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COMPOSITION AND TRENDS IN TAX REVENUE OF GOVERNMENT OF INDIA SINCE 1990s

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ABSTRACT
India is one of the fastest growing economy in the world. It is also a mixed economy; which means both capital sector and government sector works for the development of the country. The main objective of the study is to analyse the composition and trends in revenue receipts of Government of India. The present study is based on secondary data, the time series data was taken from handbook of statistic published by Reserve Bank of India. As the economy progresses the activities of the Government sector also increases, which is evident from the present study. The Study shows that, composition of major taxes to tax revenue of Government of India in 2021-22, The Goods and Service Tax contributes highest to the total tax revenue followed by income tax other than corporation tax, corporation tax, union excise duties custom duty and service tax.

KEYWORDS: *Total Revenue, Total Expenditure, Tax Revenue, Direct Tax, Indirect Tax*
JEL Classification: H2, H5

INTRODUCTION
India is one of the fastest growing economy in the world. After independence in 1947, India started its journey of economic development by establishing planning commission in the year 1950. It is also important that India is a mixed economy which means both capital sector and government sector works for the development of the economy. Through planning Government of India started to play role in allocating the natural and financial resources in a right direction for better development. In this background fiscal policy and fiscal management comes into picture, fiscal instruments like taxation, public expenditure and public debt are crucial for the development of Indian economy. In this background the present paper tries to analyse the composition and trends in the revenue receipt of Government of India. The study is based on the secondary data and the time period is chosen between 1990-91 to 2021-22.

The main objective of the present study is to analyse the trends in revenue receipt of Government of India. The Methodology of the present study is based on secondary data the time series data was taken from handbook of statistic published by Reserve Bank of India. The study uses tabular and graphical analysis and it is descriptive in nature. The study analyse the capital and revenue receipts, taxes and non tax revenue and direct taxes and indirect taxes of Government of India.

REVIEW OF LITERATURE
Besley andPersson (2014) discussed about the main causes for the low taxation in the developing countries. This study took a sample of 18 countries, plotting five-year averages of the tax share over the twentieth century against national income and it focused on cross-section and time-series data for developing the paper. The study suggests that, Developing countries should adopt better tax administration instead of applying special measures on improving the tax system.

Dhanasekaran K. (2001) visualized the relationship between tax revenue and expenditure variables in the Indian context. It aims to estimate the long-run relation by using Co-Integration and Granger causality test on tax revenue and Government expenditure. The results showed the absence of co-integration between Government tax revenue

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and expenditure variables implying no evidence of a stable long-run relationship between them. But the Granger's test suggested unidirectional causality flowing from government expenditure to tax revenue.

Attiya S, Y Javid, UmaimaArifa (2012) identified the revenue rising capacity of the South Asian countries with panel data from 1984 to 2010by using regression analysis. The revenue to GDP ratio shows that these countries faced a common problem of revenue deficit due to tax evasion, tax exemption and bad administrative problems. The study that reveals the revenue performance of the country was positively influenced by foreign direct investment, agricultural output to GDP and per capita income. The institutional factors like quality of bureaucracy, less corruption, law and order have a significant influence on revenue potential.

JhaShikha, P V Srinivasa (1989) studied the relationship between the incidences of tax of excise duty on commodities. The method of Gini ratio was used to measure tax progressivity. The rank correlation of coefficient was used to test the difference in the progressivity of taxes and amount of revenue collection. The result shows that there is very poor correlation between revenue collection and progressivity of tax rate.

Piketty Thomas (2009) evaluated the reforms in the income tax system of India and China. The study indicated that the income share of top 1 percent population has increased by around 120 percent in China and around 50 percent in India during 1983-2003. The major implications of the study were that the fractionof population, which pays income tax in China increased from one percent in1986 to 15 percent in 2003. In India, it was 0.01 per cent in 1986 and increase to around 3 percent in 2003. Thus income tax is a major source of revenue in China, whereas in India, it is an elite class payment.

Pratap Singh (2019), this paper presents a brief history of tax reforms and trends in tax collections in India. Tax collection shows the relative stagnation or deceleration in tax revenue. The costs of tax collection and possible efficiency of the tax system has analysed. An international comparison of various tax administrations has been attempted. Lastly, based upon global best practices, further reform direction is suggested.

