IOSR Journal of Economics and Finance (IOSR-JEF)
e-ISSN: 2321-5933, p-ISSN: 2321-5925.Volume 11, Issue 3 Ser. I (May – June 2020), PP 60-69
www.iosrjournals.org

State Wise Own Revenue in India - A Comparative Analysis

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Abstract: *In a federal state like India, the state governments are generating the revenue on its own mainly in two forms like own tax revenue and own nontax revenue. Thus this study is mainly aimed to examine the growth of states' revenue from its own sources in both NSCS (18) and SCS(11) in India during the period 1990-91 to 2018-19. Further, it also attempts to examine the share of SOTR and the in total states own revenue in India during the study period .This study further analyses the pattern of states own revenue of the Southern states and the and the newly developed states and the share of total SOTR and SONTR. The basic data is drawn from Handbook of Statistics on Indian States. Linear growth rates, average and percentages are used to draw the meaningful inferences from the time series data. Among the NSCS like Maharashtra, UP, Tamil Nadu, Karnataka, and Telangana have occupied the highest growth in terms of SOTR. In terms of SONTR among the NSCS like Uttarakhand, Assam, J&K, Himachal Pradesh and Meghalaya has registered higher growth rates. Among SCS, Assam, J&K, Uttarakhand, Tripura and Himachal Pradesh have registered high growth of SOTR. But the results conclude that the performance of NSCS is significantly higher than the SCS in generating the revenue from their own sources. From the results it is also evident that there is significantly higher growth in the share of SOTR than the share of SONTR. The results also expose that the growth of total revenue of the NSCS (0.8578) is comparatively lower than the SCS (23.2508).On the whole, the growth of Own Tax Revenue (OTR) of all states is 5.62 times higher than the growth of the SONTR of all states. Further the results conclude that the total States Own Revenue has recorded the growth of 436.198 during the study period 1990-91 to 2018-19, From the study ,it can be inferred that among the Southern states, Telangana being the new state has recorded the highest and SONTR on average compared to other Southern States during the period considered for the analysis. Besides, from the division of four states into 8 states, Telangana alone among the new states have exhibited more SOTR on average (Rs, 504.58billion) during the period considered. It is very much clear that the new state like Jharkhand and Telangana have recorded more SONTR on average than Bihar and AP which are their parent states. The results also conclude that the share of SOTR of the total NSCS has shown a gradual increase but the share of SONTR has declined during the study period. It is evident that the share of SOTR of the total SCS has gradually improved during the period from 55.13% in 1990-01 to 68.74% in 2000-01 and maintained more than 70% on average in the subsequent years of the study period. However, the share of SONTR of the total SCS has come down from 44.87% to 29.71% during the study period. Finally, regarding the composition of States Own Revenue, it can be inferred that the total SCS are generating more revenue from SONTR than the total NSCS. Based on the results, it is proposed that the centre must sanction more grants and loans to the states and UTs under special circumstances especially when states own revenue is inadequate.*

Key words: ***States*** *Own Tax Revenue (SOTR), States Own Non Tax Revenue (SONTR), Non Special Category States (NSCS), Special Category States (SCS), Linear Growth Rates, Share of States' Own Revenue*

Date of Submission: 27-04-2020 Date of Acceptance: 10-05-2020

I. Introduction

The real source of income in the State economy is the State's own tax and non-tax revenue. These groups of state revenue show the strength and power of the economy. The advanced state has a big share of own tax and non-tax revenue. Such revenue of a state depends largely on how efficiently the State can collect from its own available resources. The consumption, production, and distribution activities of the economy are also reflected in the own revenue receipts of the state.

State Own Tax and Non-tax Revenue: The real source of income in the State economy is the State's own tax and non-tax revenue. These components of state revenue show the strength and power of the state's economy. the advanced States maintain a big share of own tax and non-tax revenue. Such revenue of a State depends largely on how efficiently the State can collect from its own existing resources. The consumption, production, and distribution activities of the economy are also reflected in the own revenue receipts of the state.

States Own Tax Revenue (SOTR): SOTR indicate the taxing power of the state's economy. It can be categorized under three heads(State's Revenue Receipts, Chapter III).

a. Taxes on income and expenditure: Taxes on income and expenditure consist of taxes on the profession, trade, callings, and employment. It also includes taxes on agricultural income and other taxes on income and expenditure.

b. Taxes on property and capital transactions: Taxes on property and capital transactions consist of Land revenue, stamp, and registration fee.

c. Taxes on commodities and services: Taxes on commodities and services consist of GST(Goods And Services Tax), sales tax, taxes on vehicles, state excise, taxes and duties on electricity, taxes on goods and passengers, entertainment, and other taxes on goods and services.

Among the abovesaid three groups of taxes, taxes on commodities and services contribute a higher share than the other two groups of taxes.

