



Revenue Receipts of the Government of Assam

KEYWORDS

• Government, • Revenue, • Composition, • Transfers

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ABSTRACT

The government has multifaceted responsibilities in bringing about overall development of the society. Therefore, the government has to depend on multiple sources for raising the required resources to perform its roles effectively. The receipts of the government may be classified as Revenue Receipts and Capital Receipts. The present study has been undertaken with the objective of studying the composition of revenue receipts of the Government of Assam and examining the trend of revenue receipts vis-à-vis total receipts of the Government of Assam.

INTRODUCTION:

The government has multifaceted responsibilities to achieve the objective of maximizing the welfare of the people by providing for education, health, social security and various other facilities indispensable for satisfying physiological and social needs. It has also to make provision for improved infrastructural facilities for the economic growth and development of the nation to make a niche for itself in the global context. To discharge its responsibilities, the government has to play a parental role in the overall development of the society.

In the light of the above discussion, it becomes imperative for the government to raise funds. Because of the multi-dimensional role of the government, the resource requirement is also large. Therefore, the government has to depend on multiple sources for raising the required resources to perform its roles effectively.

The North Eastern region, one of the strategic regions of India, with seven vibrant states, each having distinct social, cultural and economic indicators, needs fruits of development along with the rest of the country. Assam is a Special Category State situated in this region. The State's Gross Domestic Product (GSDP) at current prices during 2011-12 was Rs. 1,15,408 crore (base year 2004-05). The state government needs more funds to enable development initiatives in the region across diverse sectors. The receipts of the Assam government may be broadly studied under two heads: Revenue Receipts and Capital Receipts.

The present paper is an attempt to study the revenue receipts of the Government of Assam and various matters incidental thereto. Revenue receipts of the Government of Assam includes proceeds of taxes and other duties levied by the Government of Assam, share of central taxes received from the Central Government, interest and dividend on investments made by the government, fees and other receipts for services rendered by the government, non-taxable sources such as government-owned corporations' incomes and grants-in-aid from the Government of India.

Having considered the aforesaid matters, we now propose to lay down the objectives of the present study.

OBJECTIVES OF THE PRESENT STUDY:

The present study has been undertaken with the following objectives:

1. To study the composition of revenue receipts of the Gov-

ernment of Assam;

2. To examine the trend of revenue receipts vis-à-vis total receipts of the Government of Assam.

METHODOLOGY:

The study is mainly based on secondary sources of information. The researchers have collected information chiefly from the Annual Financial Statements, the Finance Accounts and the Report of the Comptroller and Auditor General of India on State Finances of the Government of Assam.

The data so collected have been tabulated and inferences drawn therefrom. Statistical tools like line diagram, bar diagram and pie charts, have been used extensively to give a bird's eye view of the tabulated data.

For the purpose of the present study a period of eight years has been taken. The period covered is from the year 2004-05 to 2011-12. In consonance with Objective No. 1 as stated above, we shall now undertake a study on the composition of revenue receipts of the Government of Assam.

COMPOSITION OF REVENUE RECEIPTS:

The composition of the state's revenue speaks about the financing pattern of government expenditure in Assam. The receipts of the state may be classified into revenue and capital. The revenue receipts of the state mainly comprises of tax and non-tax revenue and share of union taxes or duties and central grants. The central transfers to the state come from various channels such as Finance and Planning Commission of India and other discretionary transfers for central sector scheme and centrally sponsored schemes. There was drastic change in the grants to loan composition of Planning Commission's transfers from 30:70 to 90:10 after Assam was declared as a special category state in 1990-91. On the other hand, Finance Commission transfers to the state is mainly guided by various efficiency and equity criteria such as income (distance method), population (1971), area, index of infrastructure, fiscal discipline and tax effort etc.

On the other hand, the capital receipts consists of recoveries of loans and advances, public debt receipts, contingency fund, public account receipts, contingency fund and miscellaneous capital receipts.