Table-1.1: Central Government Receipts - Major Components

Sl. No.	Years	Revenue Receipts	Growth Rate	Capital Receipts	Growth Rate	Total Receipts	Growth Rate
1	1990-91	54954		38997		93951	
2	1991-92	66030	20.16	38528	-1.20	104558	11.29
3	1992-93	74128	12.26	36178	-6.10	110306	5.50
4	1993-94	75453	1.79	55440	53.24	130893	18.66
5	1994-95	91083	20.71	68695	23.91	159778	22.07
6	1995-96	110130	20.91	58338	-15.08	168468	5.44
7	1996-97	126279	14.66	61544	5.50	187823	11.49
8	1997-98	133886	6.02	99077	60.99	232963	24.03
9	1998-99	149485	11.65	130064	31.28	279549	20.00
10	1999-00	181482	21.40	115707	-11.04	297189	6.31
11	2000-01	192605	6.13	134184	15.97	326789	9.96
12	2001-02	201306	4.52	162500	21.10	363806	11.33
13	2002-03	230834	14.67	180531	11.10	411365	13.07
14	2003-04	263813	14.29	211333	17.06	475146	15.50
15	2004-05	305991	15.99	200391	-5.18	506382	6.57
16	2005-06	347077	13.43	179549	-10.40	526626	4.00
17	2006-07	434387	25.16	144482	-19.53	578869	9.92
18	2007-08	541864	24.74	197978	37.03	739842	27.81
19	2008-09	540259	-0.30	299863	51.46	840122	13.55
20	2009-10	572811	6.03	453063	51.09	1025874	22.11
21	2010-11	788471	37.65	402428	-11.18	1190899	16.09
22	2011-12	751437	-4.70	568918	41.37	1320355	10.87
23	2012-13	879232	17.01	582152	2.33	1461383	10.68
24	2013-14	1014724	15.41	563894	-3.14	1578618	8.02
25	2014-15	1101381	8.54	484448	-14.09	1585829	0.46

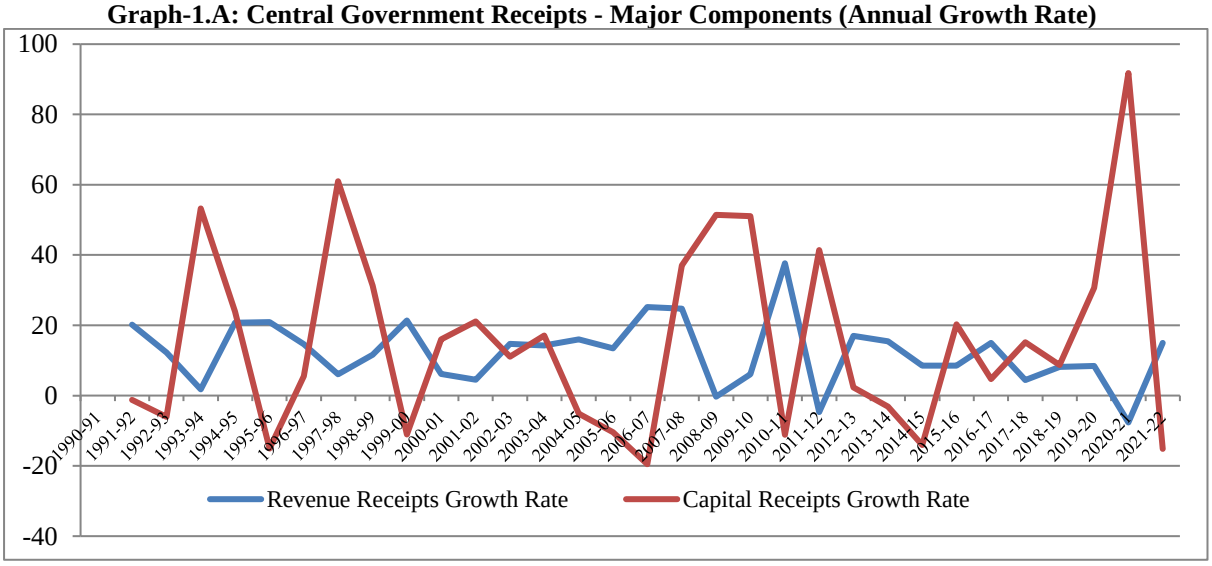
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26	2015-16	1195025	8.50	582579	20.26	1777604	12.09
27	2016-17	1374203	14.99	609886	4.69	1984089	11.62
28	2017-18	1435233	4.44	702650	15.21	2137883	7.75
29	2018-19	1552916	8.20	763518	8.66	2316434	8.35
30	2019-20	1684059	8.44	997301	30.62	2681360	15.75
31	2020-21	1555153	-7.65	1912510	91.77	3467663	29.32
32	2021-22	1788424	15.00	1623428	-15.12	3411853	-1.61
Total Growth Rate			**12.30**		**15.50**		**12.51**

Source: Handbook of Statistics Indian Economy, Reserve Bank of India

Table 1.1 shows the information regarding the trends in revenue receipts, capital receipts and total receipts of Government of India. In the year 1990-91 the revenue receipts was 54954, capital receipts was 38997 and the aggregate total receipts 93951crores respectively. There has been continuous increase in the revenue and capital receipts, in 2021-22 revenue receipts was 1788424, capital receipts was 1623428 and the total receipts reached the highest amount of 3411853 crores.

Graph-1.A: Central Government Receipts - Major Components (Annual Growth Rate)



Source: Table -1.1

Revenue receipts represent the income generated by the government through taxes, fees, and other sources. The growth rate of revenue receipts fluctuates over the years, ranging from negative values to substantial positive growth. Notable peaks in revenue growth occurred in 1990-91, 1994-95, 1995-96, 1999-00, 2006-07, 2007-08, and 2010-11, while significant declines were observed in 2008-09 and 2020-21. Overall, revenue receipts exhibit volatility, influenced by economic conditions, tax policies, and government spending.

Capital receipts include borrowings, disinvestment, and other capital revenues, representing the government's financing activities. The growth rate of capital receipts also displays fluctuations, with both positive and negative growth rates observed across different years. Particularly high growth rates were recorded in 1993-94, 1997-98, 2008-09, and 2009-10, while significant declines occurred in 1992-93, 1995-96, 2005-06, 2010-11, and 2021-22. Capital receipts growth is influenced by factors such as government borrowing, disinvestment strategies, and economic policies.