States Own Non-Tax Revenue (SONTR): SONTR is derived mainly out of the resources owned by the state alone. A larger SONTR denotes more efficiency of the state governments to increase revenue from non-tax sources.

SONTR consists of six components viz., General Services, Social Services, Economic services, Fiscal Services, Interest Receipts, Dividends, and Profits. The first three among these sources are named as Administrative receipts. In many states, they form two-thirds to three-fourth of SONTR. Interest receipts include interest on loans that are given to various investments such as loans for housing schemes, agricultural activities, loans to government companies, treasury bills, etc. Revenue from dividends and profits arising mainly from the government's investment in the shares of co-operative societies, public undertaking and others. In most of the states, the contribution from fiscal services is insignificant (Non-tax Revenue Sources in India, 7/10/17).

II. Review of Literature

Some of the important studies made on states own revenue resources are reviewed as follows:

Sarma et.al (1993), in their study attempted to examine the trends in Non-Tax Revenue Rajasthan and to identify the factors responsible for their slow growth. This study is also aimed to explore ways of enhancing the non-tax revenue of the state by identifying the main revenue generating sources and examining the scope for justification of service charges for different services offered by the state. The most important sources of non-tax revenue in the state are mines and minerals, water supply and sanitation, and major and medium irrigation which contributes about 40 per cent of the administrative non-tax revenues. In view of their revenue importance, these three sources are taken up first. Based on the findings, this study made some recommendations for the improvement of the nontax revenue of the states for the year 1992-93. In order to maintain fiscal viability of government services in the long run planned objective norms are essential.

Raghbendra Jha et al (1998) in their study attempt to measure pure tax the efficiency of fifteen major Indian states during the period 1980-81 to 1992-93. It is identified that there is a moral hazard problem in the design of central grants in that higher grants by the central government to the state governments reduce the efficiency of tax collection by these states. The less poor states are more efficient in tax collection. From the estimated index of aggregate tax efficiency, it is obvious that this index has been stagnating. It is argued that the weight placed on tax effort in the formula determining central grants to state governments should be increased to improve the tax efficiency of state governments.

Dipankar Coondoo et al., (2001-03) explain that in a federal state like India, the state governments receive supplementary budgetary resources from the central government as support for the formers' public expenditure activities. The transfer of funds from the canter to the states takes the form of a share of the revenue raised by central taxes and grants-in-aid. An individual state's tax revenue collection, relative to its taxable capacity is a major determinant of the number of funds to be allocated for the state. This paper examines the relative tax performances of some selected states using the technique of Quantile regression for the annual data on state tax revenue for the period 1986-87 to 1996-97.

Himani Joshi Baxi, (2009) in her paper attempts to study the performance of non-tax revenue of Indian states. It estimates the growth of non-tax revenue of 16 major Indian states over a period of 18 years. It examines the determinants of non-tax revenue using panel data analysis with Fixed Effect Model (FEM). Based on the hypothesis that it is the socioeconomic activities of the states that provide the base for raising revenue, this study analyses how the economic development of the states influences the performance of their own non-tax revenue. As the state-specific intercepts are statistically significant for each state, this study concludes that the difference in socioeconomic activities of individual states significantly influence the generation of non-tax revenue of the states in India.

Mahesh C. Purohit and Vishnu Kanta Purohit (2009) attempts to examine the structure of non-tax sources of the states. The major objective of this study is to make a detailed analysis of six select services drawn from social and economic services. The basic data for this study is taken from the documents of State Budget. A comparative study of the recovery rate overtime is based on the results for two points of time, i.e., 1993-94 to 1995-96 and 2001-02 to 2003-04.

Anjanana Gopal (2017) in her study explained that in a federal state like India, each level of Government is assigned with sources to raise adequate revenue to discharge its functions. A state is endowed with its own tax and non-tax resources. Apart from this, the states can collect the revenue from the central government in the form of a share in central tax proceeds and grants in aid. To analyse the structure of Haryana's Non-Tax revenue and to evaluate trends in SONTR Further, it also aims to study the comparative contribution by SOTR and SONTR in the past three decades. The results conclude that there is a certain decline in the ability of the state to raise revenue internally in the last decade of the study period. Finally, it can be summed up that Haryana also has exposed a decline in its share of SONTR to GSDP (Gross State Domestic Product) from the level that was obtained in early 1990.

Nisha (2018) in her study explains that taxation is the main source of income for a state. Tax revenue may be derived from different sources such as individuals, public enterprises, trade, and royalties on natural resources and/or foreign aid. A business must pay a variety of taxes based on the firm's location, ownership structure, and nature of the business. Business taxes can have a vast impact on the profitability of businesses and the volume of business investment. The results of this study conclude that Maharashtra is the state where high tax is being paid. In the northern region, UP and in the southern region Tamil Nadu pays the highest tax to the Government. Then in the eastern region West Bengal and in the western region of India Maharashtra pays the highest tax to the Government.