Hereunder, we present the composition of revenue receipts of the Government of Assam for the period 2004-05 to 2011-12 in Table 1 followed by Chart 1 and Chart 2 which depict the trend of the same.

Table 1: Composition of the Revenue receipts of Government of Assam for the period from 2004-05 to 2011-12 (Rs. In crores)

Year	Total Revenue Receipts	Share in Central Taxes	Grants-in-Aid	State Own Taxes	Non-tax Revenue
2004-2005	9,937	2,584	3,570	2,713	1,070
2005-2006	12,045	3,057	4,297	3,232	1,459
2006-2007	13,667	3,899	4,426	3,483	1,859
2007-2008	15,325	4,918	4,913	3,359	2,135
2008-2009	18,077	5,190	6,465	4,150	2,272
2009-2010	19,884	5,339	6,805	4,987	2,753
2010-2011	23,005	7,969	6,733	5,930	2,373
2011-2012	27,455	9,283	7,667	7,638	2,867

Source: Report of the Comptroller and Auditor General of India, Government of Assam, Various issues during 2004-2012

Statement 11 of the Finance Accounts details the revenue receipts of the Government of Assam. The revenue receipts have registered an overall growth of 176.3% during the study period as is evident from Table 1. It is also observed that the share of central tax transfers to the state has increased by 259.25%, whereas the state's own taxes have grown only by 181.53%. With an exception to the year 2010-11, the grants-in-aid and non-tax revenue of the state has increased steadily over the study period.

Having considered the composition and trend of revenue receipts, we shall now examine the trend of revenue receipts vis-à-vis total receipts of the Government of Assam in consonance with Objective No.2.

RECEIPTS OF THE GOVERNMENT OF ASSAM:

Revenue and capital are the two streams of receipts that constitute the resources of the state government. Hereunder, we present the revenue receipts of the Government of Assam vis-à-vis the total receipts for the period 2004-05 to 2011-12 in a tabular form (Table 2).

Table 2: Revenue receipts of Government of Assam vis-à-vis the total receipts for the period from 2004-05 to 2011-12 (Rs. In crores)

Year	Total Revenue Receipts	Total Capital Receipts		Total Receipts	Revenue receipts as a % of total receipts
		Public Account Receipts	Other Capital Receipts		
2004-2005	9,937	2,988	4,600	17,525	56.70
2005-2006	12,045	4,146	1,417	17,608	68.41
2006-2007	13,667	4,846	1,151	19,664	69.50
2007-2008	15,325	6,093	1,178	22,596	67.82
2008-2009	18,077	7,794	2,913	28,784	62.80

2009-2010	19,884	10,630	2,223	32,737	60.74
2010-2011	23,005	10,404	2,073	35,482	64.84
2011-2012	27,455	12,176	973	40,604	67.62

Source: Report of the Comptroller and Auditor General of India, Government of Assam, Various issues during 2004-2012

As is evident from Table 2, the total receipts of the state government for 2004-05 was Rs 17,525 crores of which Rs 9,937 crores came from revenue receipts and the balance from capital receipts as against Rs 40,604 crores in 2011-12 of which Rs 27,455 came from revenue receipts. Therefore, the total receipts of the state have increased 2.32 times vis-à-vis an increase of 2.76 times in respect of revenue receipts during the study period. The revenue receipts comprise the major source of funds for the Government of Assam. As can be discerned from the table, the revenue receipts as a percentage of total receipts have shown an overall growth from 56.70% in 2004-05 to 67.62% in 2011-12.

The percentage contribution of different components of state revenue receipts for the period 1990-91 to 2011-12 has been presented in Table 3. It is evident from Table 3 that central transfers constitute a major portion of the Assam's total revenue during the study period. On an average, central revenue transfers has been contributing more than 60 percent of the total revenue of the state except in the year 1993-94. The compound growth rate of central transfers has been found to be higher than the state's own revenue for the study period. This situation reflects the dependence of the state on central transfers as well as the inability of the state to carry out developmental works with its own resources. However, some improvements have been observed in own revenue generation of the state during the time period 2000-01 to 2011-12 compared to the previous decade.