Total receipts growth rate represents the overall growth in government revenue, combining revenue and capital receipts. The total receipts growth rate pattern mirrors the combined effects of revenue and capital receipts growth rates. Notable peaks in total receipts growth occurred in 1993-94, 1997-98, 2007-08, and 2009-10, while significant declines were observed in 2008-09 and 2020-21, which can be observed from the table 1.1. Overall, total receipts growth reflects the government's fiscal health, impacted by economic conditions, fiscal policies, and external factors.

Table1.2: Trends in the Components of Total Revenue Receipts

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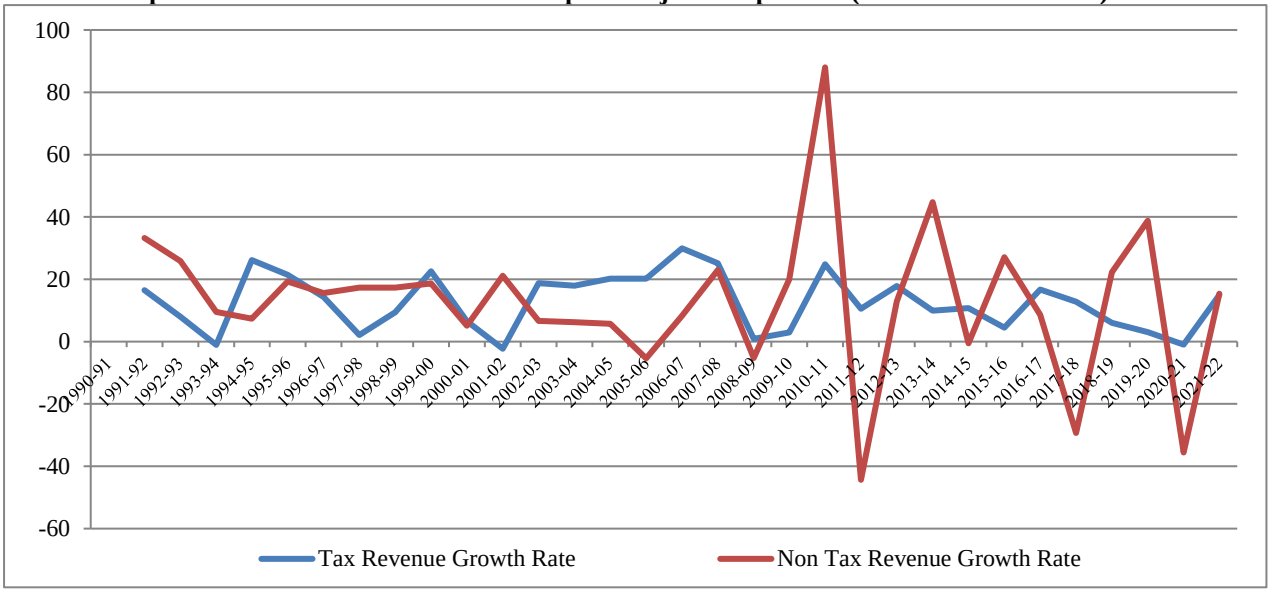
Sl. No.	Year	Tax Revenue	Growth Rate	Non Tax Revenue	Growth Rate	Total Revenue Receipts	Growth Rate
1	1990-91	42978		11976		54954	
2	1991-92	50069	16.50	15961	33.27	66030	20.16
3	1992-93	54044	7.94	20084	25.83	74128	12.26
4	1993-94	53449	-1.10	22004	9.56	75453	1.79
5	1994-95	67454	26.20	23629	7.39	91083	20.71
6	1995-96	81939	21.47	28191	19.31	110130	20.91
7	1996-97	93701	14.35	32578	15.56	126279	14.66
8	1997-98	95672	2.10	38214	17.30	133886	6.02
9	1998-99	104652	9.39	44833	17.32	149485	11.65
10	1999-00	128271	22.57	53211	18.69	181482	21.40
11	2000-01	136658	6.54	55947	5.14	192605	6.13
12	2001-02	133532	-2.29	67774	21.14	201306	4.52
13	2002-03	158544	18.73	72290	6.66	230834	14.67
14	2003-04	186982	17.94	76831	6.28	263813	14.29
15	2004-05	224798	20.22	81193	5.68	305991	15.99
16	2005-06	270264	20.23	76813	-5.39	347077	13.43
17	2006-07	351182	29.94	83205	8.32	434387	25.16
18	2007-08	439547	25.16	102317	22.97	541864	24.74
19	2008-09	443319	0.86	96940	-5.26	540259	-0.30
20	2009-10	456536	2.98	116275	19.95	572811	6.03
21	2010-11	569868	24.82	218602	88.00	788471	37.65
22	2011-12	629764	10.51	121672	-44.34	751437	-4.70
23	2012-13	741877	17.80	137354	12.89	879232	17.01
24	2013-14	815854	9.97	198870	44.79	1014724	15.41
25	2014-15	903615	10.76	197766	-0.56	1101381	8.54
26	2015-16	943765	4.44	251260	27.05	1195025	8.50
27	2016-17	1101372	16.70	272831	8.59	1374203	14.99
28	2017-18	1242488	12.81	192745	-29.35	1435233	4.44
29	2018-19	1317211	6.01	235704	22.29	1552916	8.20
30	2019-20	1356902	3.01	327157	38.80	1684059	8.44
31	2020-21	1344501	-0.91	210653	-35.61	1555153	-7.65
32	2021-22	1545397	14.94	243028	15.37	1788424	15.00
Total Growth Rate			**12.61**		**12.85**		**12.28**