All the above studies discussed about the Tax Revenue and Non Tax Revenue of the states as a whole and selected states. However, there are very few studies on the Stagewise Own Tax Revenue and Stagewise Own Non-Tax Revenue of Non Special Category States and Special Category States and that too most of the studies are confined to 10 to 15 years period. There are some studies which are focussed on only on select States Own Tax Revenue and Own Nontax Revenue, but there are no studies on SOTR and SONTR of Non Special Category States and Special Category States in India for a long period.

In this backdrop, this study attempts to analyse the following objectives in almost three decades period:

1. to estimate the States Own Tax Revenue and States Own Non Tax Revenue of Non Special Category States and Special Category States in India
2. to examine the growth of States Own Tax Revenue and States Own Non Tax Revenue of the Southern states and the newly developed states in India and
3. to analyse the share of States Own Tax Revenue and States Own Non Tax Revenue in total states own revenue of both Non Special Category States and the Special Category States in India

III. Research Methodology

This study takes 18 Non Special Category States (NSCS) and 11 Special Category States (SCS)into consideration. State wise Own Tax Revenue and State wise Own Non Tax Revenue is the variables considered for this study since they are the major components of States 'own revenue,

The basic data is drawn from the Handbook of Statistics in States, Annual publication of RBI.This study uses linear growth rates (using Excel &Data analysis) averages, percentages, and figures to analyze the time series data and to draw meaningful inferences at various levels.

This study covers a period of 29 years i.e. from 1990-91 to 2018-19, however, it is subjected to certain changes due to the formation of new states like Jharkhand (2000-01) and Telangana (2014-15) since their formation during the study period. Therefore, the data for these states has been covered since their formation among the Non Special Category States and the during the study period of 29 years i.e., from 1990-91 to 2018-19. Similarly, under Special Category States also, the study period differed to Uttarakhand (from2000-01only). Under Memo item, NCT Delhi (1993-94) and Puducherry (2005-06) have represented the data from different years. Though they are Union Territories they have different rules, therefore they are neither states nor Union Territories since they are governed by the mix of different acts.

Limitation of the study:

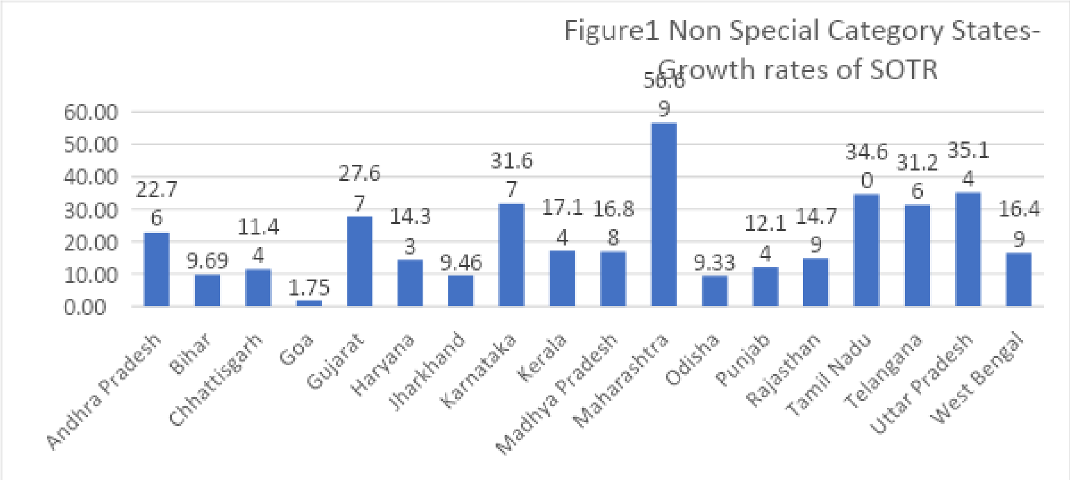
In federal set up, the states will get the revenue from the centre in the form of a share in the tax proceeds from the centre, loans and grants also, as per the recommendations of the Finance Commission, but this aspect will not be covered in this study. This study is limited to evaluate the States Own Tax Revenue(SOTR) and States Own Non-Tax Revenue(SONTR) of both Non Special Category States and the Special Category States.