Table 3: Percentage contribution of different components of State Revenue Receipts for the period 1990-91 to 2011-12 (Rs. In crores)

Year	Share in Central Taxes	Grants-in Aid	Total Central Transfers	State Own Taxes	Non-tax Revenue	Total Own Revenue
	(A)	(B)	(C)= (A)+(B)	(D)	(E)	(F)= (D)+(E)
1990-91	27.46	33.28	60.74	23.65	15.62	39.26
1991-92	21.96	46.00	67.96	21.18	10.86	32.04
1992-93	22.58	39.99	62.57	19.81	17.62	37.43
1993-94	33.53	24.96	58.49	26.45	15.06	41.51
1994-95	27.72	39.91	67.63	21.34	11.02	32.37
1995-96	27.07	42.18	69.25	20.81	9.94	30.75
1996-97	30.50	41.26	71.76	19.89	8.35	28.24
1997-98	34.10	36.70	70.80	20.39	8.81	29.20
1998-99	29.94	38.23	68.17	21.80	10.03	31.83
1999-2000	29.93	35.58	65.51	25.30	9.19	34.49
2000-2001	29.82	35.82	65.63	25.02	9.35	34.37
2001-2002	28.49	36.41	64.91	26.14	8.95	35.09
2002-2003	26.71	34.62	61.32	28.48	10.20	38.68
2003-2004	27.84	33.31	61.15	26.67	12.18	38.85
2004-2005	26.00	35.92	61.93	27.31	10.77	38.07

2005-2006	25.38	35.67	61.05	26.83	12.11	38.95
2006-2007	28.53	32.38	60.91	25.49	13.60	39.09
2007-2008	32.00	31.97	63.97	22.14	13.89	36.03
2008-2009	28.71	35.76	64.47	22.96	12.57	35.53
2009-2010	26.85	34.22	61.07	25.08	13.85	38.93
2010-2011	34.64	29.27	63.91	25.78	10.31	36.09
2011-2012	33.81	27.93	61.74	27.82	10.44	38.26

Source: Report of the Comptroller and Auditor General of India, Government of Assam, Various issues during 1991-2012

When a comparative study is made between the states on dependence of a state on central transfers, it has been found that the own revenue receipts of the state of Assam is low compared to other developed states such as Goa, Andhra Pradesh, Maharashtra during the study period. But compared to the special category states except Sikkim and Himachal Pradesh, the performance of the state of Assam has been found to be satisfactory. Again, if we compare the performance of the state to that of all major states' average, the ratio of the state has been found to be much lower during the study period. Therefore, the state of Assam needs to increase the collection of own tax and non-tax revenue through proper revenue effort.

The optimum collection of revenue is an important prerequisite of economic development and it has got an inverse relationship with the cost of collection of different taxes. The costs of collection of major taxes in Assam have been found to be higher than all India figures for most of the year during the study period. The taxes on vehicles and stamps and registration are particularly two taxes that show a very high cost of collection than the all India average. This needs to be rectified by enforcing more efficiency in the tax collection by the administrative machinery.

CONCLUSION:

An important objective of a federal set up is to induce federating units to put more efforts to realize their potential resource base. In India, such efforts by states are given weightage in schemes of tax sharing and grants-in-aid by successive Finance Commissions and in allocation of plan grants by Planning Commission. As Assam is a backward state which is heavily dependent on central transfers for developmental works, it is necessary that the revenue mobilization effort of the state government should be adequate to gain more revenues from central government. Although the state has been able to reduce the arrear of revenue in recent years, but large arrear of revenue is still a matter of concern for the state government. The state government has to take all requisite measures to tackle this problem. The cost of collection of different taxes has been found to be much higher than the all-India state average implying there is scope for reforming the tax administrative machinery.

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