Source: Handbook of Statistics Indian Economy, Reserve Bank of India

Table 1.2 provides information regarding the trends in tax revenue, non tax revenue and total revenue components of Government of India. In the year 1990-91 the tax revenue was, 42978 crores and the non tax revenue, 11976 crores and the total revenue receipt stands as 54954 crores. According to 2021-22 data, the tax revenue was, 1545397 crores and the non tax revenue was, 243028 crores and the total revenue receipt reach to 1788424 crores respectively.

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Graph – 1.B: Central Government Receipts - Major Components (Annual Growth Rate)



Source: Table – 1.2

Tax revenue growth rates fluctuate over the years, indicating varying degrees of revenue generation. The growth rates range from negative values to highs of nearly 30 per cent. There are notable peaks in tax revenue growth rates, such as in 1994-95 (26.20 per cent) and 2006-07 (29.94 per cent), indicating periods of significant revenue expansion. However, there are also periods of low or negative growth rates, such as in 2001-02 (-2.29 per cent) and 2008-09 (0.86 per cent), suggesting challenges or slowdowns in revenue generation.

Non-tax revenue growth rates also vary widely over the years. There are significant fluctuations, with growth rates reaching highs of closely 89 per cent in 2010-11 and lows of around -44.34 per cent in 2011-12. The growth rates exhibit more volatility compared to tax revenue, indicating potential sensitivity to economic conditions or changes in revenue sources. The growth rates of total revenue receipts reflect the combined effect of tax and non-tax revenue growth. Similar to tax revenue, total revenue growth rates vary over the years, with fluctuations ranging from negative values to highs of over 37 per cent. Notable peaks in total revenue growth rates coincide with peaks in tax revenue growth rates, such as in 2010-11. However, the growth rates also reflect the impact of non-tax revenue, with significant fluctuations observed in years like 2011-12, where non-tax revenue growth was notably negative.

In recent years, there's a mixed pattern of growth rates, with some years showing moderate growth and others experiencing declines. Notably, 2020-21 shows negative growth rates across all revenue categories, likely reflecting the impact of external factors such as the COVID-19 pandemic.

Table-1.3: Trends in the Components of Tax Revenue

Sl. No.	Year	Direct Tax	Growth Rate	Indirect Tax	Growth Rate	Tax Revenue	Growth Rate
1	1990-91	6903		36075		42978	
2	1991-92	10103	46.36	39966	10.79	50069	16.50
3	1992-93	12075	19.52	41969	5.01	54044	7.94
4	1993-94	12522	3.70	40927	-2.48	53449	-1.10
5	1994-95	18409	47.01	49045	19.84	67454	26.20
6	1995-96	22287	21.07	59652	21.63	81939	21.47
7	1996-97	25374	13.85	68326	14.54	93701	14.35
8	1997-98	27172	7.09	68500	0.25	95672	2.10
9	1998-99	32120	18.21	72532	5.89	104652	9.39
10	1999-00	41436	29.00	86836	19.72	128271	22.57