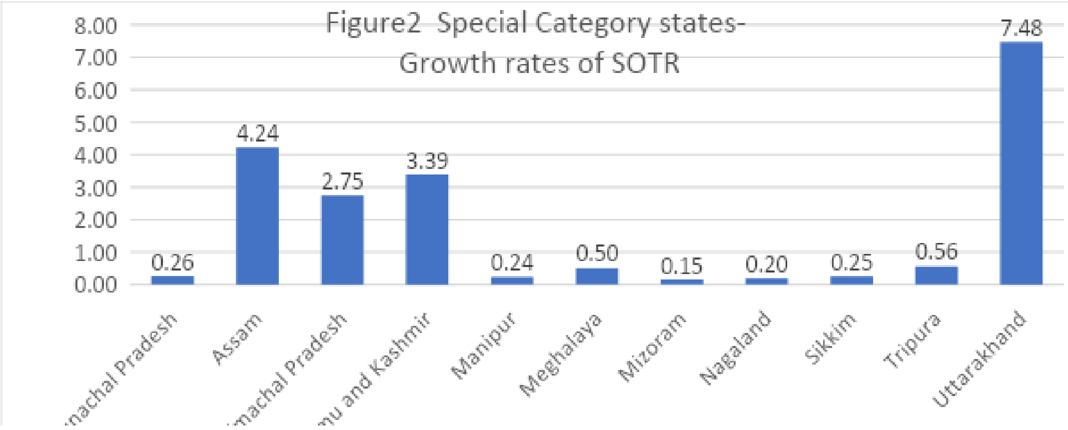
IV. Data Analysis

The results of the above cited three objectives are discussed as follows:

Ia . Firstly the growth rates of State wise Own Tax Revenue (SOTR) of both NSCS and SCS during the study period 1990-91 to 2018-19 are analysed .

Table 1 : State wise Own Tax Revenue(SOTR)		
S.No	State	Growth Rate
	Non Special Category	
1	Andhra Pradesh	22.76
2	Bihar	9.69
3	Chhattisgarh	11.44
4	Goa	1.75
5	Gujarat	27.67
6	Haryana	14.33
7	Jharkhand	9.46
8	Karnataka	31.67
9	Kerala	17.14
10	Madhya Pradesh	16.88
11	Maharashtra	56.69
12	Odisha	9.33
13	Punjab	12.14
14	Rajasthan	14.79
15	Tamil Nadu	34.60
16	Telangana	31.26
17	Uttar Pradesh	35.14
18	West Bengal	16.49
	Special Category	
1	Arunachal Pradesh	0.26
2	Assam	4.24
3	Himachal Pradesh	2.75
4	Jammu and Kashmir	3.39
5	Manipur	0.24
6	Meghalaya	0.50
7	Mizoram	0.15
8	Nagaland	0.20
9	Sikkim	0.25
10	Tripura	0.56
11	Uttarakhand	7.48
	All-States	370.30
	Memo item:	
	NCT Delhi	14.89
	Puducherry	1.91





SOTR of Non Special Category States and Special Category States - Growth Rates:

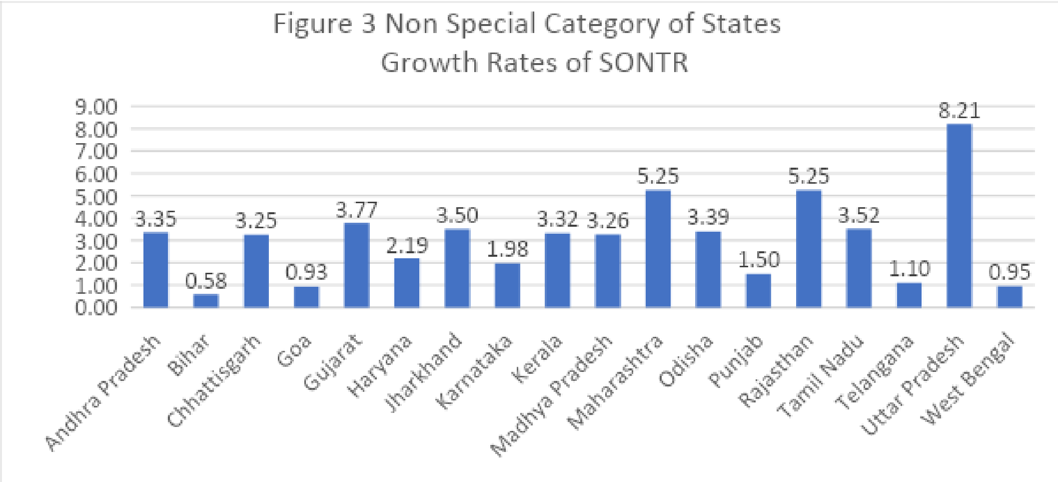
As shown in Table1and Figure1, it is evident that among the Non Special Category states like Maharashtra(56.69),Uttar Pradesh(35.14),Tamil Nadu (34.60),Karnataka(31.67) and Telangana (31.26) have occupied the top five positions during the study period in terms of growth of SOTR. However, states like Bihar(9.69) Jharkhand(9.46), Odessa (9.33) have recorded (less than 10) very less growth, but it is disappointing to note that Goa (1.75)is the only state which remained in the bottom position with very less growth among the Non Special Category states during the study period

