



## A comparative study of Revenue & capital receipts of Government of India

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### Abstract

This paper is an endeavor to measure the trends and growth in the revenue receipts and capital receipts the Government of India. For this purpose data have been assembled for ten years primarily from the websites of ministry of revenue, Government of India from 2013-14 to 2022-23. The collected data have been analyzed with the help of certain statistical tools/ techniques such as trend analysis, mean score, standard deviation and CAGR etc. The study pulled out an increasing trend in both types of receipts- revenue receipts and capital receipts. Capital Receipts found to be more increasing (CAGR=12.76 %) in comparison to Revenue Receipts (CAGR=8.91 %) over the period under study. There was registered a more fluctuation in capital receipts in comparison to revenue receipts as value of standard deviation is higher in case of capital receipts during the period of study.

**Keywords:** Revenue receipts, capital receipts, GDP, capital formation and CAGR etc.

### 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 down 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 consists of both revenue and capital receipts which are also called 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

Pre Legislative Research (2013), report stroked the analysis of The Budget of Government of Haryana. His study dealt with the percentage change in the budgeted items from the year 2012-13 to the year 2013-14. He also investigated the fiscal deficit during the period of the year 2012-13 to 2013-14. His study further found a growing up trend in different items and significant negative change in capital receipts of the Government of Haryana.

Fuller, Stephan (2013), analyzed the economic impact of budget control act of 2011 on DOD and Non-DOD agencies in United State (U.S.) economy. His study found that reductions in federal spending provided for in the Budget Control Act (BCA) of 2011 could have significant negative impacts on the U.S. economy in 2013.

Grip, AG (2014), examined fiscal policy of Croatia (a country). He developed a fiscal multiplier model for Crpatian economy and found that an expansionary fiscal policy during market recession could be powerful stabilization tool for an economy. The model says that a one kuna (a currency) unit increase in government spending would lead to increase in output of more than two kunas in the medium and long term in time series of economic downturns.

### Objectives of the study

1. To study the trend and growth of Revenue Receipts of 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.
3. To study the comparison between trends of Revenue and Capital Receipts of Government of India during the period under study.

### Research Methodology

The present paper is descriptive as well as analytical in nature which deals in both the Revenue Receipts and Capital Receipts of the Government of India. The data have been gathered primarily from the website of ministry of Finance from 2013-14 to 2022-23 for a period of 10 years. The different statistical techniques such as trend analysis, mean score, standard deviation and CAGR are applied to conduct the present study.

### Analysis and interpretation

**Exhibit 1:** Budgeted and Actual Revenue Receipts of Government of India (Rs. In Crore)

Years	Budget Estimates	Revised Estimates	Actual	Deviation from Budgeted to Revised Estimate (%ge)	Deviation from Revised to Actual Figs (%ge)
2013-14	1056331 (100.00)	1029252 (100.00)	1014724 (100.00)	-2.5	-1.41
2014-15	1167131 (110.49)	1126294 (109.43)	1101472 (108.55)	-3.50	-2.20
2015-16	1141575 (108.07)	1206084 (117.18)	1195025 (117.77)	5.65	-0.92
2016-17	1377022 (130.36)	1423562 (138.31)	1374203 (135.43)	3.38	-3.47
2017-18	1515771 (143.49)	1505428 (146.26)	1435233 (141.44)	-0.68	-4.66
2018-19	1725738 (163.37)	1729682 (168.05)	1552916 (153.04)	0.23	-10.22
2019-20	1977693 (187.22)	1850101 (179.75)	1684059 (165.96)	-6.45	-8.97