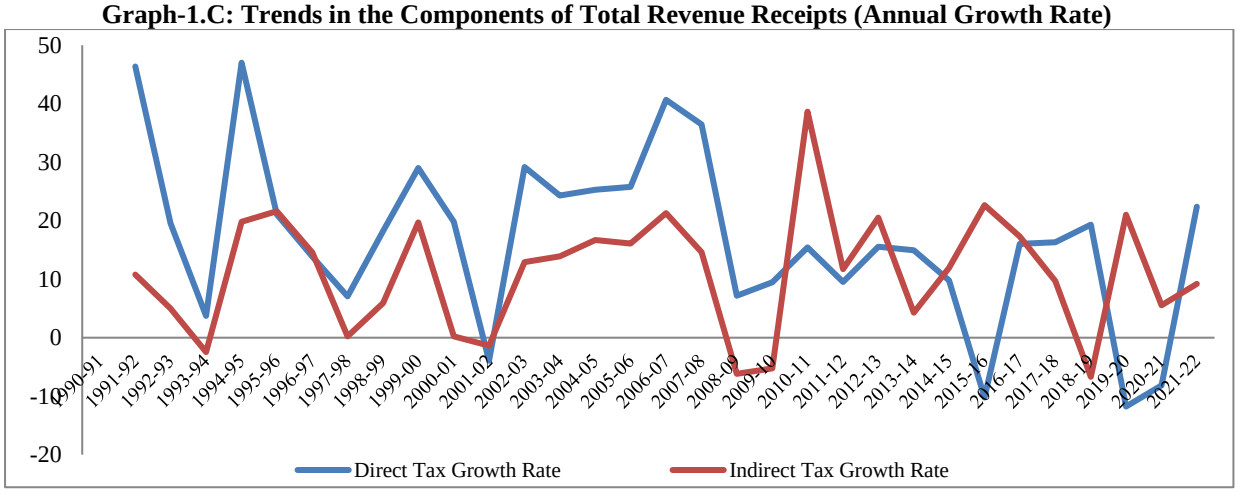
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11	2000-01	49651	19.83	87007	0.20	136658	6.54
12	2001-02	47703	-3.92	85828	-1.36	133532	-2.29
13	2002-03	61612	29.16	96932	12.94	158544	18.73
14	2003-04	76590	24.31	110392	13.89	186982	17.94
15	2004-05	95944	25.27	128854	16.72	224798	20.22
16	2005-06	120692	25.79	149572	16.08	270264	20.23
17	2006-07	169738	40.64	181444	21.31	351182	29.94
18	2007-08	231574	36.43	207972	14.62	439547	25.16
19	2008-09	248152	7.16	195169	-6.16	443319	0.86
20	2009-10	271623	9.46	184913	-5.25	456536	2.98
21	2010-11	313501	15.42	256367	38.64	569868	24.82
22	2011-12	343310	9.51	286454	11.74	629764	10.51
23	2012-13	396585	15.52	345292	20.54	741877	17.80
24	2013-14	455829	14.94	360025	4.27	815854	9.97
25	2014-15	500531	9.81	403085	11.96	903615	10.76
26	2015-16	449296	-10.24	494469	22.67	943765	4.44
27	2016-17	521287	16.02	580085	17.31	1101372	16.70
28	2017-18	606216	16.29	636272	9.69	1242488	12.81
29	2018-19	723492	19.35	593719	-6.69	1317211	6.01
30	2019-20	638365	-11.77	718537	21.02	1356902	3.01
31	2020-21	586355	-8.15	758146	5.51	1344501	-0.91
32	2021-22	717586	22.38	827811	9.19	1545397	14.94
Total Growth Rate			**17.13**		**11.08**		**12.61**

Source: Handbook of Statistics Indian Economy, Reserve Bank of India

The Table 1.3 data shows the trends in direct tax, indirect tax and total tax revenue of Government of India. In 1990-91 the direct tax was 6903 crores and the indirect tax was 36075 crores and the aggregate tax revenue 42978 crores. There has been a study increase in both taxes and their 717586, 827811 and 1545387 crore in the year 2021-22. Direct tax growth rates show fluctuations over the years. There are significant peaks, such as in 1994-95 (47.01 per cent) and 2002-03 (29.16 per cent), indicating periods of substantial growth in direct tax revenue.

Graph-1.C: Trends in the Components of Total Revenue Receipts (Annual Growth Rate)



Source: Table - 1.3

However, there are also negative growth rates observed in certain years, such as in 2015-16 (-10.24 per cent) and 2019-20 (-11.77 per cent), suggesting declines in direct tax revenue during those periods. On average, direct tax revenue has shown positive growth over the years, with varying rates reflecting changes in tax policies, economic conditions, and taxpayer behavior.

Indirect tax growth rates also exhibit fluctuations, but with generally smaller magnitudes compared to direct tax growth rates. Notable peaks include 2010-11 (38.64 per cent) and 2006-07 (21.31 per cent), indicating significant

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growth in indirect tax revenue during those periods. Similar to direct tax, there are years with negative growth rates, such as in 2018-19 (-6.69 per cent) and 2020-21 (5.51 per cent). Overall, indirect tax revenue has shown positive growth over the years, albeit with variations reflecting changes in consumption patterns, tax rates and economic conditions.

Tax revenue growth rates represent the combined effect of direct and indirect tax revenue growth. Peaks in tax revenue growth rates often coincide with peaks in either direct or indirect tax growth rates, indicating the influence of both components on overall tax revenue. Notable peaks include 2010-11 (24.82 per cent) and 2006-07 (29.94 per cent), while years like 2015-16 (-0.91 per cent) and 2019-20 (3.01 per cent) show lower growth rates.

Overall, tax revenue has shown positive growth over the years, reflecting the combined impact of direct and indirect taxes on government revenue. Peaks in growth rates often coincide with periods of economic expansion or changes in tax policies aimed at revenue enhancement. Conversely, negative growth rates may reflect economic downturns or challenges in revenue collection. Overall, the analysis provides insights into the dynamics of tax revenue growth rates over the years, highlighting the importance of both direct and indirect taxes in government revenue generation and the impact of economic conditions on tax revenue trends.