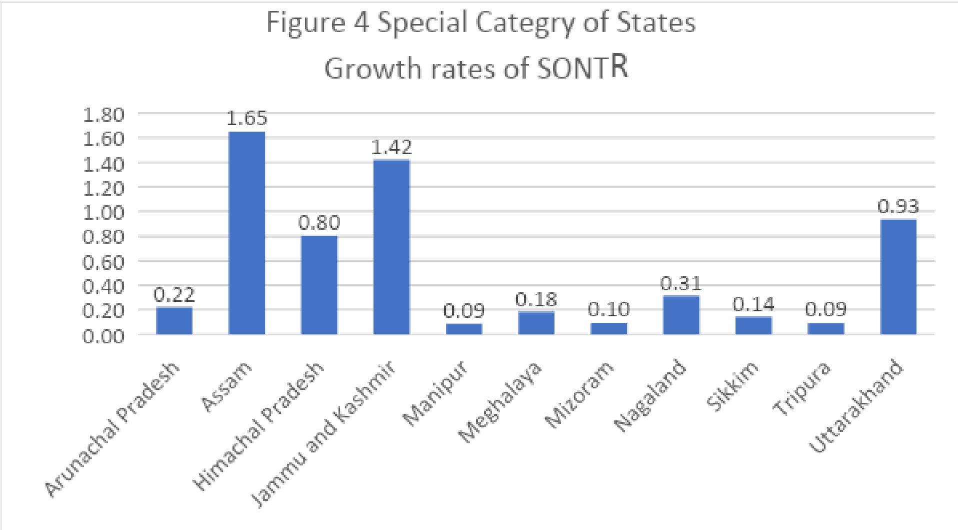
SOTR registered high growth rates in the Special Category States like Uttarakhand(7.48), Assam(4.24), Jammu & Kashmir(3.39) and Himachal Pradesh(2.75) during the study period as shown in table1&figure2.Rest of the states have recorded very less growth(less than 1) during the study period.

Ib. Secondly Growth rates of State wise Own Non Tax Revenue (SONTR) \of both NSCS and SCS during the study period 1990-91 to 2018-19 are analysed as follows .

Table 2 State wise Own Non Tax Revenue

	I. Non-Special Category	Growth rates
1	Andhra Pradesh	3.35
2	Bihar	0.58
3	Chhattisgarh	3.25
4	Goa	0.93
5	Gujarat	3.77
6	Haryana	2.19
7	Jharkhand	3.50
8	Karnataka	1.98
9	Kerala	3.32
10	Madhya Pradesh	3.26
11	Maharashtra	5.25
12	Odisha	3.39
13	Punjab	1.50
14	Rajasthan	5.25
15	Tamil Nadu	3.52
16	Telangana	1.10
17	Uttar Pradesh	8.21
18	West Bengal	0.95
	II. Special Category	Growth Rate
1	Arunachal Pradesh	0.22
2	Assam	1.65
3	Himachal Pradesh	0.80
4	Jammu and Kashmir	1.42
5	Manipur	0.09
6	Meghalaya	0.18
7	Mizoram	0.10
8	Nagaland	0.31
9	Sikkim	0.14
10	Tripura	0.09
11	Uttarakhand	0.93
	All-States	60.62
	Memo item:	
	NCT Delhi	0.35
	Puducherry	0.62





SONTR of Non Special Category and Special Category States-Growth Rates:

Table 2 & Figure 3 reveals the growth rates of SONTR of both NSCS and SCS during the study period. The results reveal that UP(8.21), Rajasthan and Maharashtra(5.25) Gujarat(3.77), Jharkhand (3.50) the top five positions. on the contrary. West Bengal (0.95), Goa(0.93), Bihar(0.58)have recorded very little growth of SONTR during the study period.

Among the SCS, the growth rate of Assam(1.65), J&K(1.42) have registered the growth with more than one, however the rest of the states under this category have shown the growth even less than one(Table 2&Figure 4).

Ic. Thirdly, growth rates of both Non Special Category states and Special Category states during the study period 1990-91 to 2018-19 are analysed in Table 3.

Table3 - Growth rates of both NSCS and SCS in India -1990-91 to 2018-19

Total Non-Special Category States (TNSCS)	
Own Tax Revenue (OTR)	353.214
Own Non-Tax Revenue (ONTR)	5.9835
Total Revenue (TR)	0.8578
Total Special Category States (TSCS)	
Own Tax Revenue (OTR)	17.082
Own Non-Tax Revenue (ONTR)	6.1646
Total Revenue (TR)	23.2508
All States	
Own Tax Revenue (OTR)	370.3
Own Non-Tax Revenue (ONTR)	65.8983
Total States Own Revenue (TR)	436.198

