

ANALYSIS OF FISCAL TRENDS OF GUJARAT FOR LAST FIVE YEARS

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INTRODUCTION : *As per the Census 2011, Gujarat is the 10th largest state in terms of population and 15th largest state (excluding UTs) in terms of population density among Indian States. Gujarat is one of the high growth states in the country having the longest coastline. A coastal state has the advantages of greater global access as well as lower transportation costs. A quarter of India's sea cargo passes through its ports and contributes to its rapid growth through international trade. Gujarat economy has been well recognised as growth engine of India with its strong economic fundamentals. Gujarat is a leader in exports with more than 20 percent share to India's aggregate exports. With only 4.99 per cent population share, Gujarat accounts for 7.6 per cent share to National GDP. Gujarat enjoys the status of industrially developed state of India with its 18.4 per cent share to Country's industrial output, the largest among the states of India. Gujarat has the lowest unemployment rate among the major state economies.*

The state's annual GDP growth from 2011-12 to 2016-17 at current prices averaged above 13%, a faster rate than India as a whole. Gujarat is amongst the fastest-growing states between fiscals 2013 and 2017, as per the analysis by CRISIL in a report titled 'States of growth'. Gujarat has topped a perception-based index of mobility of goods and efficiency of logistics chain. Gujarat has retained the top position in the list of 21 states and UTs with most investment potential, according to a report by think-tank NCAER. The National Council of Applied Economic Research (NCAER) State Investment Potential Index (NSIPI 2017) report ranks states on their competitiveness in business and their investment climate. SEZ exports from Gujarat accounts for nearly 30 per cent of national SEZ exports. It increased by 4 per cent in FY '17, after falling 20 per cent in FY'16 and FY'15.

FINANCIAL POSITION OF GUJARAT DURING LAST FIVE YEARS

In the following Table-1, on the receipt side, the total tax revenue for the fiscal year 2012-13 was Rs. 62765.74 crore which increased to Rs.83278.10 crore in the fiscal year 2016-17(P). In the total tax revenue, the share of central taxes was Rs. 8886.16 crore which increased to 18835.34 crore in 2016-17(P) which is 112% increase in the revenue share in the Central Taxes. Among the central taxes, corporation tax and income tax other than corporation tax has major contribution. The total tax revenue from the state taxes was Rs.53879.58 crore in 2012-13 which increased to Rs.64442.76 crore in 2016-17(P). There have been increase of around 20% increase in 5 years' period. Among the state taxes, the major contributions in the revenue receipts was from stamps and registration, state excise and VAT. The state non-tax revenue was Rs.6016.99 crore in 2012-13 which increased to Rs.13345.66 crore in 2016-17(P). It shows around 121% increase.

Now receipts on the capital account includes public debt, recovery of loans & advances and other receipts. Internal debt of the state government was Rs.18905.54 crore in 2012-13 which increased to Rs.27477.24 crore in 2016-17(P). It shows 45% increase in internal debt of state government. The recovery of loans and advances was meagre Rs.46.90 crore in 2012-13 which increased to 165.77 crore in 2016-17(P). The other receipts were Rs. 240.05 crore in 2016-17(P).

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Table-1

Sr. No.	Item	2012-13	2013-14	2014-15	2015-16	2016-17(P)
1	2	3	4	5	6	7
I	RECEIPTS ON REVENUE ACCOUNT					
A	Tax Revenue					
	(a) Share in Central Taxes	8886.16	9701.95	10296.26	15679.02	18835.34
	(1) Corporation Tax	3191.95	3262.87	3595.53	4928.55	6027.35
	(2) Income Tax other than Corporation Tax	1910.96	2148.50	2567.54	3423.89	4189.02
	(3) Tax on Wealth	5.41	8.96	9.7	1.19	13.8
	(4) Custom Duties	1476.72	1582.96	1665.21	2505.81	2592.73
	(5) Union Excise Duties	1003.54	1118.01	940.29	2087.30	2960.67
	(6) Service Tax	1297.58	1580.65	1517.99	2732.28	3051.77
	(b) State Taxes	53879.58	56372.35	61339.90	62660.82	64442.76
	(1) Taxes on Profession etc.	207.80	222.22	230.87	240.72	249.24
	(2) Land Revenue	2207.85	1727.41	1892.65	2528.50	1998.52
	(3) Stamps & Registration	4426.93	4749.35	5503.34	5549.42	5782.93
	(4) State Excise	84.91	109.82	140.27	123.32	151.53
	(5) Sales Tax/VAT	39464.67	40976.07	44145.26	44091.05	46313.78
	(i) Central S.T.	5377.98	5290.86	5726.53	6336.05	4783.29
	(ii) State S.T.	2350.62	2657.62	2825.74	3247.62	4051.10
	(iii) Value Added Tax	30836.21	32306.36	34496.42	33296.58	35843.47
	(iv) Others	899.86	721.23	1096.57	1210.80	1635.92
	(6) Taxes on Vehicles	2276.26	2282.81	2695.09	3007.98	3212.95
	(7) Taxes on Goods & Passenger	210.58	833.56	210.35	265.19	66.40
	(8) Electricity Duties	4406.60	4692.77	5877.65	5999.66	5833.10
	(9) Entertainment Tax	125.75	133.92	109.23	110.37	132.09
	(10) Other Taxes & Duties	468.23	644.42	535.19	744.61	702.22
	Total Tax Revenue (a + b)	62765.74	66074.30	71636.16	78339.84	83278.10
B	State Non-Tax Revenue	6016.99	7018.31	9542.61	10193.51	13345.66
C	Other Revenue	6445.80	6883.13	10799.01	8949.23	13218.05
	TOTAL - I	75228.53	79975.74	91977.78	97482.58	109841.81
II	RECEIPTS ON CAPITAL ACCOUNT					
A	Public Debt	19497.19	19343.04	19453.94	23486.19	27668.31
	(1) Internal Debt of State Government	18905.54	19182.01	19130.55	23233.63	27477.24
	(2) Loans & Advances from the Central Government	591.65	161.03	323.39	252.56	191.07
B	Recovery of Loans & Advances	46.90	140.69	621.38	125.46	165.77
C	Other Receipts	0.00	0.00	241.00	0.00	240.05
	TOTAL - II	19544.09	19483.73	20316.32	23611.65	28074.13
	TOTAL RECEIPTS ON GOVERNMENT ACCOUNT	94772.62	99459.47	112294.10	121094.23	137915.94