Table-1.4: Trends in the Direct Taxes

Year	Corporation Tax	Taxes on Income other than Corporation Tax	Excise duty	Custom duty
1990-91	5335	5371	14100	20644
1991-92	7853	6731	16017	22257
1992-93	8899	7888	16367	23776
1993-94	10060	9123	17224	22193
1994-95	13822	12025	21064	26789
1995-96	16487	15592	22176	35757
1996-97	18567	18231	23463	42851
1997-98	20016	17097	25516	40193
1998-99	24529	20240	28581	40668
1999-2000	30692	25654	34944	48419
2000-01	35696	31764	49758	34163
2001-02	36609	32004	54469	28340
2002-03	46172	36866	62388	31898
2003-04	63562	41387	70245	34586
2004-05	82680	49268	77241	41811
2005-06	101277	63629	86642	46645
2006-07	144318	75093	92651	62819
2007-08	192911	102644	96178	75382
2008-09	213395	106046	81872	69217
2009-10	244725	122475	84383	60223
2010-11	298688	139069	110222	97598
2011-12	322816	164485	116226	105614
2012-13	356326	196512	141245	115890
2013-14	394678	237817	137975	121059
2014-15	428925	258326	153709	127994
2015-16	453228	287628	220473	128829
2016-17	484924	349436	286088	135372
2017-18	571202	419880	211393	78601
2018-19	663572	472983	204021	75231
2019-20	556876	492593	212988	71472
2020-21	457719	487139	341423	75408

Source: Handbook of Statistics Indian Economy, Reserve Bank of India

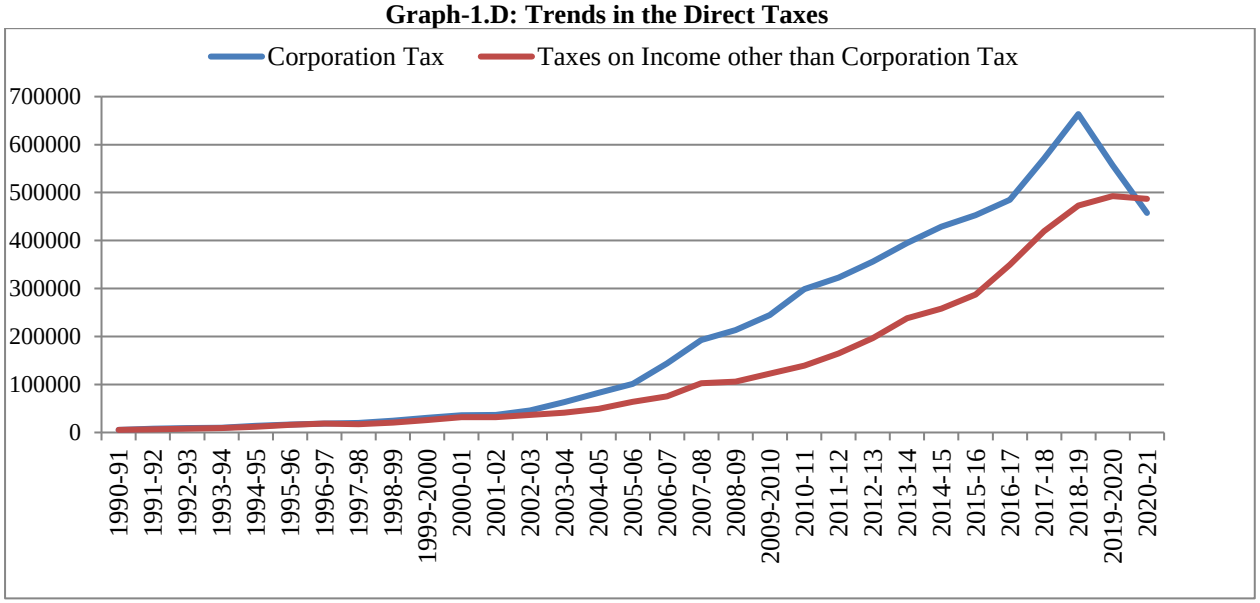
Table 1.4 data shows the trends in major components of direct taxes for the present study researcher select the major two components of direct taxes such as Corporation Tax and Taxes on Income other than Corporation Tax. According to the data the corporation tax in the year 1990-91 was 5335 crores and income tax was 5371crores

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respectively and there was no service tax in 1990-91. The service tax was introduced in India in the financial year of 1994-95 and it was 407 crores. The corporation tax has been increasing until 2018-19, in 2018-19 the corporation tax collection was 663572 crores, and the data shows that, the last 2 years of corporation tax collection has been decline in. With respect to income tax, it has reached its highest value in the year 2019-20 which was 492593 crores.