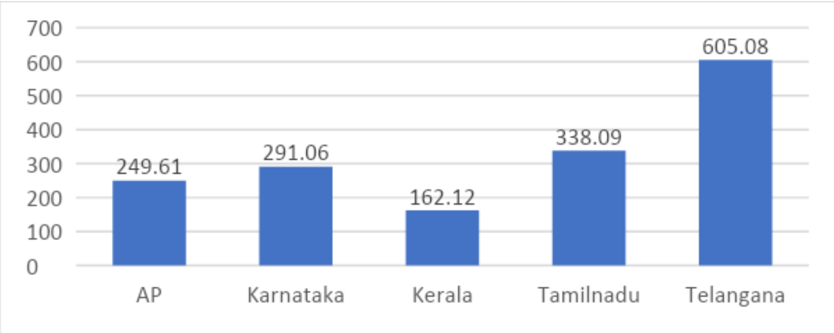
From Table3, it is evident that the growth of own tax revenue of the total, NSCS is very much higher(353.214) than the Total SCS (17.082) during the study period. On the contrary, the growth of Own Non-Tax Revenue of Total NSCS (5.9835) is relatively lower than the growth of the Total SCS(6.1646) during the study period.

Secondly, it is interesting to note that the growth of total revenue of the NSCS (0.8578) is comparatively lower than the SCS. The growth of Own Tax Revenue (OTR) of all states are 5.62 times higher than the growth of the Own Non Tax Revenue (ONTR) of all states.

The total States Own Revenue has recorded the growth of 436.198 during the study period 1990-91 to 2018-19.

II. States Own Tax Revenue (SOTR) & States Non-Tax Revenue (SNTR)of Southern States and Newly Developed States in India

Figure 5 SOTR in Southern States-Average (Rs in billions) during the period under consideration



It is evident from Figure 5 that among all Southern states, though it is a newly established state Telangana, has shown more average SOTR than other Southern states, Tamil Nadu, Karnataka, AP and Kerala occupied the rest of the positions in the ascending order.

Figure 6 SOTR of New States including the Parent States since their separation –Average (Rs in billions) during the period under consideration

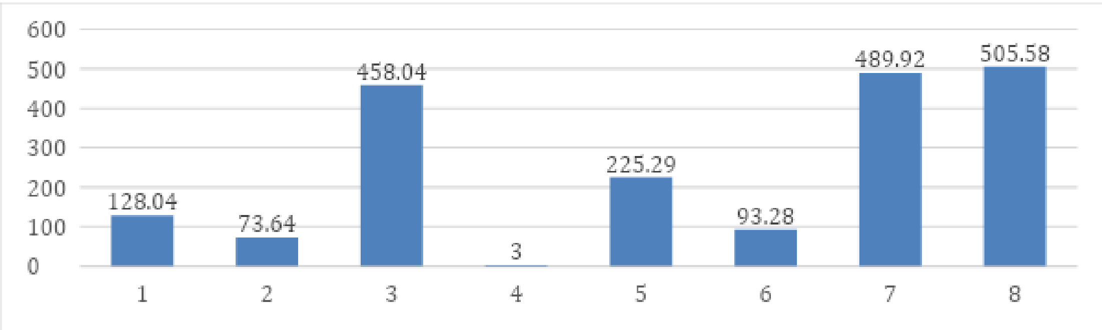


Figure 6 represents the average SOTR (in terms of Rs in billions) of the new states since their separation with their parent states (Groups-ABC&D). Division of four states into 8 states (except Uttaranchal which is the only Union Territory) has recorded some interesting findings. Only AP among the new states have recorded more SOTR on average (Rs,489.92) since the separation during the period considered for the analysis, whereas Telangana(Rs. 508.58 billion) has generated more SOTR on average among the group of the states (ABC&D) considered for this analysis .However, among all four groups(A,B,C&D) ,extreme variation is found in terms of the average amount of SOTR between the UP(Rs.458.04 billion) and Uttarakhand(Rs.3 billion),its earlier counterpart (Group B) since their separation. This can be attributed to the reason that rest of them are formed like states except Uttaranchal, which is a Union Territory.

Figure 7 SONTR of Southern States- Average (Rs in billions) during the period under consideration