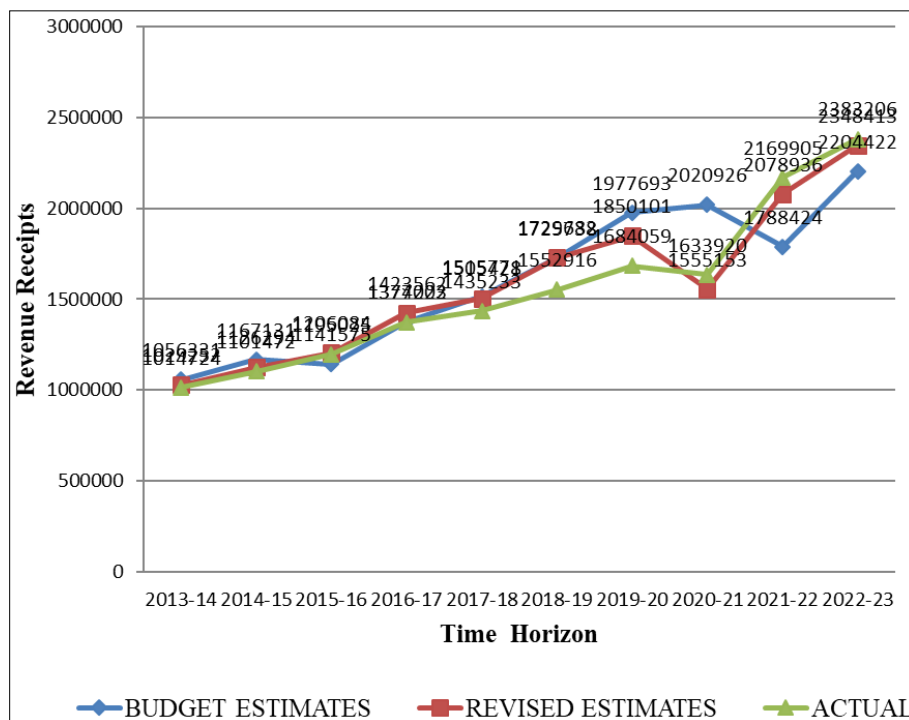
2020-21	2020926	(191.32)	1555153	(151.10)	1633920	(161.02)	-23.05	5.06
2021-22	1788424	(169.31)	2078936	(201.99)	2169905	(213.84)	16.24	4.38
2022-23	2204422	(208.69)	2348413	(228.17)	2383206	(234.86)	6.53	1.48
Mean Score	1597503.3		1585290.5		1554466.3		-0.76	-1.94
SD	406383.3321		423492.3457		442357.1856			
CAGR	7.63%		8.60%		8.91%			

Source: Official Website of Department of Finance, Government of India.

Note: Figs in brackets are showing trend values.

The Exhibit 1 deals with the analysis of revenue receipts of Government of India and found that actual revenue receipts reached to highest growth as compared to budgeted and revised estimates throughout the period under study. In case of budgeted estimates, study showed an increasing trend during the study except the year 2015-16 in which trend value declined and it is only the first time when it happens.

The mean score was highest in case of budgeted estimates showed that it could not be resulted in actual receipts as same as it allocated by the Budget documents. The deviation from budget to revised and revised to actual receipts determined that highest deviation is observed in case of budget to revised Figs as compared to revised to actual deviation.



The workout done in Exhibit 1 can be supplemented by Fig 1. The Fig 1 also advocated the increasing trend in case of all budgeted estimates, revised estimates and actual revenue receipts of Government of India. The actual revenue receipts

represented by green line showed highest growth as this line is above from all. As there is deviation from budget to revised and revised to actual are in minus at some points, so these line intersect each-other on some points.

Exhibit 2: Budgeted and Actual Capital Receipts of Government of India (Rs. In Crore)

Years	Budget Estimates		Revised Estimates		Actual		Deviation from Budgeted to Revised Estimate (%ge)	Deviation from Revised to Actual Figs (%ge)
2013-14	608967	(100.00)	561182	(100.00)	544723	(100.00)	-7.85	-2.93
2014-15	596083	(97.88)	554864	(98.87)	562201	(103.21)	-6.92	1.32
2015-16	635902	(104.42)	579307	(103.23)	595748	(109.37)	-8.90	2.84
2016-17	601038	(98.70)	590845	(105.29)	600991	(110.33)	-1.70	1.72
2017-18	630964	(103.61)	712322	(126.93)	706742	(129.74)	12.90	-0.78
2018-19	716475	(117.65)	727553	(129.65)	762197	(139.92)	1.55	4.76
2019-20	806507	(132.44)	848451	(151.19)	1002271	(184.00)	5.20	18.13
2020-21	1021304	(167.71)	1895152	(337.71)	1875916	(344.38)	85.56	-1.02
2021-22	1694812	(278.31)	1691064	(301.34)	1623896	(298.11)	-0.22	-3.97
2022-23	1740487	(285.81)	1838819	(327.67)	1809951	(322.27)	5.65	-1.57
Mean Score	905253.9		999955.9		1008463.6		10.46	0.85
SD	447657.81		567404.88		545273.43			
CAGR	11.07%		12.60%		12.76%			

Source: Official Website of Department of Finance, Government of India.

