numbers improved and so the percentage contribution to the total revenue receipts for the state of Maharashtra was Rs 19,555.8 Crores in 2009-10 with percentage contribution of 29.03%. The contribution of total non tax revenue receipts to total revenue receipts for the state of Maharashtra for the year is Rs 38,533.84 Crores with 24.12% contribution to total revenue receipts for the state of Maharashtra.

Receipts from Non Tax Revenue is majorly from four heads

a) Interest Receipts

b) Dividends and Profits

c) Central Grants &

d) Other Non tax revenue in the purview of state which includes collections from General services, Social services, Fiscal services and Economic Services.

- General Services includes collection from state lotteries
- Social Services includes collection from education, sports, arts, culture, Medical, public health, Family welfare, housing, Urban development, Social security, welfare, Water Supply, Sanitation, etc.
- Fiscal Services &
- Economic Services which includes various economy activities like Agriculture, Cooperation, Fisheries, Power , Industries etc.

Table 16: Non Tax Revenue for the state of Maharashtra

| Year | Interest Receipts | Dividend & Profits | Grant from Central Govt. | Other Receipts | Total Non Tax Revenue |
|---------|-------------------|--------------------|--------------------------|----------------|-----------------------|
| 1990-91 | 658.55 | 8.75 | 795.27 | 1126.89 | 2589.46 |
| 1995-96 | 1271.21 | 4.16 | 1171.97 | 1500.02 | 3947.36 |
| 2000-01 | 3161.63 | 3.95 | 1462.71 | 2430.68 | 7058.97 |
| 2004-05 | 737.46 | 26.73 | 2693.72 | 3354.64 | 6812.55 |
| 2009-10 | 1342 | 80.88 | 11203.23 | 6929.74 | 19555.8 |
| 2015-16 | 2973.7 | 112.25 | 17868.97 | 17578.92 | 38533.84 |

Source: Economic Survey of Maharashtra, Various issues

Note: All amounts in crores.

Table 17 : Non Tax Revenue for the State of Maharashtra (in percentage terms)

| Year | Interest Receipts | Dividend & Profits | Grant from Central Govt. | Other Receipts | Total Non Tax Revenue |
|---------|-------------------|--------------------|--------------------------|----------------|-----------------------|
| 1990-91 | 25.43 | 0.34 | 30.71 | 43.52 | 100 |
| 1995-96 | 32.20 | 0.11 | 29.69 | 38.00 | 100 |
| 2000-01 | 44.79 | 0.06 | 20.72 | 34.43 | 100 |
| 2004-05 | 10.83 | 0.39 | 39.54 | 49.24 | 100 |
| 2009-10 | 6.86 | 0.41 | 57.29 | 35.44 | 100 |
| 2015-16 | 7.72 | 0.29 | 46.37 | 45.62 | 100 |

Source: Table 16 and authors own calculations

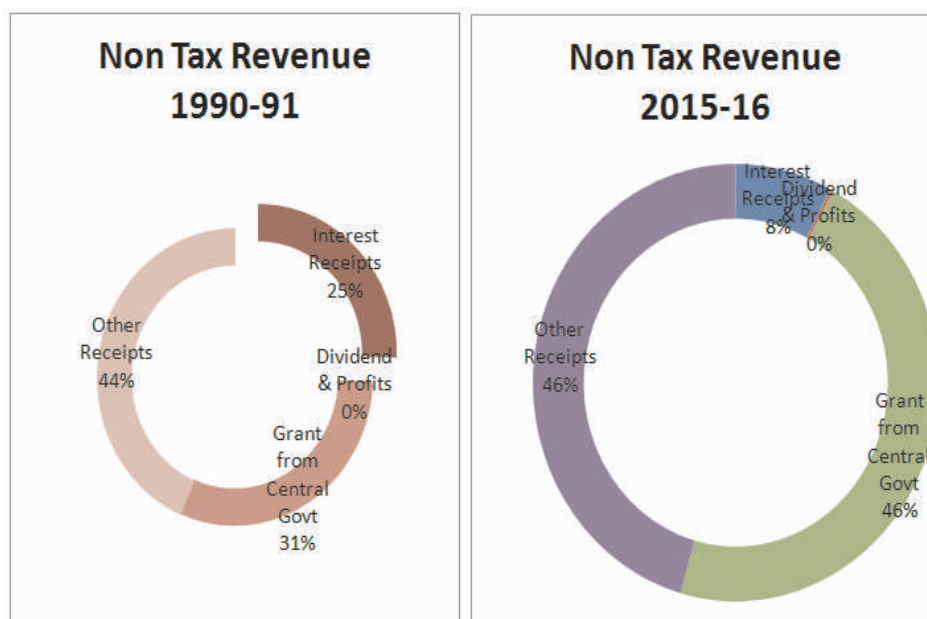
It is evident from table 17 that Interest receipts under non tax revenue which contributed around 25.43% to the total non tax revenue is steadily falling post 2004-05. The contribution showed good

improvements during 1995-96 at 32.20% and 2000-01 at 44.79% . The contributions in percentage terms was 10.83% , 6.86 % and 7.72 % for the years 2004-05, 2009-10 and 2015-16 respectively.

The contribution from dividend and profits is very miniscule when compared to the total non tax revenue for the state of Maharashtra. The contribution is in range of 0.06 to 0.41 % between 1990-2016.

The contribution from central government towards non tax revenue to the state of Maharashtra is improving steadily in numbers but falling when compared to percentage terms till 2000-01. Post which a sharp increase in percentage contribution is visible. The contribution towards grants from central government was 30.71% , 29.69%, 20.72%, 39.54%, 57.29% and 46.37% for the years 1990-91, 1995-96, 2000-01, 2004-05, 2009-10 and 2015-16 respectively.

Likewise, contribution from other receipts is a major source of non tax revenue for the state of Maharashtra. The contribution of other receipts to total non tax revenue for the state of Maharashtra was 43.52% in 1990-91, 38% in 1995-96, 34.43% in 2000-01, 49.24% in 2004-05, 35.44% in 2009-10 and 45.62% in 2015-16.



The average contribution of interest receipts to the total non tax revenue is 21.3% from 1990-2016. The average contribution from dividend and profits to the total non tax revenue is 0.27% from 1990-2016. The average contribution from grants from central government to the total non tax revenue is 37.39% from 1990-2016. The average contribution from grants from Other Receipts to the total non tax revenue is 41.04% from 1990-2016.

CONCLUSION:

Undoubtedly, revenue receipts are an important part of state finances for the state of Maharashtra. Tax revenue which is one of the major components in state of Maharashtra’s Finances is witnessing a fall in percentage terms when compared to total revenue receipts for the state of Maharashtra. The average growth rate for state’s revenue from own tax revenue is 13.47% as against 21.3% which is for interest receipts, 0.27% against dividends and profits, 37.39% which is grants received from central government which is non tax revenue receipts for the state of Maharashtra.

Progressive Maharashtra needs to consider various options to raise its own tax revenue. With implementation of Goods and Service tax which superseded various indirect taxes comes with challenge of affecting state’s own tax revenue numbers.

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