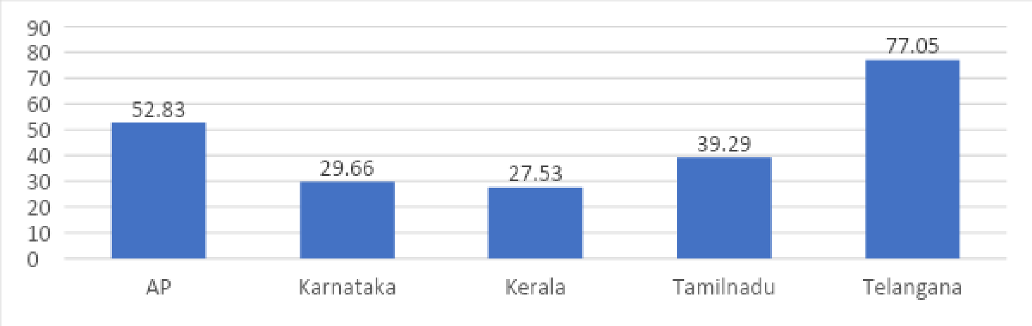
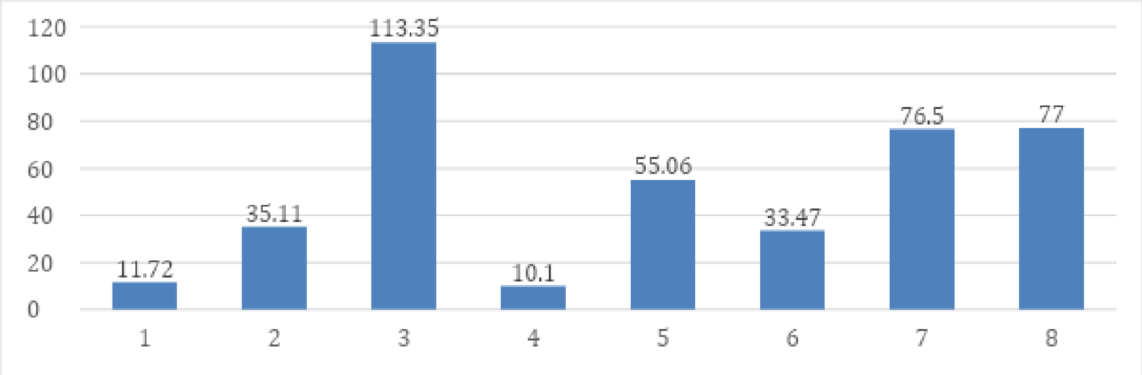


Figure 7 shows the average SONTR of the Southern states during the entire study period. Telangana, though an infant state, recorded highest average SONTR (Rs.77.05 billion) compared to other four established Southern states of India. AP(52.83), Tamil Nadu (Rs.39.29 billion), Karnataka(Rs.29.66 billion) and Kerala(Rs. 27.53 billion) have recorded the second, third and fourth and fifth positions in terms of SONTR during the study period .

Figure 8 SONTR of New States including the Parent States since their separation -Average(Rs in billions) during the period under consideration



Average SONTR of these states is represented in Figure 8 since the separation of different states . ABC&D represents division of four states into 8 states (Uttaranchal is the only UT among these).

It is very much clear that the new state like Jharkhand have recorded more SONTR on average than its parent state Bihar. But exceptionally Telangana, which is the counterpart of AP has shown extra SONTR (Rs.0.5 billion) than its parent state since it is one of the richest states in India.

On the contrary, UP (Rs.113.35 billion) and MP (Rs.55.06 billion) have recorded higher SONTR on average during the period under consideration as shown in the Figure 8. Among this group of these states, UP has maintained its supremacy with Rs.113.35 billion of SONTR than the other states on average, but its counterpart Uttarakhand has remained in the bottom place.

III. Share (%) of STOR &SONTR in Total Revenue (own)(TR) of Total Non Special Category (NSCS) States and Total Special Category States (SCS) in India during the study period (1990-91 to 2018-2019)

Table 4. Share (%) of STOR &SONTR in Total Revenue (own)(TR) of Total Non Special Category States and Total Special Category States in India

Year	Total Non-Special category states			Total Special category states		
	SOTR (%)	SONTR (%)	TR	SOTR(%)	SONTR(%)	TR
1990-91	77.52	22.48	100	55.13	44.87	100
1991-92	74.26	25.74	100	59.51	40.49	100
1992-93	76.30	23.70	100	56.25	43.75	100
1993-94	75.23	24.77	100	58.96	41.04	100
1994-95	72.14	27.86	100	51.74	48.26	100
1995-96	73.86	26.14	100	49.52	50.48	100
1996-97	75.47	24.53	100	48.99	51.01	100
1997-98	77.46	22.54	100	49.14	50.86	100
1998-99	79.35	20.65	100	50.67	49.33	100
1999-00	78.65	21.35	100	45.47	54.53	100
2000-01	78.98	21.02	100	68.74	31.26	100
2001-02	80.49	19.51	100	63.86	36.14	100

2002-03	80.54	19.46	100	62.16	37.84	100
2003-04	81.24	18.76	100	66.56	33.44	100
2004-05	80.58	19.42	100	62.25	37.75	100
2005-06	82.62	17.38	100	63.83	36.17	100
2006-07	80.99	19.01	100	62.28	37.72	100
2007-08	79.99	20.01	100	58.17	41.83	100
2008-09	80.86	19.14	100	60.81	39.19	100
2009-10	81.30	18.70	100	63.47	36.53	100
2010-11	84.14	15.86	100	69.86	30.14	100
2011-12	85.74	14.26	100	70.30	29.70	100
2012-13	85.37	14.63	100	74.09	25.91	100
2013-14	84.89	15.11	100	73.57	26.43	100
2014-15	84.78	15.22	100	77.50	22.50	100
2015-16	85.07	14.93	100	76.61	23.39	100
2016-17	84.85	15.15	100	75.23	24.77	100
2017-18	85.13	14.87	100	70.74	29.26	100
2018-19	84.98	15.02	100	70.29	29.71	100

It is evident from Table 4, that the share of own tax revenue (SOTR) of the Total NSCS has been gradually increasing during the study period from 77.52 % in 1990-91 to 84.98 % in 2000-01. However, during the same period, the share of SONTR has come down from 22.47**% to** 15.02% in 2018-19.