Note: Figs in brackets are showing trend values.

The Exhibit 2 deals in observation, determination and analysis of capital receipts. In it, actual capital receipts showed highest growth rate (CAGR=12.76 per cent) as compared to revised estimates and budgeted estimates of capital receipts. The highest standard deviation was found in case of revised estimates which confirms most fluctuation in revised estimates as comparison with budgeted and actual

Figs. The highest mean score was there in case of actual capital which means on an average, Government is succeed not only to meet estimated receipts but earned 0.85 time more than estimated receipts. The average deviation from budgeted Figs to revised Figs and revised Figs to actual receipts found to be 10.46 and 0.85 per cents respectively.

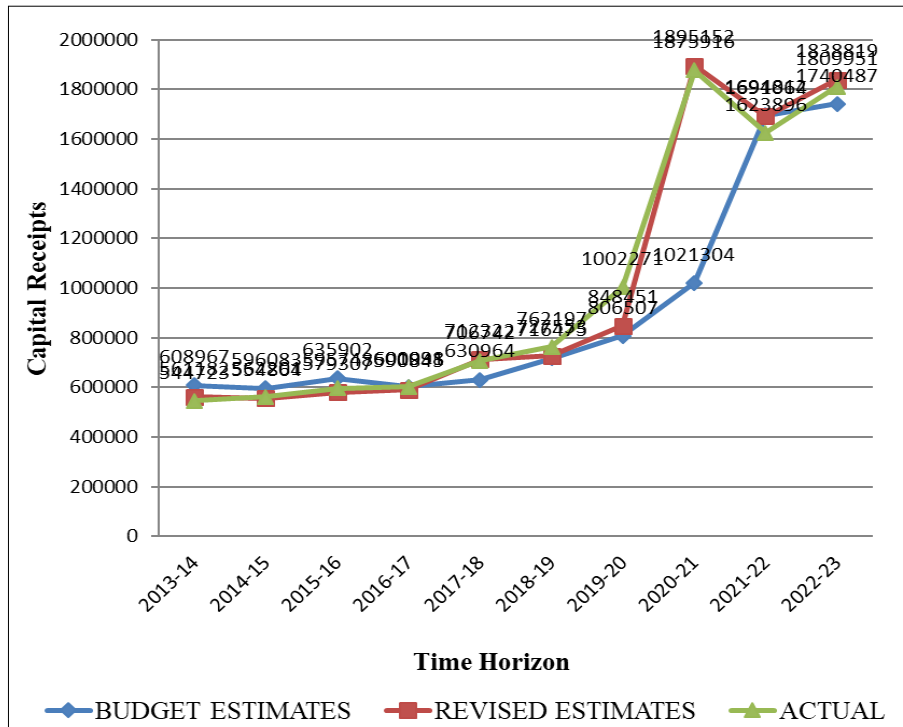


Fig 2: Trends in Capital Receipts of Government of India (Rs. in Crore)

Fig 2 is nothing else but the graphical presentation of the above said exhibit-2 and working as shadow of the study done in exhibit 2. The trends are shown by the colorful lines where blue line represents the trend of budgeted estimates, red line represents revised estimated receipts and green line represent the actual revenue receipts of Government of India. The green line shows highest growth in capital receipts but the blue line is also not so far away from green lines which disclose closeness of growth rate amongst the revised and actual receipts.

**Conclusion**

Both Revenue and Capital Receipts played an important role in the development of an economy. Revenue Receipts consist of tax receipts, non-tax receipts, receipts from fiscal services, receipts from economics services, and receipts from general services etc., where as Capital Receipts consists of debt receipts and non-debt receipts and further debt receipts can also be classified as internal debt and external debt. Hence, in this present paper, Revenue Receipts and Capital Receipts are taken in totality means they represent sum total of their respective components' receipts. Capital Receipts are found to be more consistent than Revenue Receipts as there is greater CAGR and mean score in case of Capital Receipts over the period under consideration.

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