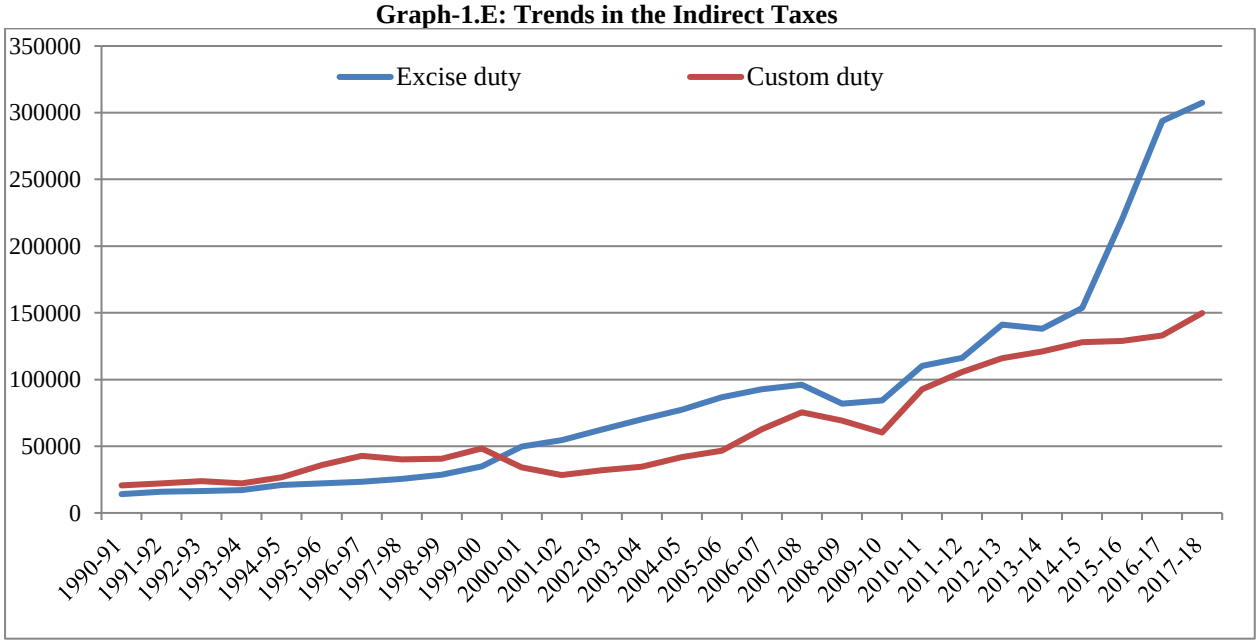
The excise duty collection was 14100 crores in the year 1990-91 and it has reached to 341423 crores in the year 2020-21. The custom duty was 20644 crores in 1990-91 and it has reached to 75408 crores in 2020-21.

Graph-1.D: Trends in the Direct Taxes



Source: Table - 1.4

Graph-1.E: Trends in the Indirect Taxes



Source: Table - 1.4

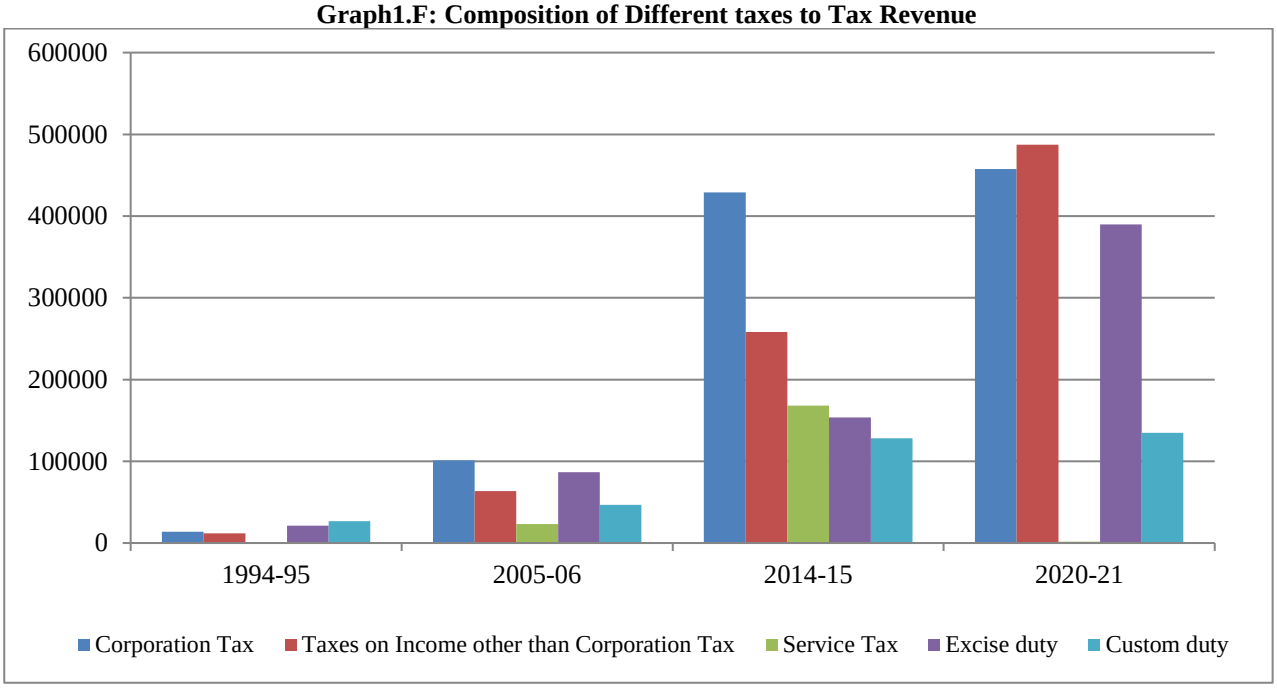
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Table-1.6: Composition of Different taxes to Tax Revenue

Year	Corporation Tax	Taxes on Income other than Corporation Tax	Service Tax	Excise duty	Custom duty
1994-95	13822	12025	407	21064	26789
2005-06	101277	63629	23055	86642	46645
2014-15	428925	258326	167969	153709	127994
2020-21	457719	487139	1615	389667	134750

Source: Handbook of Statistics Indian Economy, Reserve Bank of India

Graph1.F: Composition of Different taxes to Tax Revenue



Source: Table-1.6

Table 1.6 provides the information regarding the composition of different taxes to tax revenue of Government of India. The study has chosen 4 years for analyse the trends in the different components of taxes. In 1994-95 the custom duties was highest while the service taxes were lowest.