Further Table 4 exhibits that the share of SOTR of the Total SCS has been gradually increasing during the study period from 55.13% in 1990-01 to 68.74% in 2000-01. Since 2011-12 it maintained more than 70% on average till the end of the study period. Simultaneously the share of SONTR of the Total SCS has come down from 44.87% to 29.71% gradually during the study period.

Comparing the composition of states' revenue between the Total NSCS and the Total SCS, it is interesting to note that the share of SONTR of the Total NSCS is almost half of the SONTR of the Total SCS. Thus, it can be inferred that the Total SCS are creating more revenue from Own Non Tax Revenue than the total NSCS.

V. Summary Conclusions

From the entire analysis, the following findings have been identified:

The growth of State Own Tax Revenue among the NSCS like Maharashtra (56.69), UP (35.14), Tamil Nadu (34.60) , Karnataka(31.67) and Telangana(31.26) have occupied the top five positions during the study period 1990-91 to 2018-19.

SOTR registered high growth rates in SCS like Uttarakhand (7.48), Assam (4.24), Jammu & Kashmir (3.39) and Himachal Pradesh (2.75) during the study period but the rest of the states have recorded very little growth (less than 1) during the study period.

Results reveal that the growth rates of SONTR relating to NSCS such as UP, Rajasthan &Maharashtra, Gujarat, Jharkhand have occupied the top five positions, on the contrary. West Bengal, Goa, Bihar have recorded very less growth of SONTR during the study period.

Among the SCS, the growth rate SONTR of Assam (1.65), J&K(1.42) has registered the growth with more than one, however, the rest of the states under this category have shown the growth even less than one.

From the growth of total SOTR of the Total NSCS, it is evident that it is very much higher (353.21) than the Total SCS (17.082) during the study period. On the contrary, the growth of total SONTR of Total NSCS (5.9835) is relatively less than the growth of the Total SCS (6.1646) during the study period.

It is interesting to interpret that the growth of total revenue of the NSCS (0.8578) is comparatively lower than the SCS. Overall, the growth of Own Tax Revenue (OTR) of all states is 5.62 times higher than the growth of the Own Non-Tax Revenue (ONTR) of all states. Further total States Own Revenue has recorded the growth of 436.198 during the study period 1990-91 to 2018-19,

Among the Southern states, the results infer that Telangana being the new and richest state has recorded the highest SOTR (Rs.605.08 billion) and SONTR (Rs.77.05 billion) on average than the rest of the Southern States during the period considered for the analysis.

Division of four states into 8 states (except Uttaranchal which is the only Union Territory) has recorded some interesting findings. Only Andhra Pradesh among the new states have recorded more SOTR on average (Rs,489.92) during the period considered whereas Telangana (Rs. 508.58 billion) has generated more SOTR on average among the group of the states (ABC&D) considered for this analysis. However, among all four groups(A,B,C&D) ,extreme variation is found in terms of the average amount of SOTR between the UP(Rs.458.04 billion) and Uttarakhand(Rs.3 billion), its earlier counterpart (Group B) since their separation.

It is very much clear that the new state like Jharkhand and Telangana have recorded more SONTR on average than their parent states – Bihar and Andhra Pradesh. Among this group of these states UP has maintained its supremacy with Rs.113.35 billion of SONTR than the other states on average, but its counterpart Uttarakhand has remained in the bottom place.

It is evident from the study that the share of SOTR of the Total Non Special Category States has shown a gradual increase during the study period from 77.52 % in 1990-91 to 84.98 % in 2000-01. However, the share of SONTR has come down from 22.47**% to** 15.02% in 2018-19.

It is evident that the share of SOTR of the Total SCS has gradually improved during the period from 55.13% in 1990-01 to 68.74% in 2000-01 and maintained more than 70% on average in the subsequent years of the study period. However, the share of SONTR of the Total SCS has come down from 44.87% to 29.71% during the study period.

Finally regarding the composition of States Own Revenue, it is interesting to expose that the Total SCS are generating more revenue from Own Non-Tax Revenue than the Total NSCS.

However, based on the results, it can be proposed that the centre must sanction more grants and loans to the states and UTs under special circumstances especially when a severe financial crisis appears irrespective of their category. Business cycles, natural calamities, wars, the spread of contagious diseases like Covid19 are quite unforeseen, hence in a federal state like India, the centre must provide all sort of financial support to overcome the financial crisis.

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