Source: Socio-Economic Survey 2017-18, Directorate of Economic and Statistic Bureau, Gandhinagar

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Table-2

Sr. No.	Item	2012-13	2013-14	2014-15	2015-16	2016-17(P)
1	2	3	4	5	6	7
II EXPENDITURE ON CAPITAL ACCOUNT						
A Developmental Expenditure						
(a)	Social Services	6104.02	6669.80	7226.56	6417.14	6215.00
(1)	Education, Sports, Art and Culture	941.82	1180.30	1328.30	1280.66	1166.54
(2)	Health and Family Welfare	1258.71	1627.70	1969.17	1896.01	1457.69
(3)	Water Supply, Sanitation, Housing and Urban Development	3020.17	2941.39	2981.06	2558.42	3275.01
(4)	Information and Broadcasting	2.47	1.97	4.05	1.01	0.00
(5)	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	74.97	260.46	407.03	318.36	158.44
(6)	Social Welfare and Nutrition	570.95	208.58	105.12	70.90	-109.77
(7)	Others	234.93	449.40	431.83	291.78	267.09
(b)	Economic Services	15878.03	16285.82	17169.38	16944.10	15517.50
(1)	Agriculture and Allied Services	686.18	854.73	773.58	945.78	806.86
(2)	Rural Development	974.94	990.85	1165.37	1204.49	1182.54
(3)	Special Area Programmes	11.85	26.98	34.64	23.60	36.64
(4)	Irrigation and Flood control	7041.98	6784.44	7646.94	8141.85	7423.61
(5)	Energy	1367.28	1935.35	2032.08	3297.11	2685.10
(6)	Industry and Minerals	827.75	1067.32	947.93	128.65	4.54
(7)	Transport	3333.81	3624.51	3278.09	2743.60	2938.11
(8)	Communications	0.00	0.00	0.00	0.00	0.00
(9)	Science, Technology and Environment	0.00	0.00	0.00	0.00	0.00
(10)	General Economic Services	1634.24	1001.64	1290.75	459.02	440.10
Total - A		21982.05	22955.62	24395.94	23361.24	21732.50
B Non-Developmental Expenditure						
(a)	General Services	70.05	272.93	63.01	808.21	622.89
(b)	Public Debt	6536.52	6203.91	5509.20	6194.26	9073.17
(1)	Internal Debt of State Government	5794.42	5547.63	4849.01	5534.06	8386.27
(2)	Loans & Advances for Central Government	742.10	656.28	660.19	660.20	686.90
(c)	Loans & Advances by the State Government	56.68	52.05	48.72	675.18	477.57
(d)	Other Expenditure	0.00	0.00	0.00	0.00	0.00
Total - B		6663.25	6528.89	5620.93	7677.65	10173.63
TOTAL - II (A+B)		28645.30	29484.51	30016.87	31038.89	31906.13
TOTAL EXPENDITURE ON STATE ACCOUNT (I+II)		98303.79	104743.05	116668.58	126817.43	135800.96

Source: Socio-Economic Survey 2017-18, Directorate of Economic and Statistic Bureau, Gandhinagar

In the above Table-2, expenditure on capital account was mentioned which includes developmental expenditure (social services, Economic services) and Non-developmental expenditures (General Services, public debt, loans and advances and other services). The total development expenditure on social services was of Rs.6104.02 crore in 2012-13 which increased to Rs.6215.00 crore in 2016-17(P). It indicates that there was minor increase in social service under developmental expenditure. Under the social services state government expenditure on education, sports, arts and culture was of Rs.941.82 crore in 2012-13 which increased to Rs. 1166.54 crore in 2016-17(P). Social welfare and nutrition which shows negative growth of Rs.109.77 crore in last five years' period. Health service expenditure was also meagre.

Development expenditures on economic services was reduced from Rs. 15878.03 crore in 2012-13 to Rs.15571.50 crore in 2016-7(P). Expenditure on economic services includes expenditures on agriculture and allied services, rural development, irrigation, energy, industry and mineral, transport, communications, science and technology and environment. There were no expenditures on science and technology and environmental services under development expenditures.

Under the non-developmental expenditures, expenditure on general services was increased from Rs.70.05 crore in 2012-13 to Rs.622.89 crore in 2016-17(P). It shows tremendous increase of around 700%. The public debt which includes internal debt of state government and loans and advances for central government. Among these non-development expenditures, internal debt was increased from Rs. 5794.42 crore in 2012-13 to Rs.9073.17 crore in 2016-17(P).

CONCLUSION

It is inferred from the above analysis that Gujarat fiscal position is comparatively better as revenue is higher than expenditures in last five years which shows the surplus in the budget of Gujarat government and it can be said that government is successful in maintaining fiscal sustainability. Fiscal performance of the state is satisfactory. But government should increase expenditure on social services and economic services to promote science and technology and environmental awareness in this Global climate change situation. Overall fiscal health of the state government is better.

REFERENCE:

Government of Gujarat: *Socio Economic Review*; Directorate of Economic and Statistics. Various issues.