Almost two and half decades the corporation tax was highest in the share of tax revenue but in 2020-21 income tax other than corporation tax is more than the corporation tax. In 2014-15 the service tax was higher than the union excise and custom duties. After the introduction of Goods and Service Tax (GST) the service tax was included with GST therefore there is declining trend with service taxes, it is also evidence that there has been a declining trend with respect to union excise and custom duties. The introduction of goods and service taxes in Indian economy makes structural changes in the composition of tax revenue.

Table-1.7: Composition of Different taxes to Tax Revenue

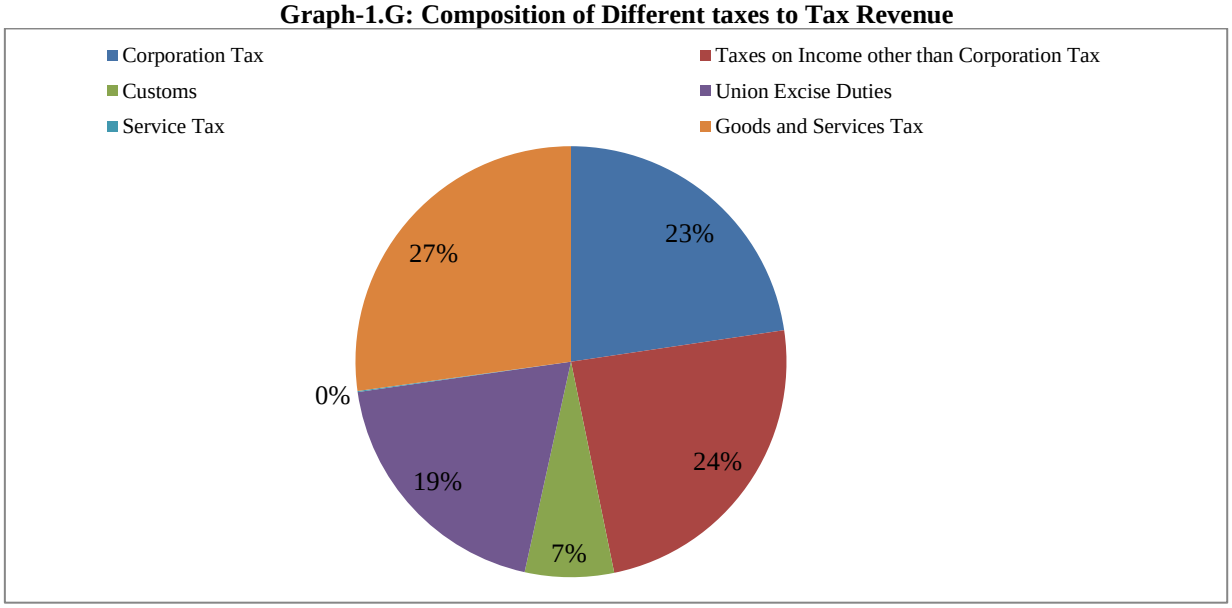
Year	2020-21
Corporation Tax	457719
Taxes on Income other than Corporation Tax	487139
Customs	134750
Union Excise Duties	389667
Service Tax	1615
Goods and Services Tax	548777

Source: Handbook of Statistics Indian Economy, RBI

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Table 1.7 and graph 1.G shows the composition of major taxes to tax revenue of Government of India in 2021-22, the Goods and Service Tax contributes highest to the total tax revenue followed by income tax other than corporation tax, corporation tax, union excise duties custom duty and service tax. For better understanding the same table is graphically represented by using pie chart below.

Graph-1.G: Composition of Different taxes to Tax Revenue



Source: Table – 1.7

The pie chart 1.G depicts the distribution of various tax components contributing to the overall tax revenue. Specifically, the Goods and Services Tax (GST) accounts for 27 per cent of the total tax revenue, making it the largest single contributor. This significant share underscores the importance of GST as a comprehensive, multi-stage, destination-based tax levied on every value addition. Income tax, which comprises 24 per cent of the tax revenue, is the second-largest contributor. Corporation tax, contributing 23 per cent to the total tax revenue, is a crucial element of the government's revenue system.

Further, Union excise duty, contributes 19 per cent, represents taxes on the manufacture of goods within the country. The contribution of custom duty is around 7 per cent to overall tax revenue due to LPG policy the contribution of customs has been decreasing over the period of time in India. Together, these components highlight the diverse sources of tax revenue and the multifaceted approach of the government in tax collection to support economic growth and public services.

CONCLUSION

Taxation is one of the important instruments of fiscal policy through which government collects revenue. Taxes are the compulsory payments by the citizens to government for which citizens do not get any direct benefits. As government responsibilities are rising, it is important to analyse the trends and composition of revenue becomes significance, hence the study has conducted. In recent years the contribution of indirect taxes to tax revenue has increasing due to the implementation of Goods and Service Tax. After the structural changes in the indirect tax system in the country, composition of major taxes to tax revenue of Government of India in 2021-22 stands GST has highest contributes to the total tax revenue followed by income tax other than corporation tax, corporation tax, union excise duties, custom duty and service tax.

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