CHAPTER-III
DATA BASE

Basically, the present study entitled, “Revenue and Economic Growth among Indian States: An Empirical Analysis” was an empirical investigation, for which state-wise time series secondary information for 28 Years (from 1984-85 to 2011-12), both at current and at constant prices, was compiled on a multiplicity of aggregates from various secondary sources. Some such sources (various issues) were: Reserve Bank of India Bulletin, States’ and National Accounts of the Ministry of Statistics and Programme Implementation, Reports of Census of India, Reports of Various Finance Commissions of India, Reports of Different Rounds of National Sample Surveys Organization, etc. Besides that, a number of websites were also accessed for compilation of requisite data. Information was compiled on: Thirty five components of revenue; eleven components of revenue expenditure; six aggregates for estimating Fiscal Deficit; one component of Public Debt; twenty four components of GSDP (at both Current and Constant Prices); and eight components of Work Force. We may mention that certain components had to be grouped/ merged together, depending upon the nature of the aspect considered. Various components on which the information was compiled for the accomplishment of above said objectives were as follows:

3.1. Components of Revenue Receipts:

No doubt, there were originally 67 components of revenue receipts, but the information on all the components were not uniformly available for all the states. Therefore, we had to merge certain components suitably so as to get information on thirty five clubbed components for all the 17 major Indian states for 28 years’ period (1984-85 to 2011-12). The so-obtained components were: (1) Tax Revenue (TXR) [which includes State’s Own Tax Revenue and Share in Central Taxes]; (1.1)State’s Own Tax Revenue (STR) [which includes Taxes on Income, Taxes on Property & Capital Transactions, Taxes on Commodities & Services]; (1.1.1) Taxes on Income (TOI) [which includes Agriculture Income Tax and Taxes on Professions, Trades, Callings & Employment]; (1.1.2) Taxes on Property and Capital Transactions (TPC)
[which includes Land Revenue, Stamps and Registration Fees]; (1.1.2.1) Land Revenue (LRV); (1.1.2.2) Stamps and Registration (SRF); (1.1.3) Taxes on Commodities and Services (TCS) [which includes Sales Tax, State Sales Tax/VAT, Central Sales Tax, Surcharge on Sales Tax, Receipts of Turnover Tax, Other Receipts, State Excise, Taxes on Vehicles and Taxes & Duties on Electricity]; (1.1.3.1) Sales Tax (SLT) [which includes State Sales Tax/VAT, Central Sales Tax, Surcharge on Sales Tax, Receipts of Turnover Tax and Other Receipts]; (1.1.3.2) State Sales Tax/VAT (SST); (1.1.3.3) Central Sales Tax (CST); (1.1.3.4) State Excise (STE); (1.1.3.5) Taxes on Vehicles (TOV); (1.1.3.6) Taxes and Duties on Electricity (TDE); (1.2) Share in Central Taxes (SCT); (2) Non-Tax Revenue (NTR) [which includes State’s Own Non-Tax Revenue, Interest Receipts, Dividends and Profits, General Services, Social Services, Economic Services and Grants from the Centre]; (2.1) State’s Own Non-Tax Revenue (SNR) [which includes Interest Receipts, Dividends & Profits, General Services, Social Services, Economic Services]; (2.2) Interest Receipts (INR); (2.3) Dividends and Profits (D&P); (2.4) General Services (GNS); (2.5) Social Services (SCS) [which includes Education, Sports, Art & Culture, Medical & Public Health, Family Welfare, Housing, Urban Development, Labour & Employment, Social Security & Welfare, Water Supply and Sanitation and Others]; (2.6) Economic Services (ECS) [which includes Crop Husbandry, Animal Husbandry, Fisheries, Forestry and Wildlife, Co-operation, Industries and Others]; (2.6.1) Crop Husbandry (CRH); (2.6.2) Animal Husbandry (ANH); (2.6.3) Fisheries (FSH); (2.6.4) Forestry and Wildlife (FOW); (2.6.5) Co-operation (COP); (2.6.6) Industries (IND); (2.6.7) Others (OTE); (2.7) Grants from the Centre (GFC) [which includes State Plan Schemes, Centrally Sponsored Schemes, Non-Plan Grants, Statutory Grants and Others]; (2.7.1) State Plan Schemes (SPS); (2.7.2) Centrally Sponsored Schemes (CSS); (2.7.3) Non-Plan Grants (NPG); (2.7.4) Statutory Grants (STG); (2.7.5) Others (OTG) and (3) Total Revenue (TOT) [ which is the sum total of Tax Revenue and Non-Tax Revenue].

3.2. Components of Revenue Expenditure:

(1) Developmental Expenditure (DVEEX); (1.1) Expenditure on Social Services (EXSS); (1.2) Expenditure on Economic Services (EXES); (2) Non-Developmental Expenditure (NDEX); (2.1) Expenditure on Organs of State (EXOS); (2.2)
Expenditure on Fiscal Services (EXFS); (2.3) Interest Payments & Servicing of Debt (IPSD); (2.4) Expenditure on Administrative Services (EXAS); (2.5) Expenditure on Pensions and Miscellaneous Services (EXPM); (3) Compensation and Assignments to Local Bodies (CALB); and (4) Aggregated Expenditure (AGGE).

3.3. Components for Estimating Fiscal Deficit:
(1) Total Revenue Expenditure (TREX); (2) Total Capital Outlay (TCPO); (3) Loans and Advances from State Governments (LASG); (4) Recovery of Loans (RCLN); (5) Total Revenue (TRVN); and (6) Non-Debt Capital Receipts (NDCR).

3.4. Components of GDSP:
(1) Primary (PRM); (1.1) Agriculture (AGR); (1.2) Forestry and Logging (FOL); (1.3) Fishing (FSH); (1.4) Mining and Quarrying (MNQ); (2) Secondary (SEC); (2.1) Manufacturing (MFG); (2.1.1) Registered Manufacturing (RGD); (2.1.2) Unregistered Manufacturing (UGD); (2.2) Construction (CON); (2.3) Electricity, Gas and Water Supply (EGW); (3) Tertiary (TRT); (3.1) Tertiary-1 (TR1); (3.1.1) Transport, Storage and Communication (TSC); (3.1.1.1) Railways (RLS); (3.1.1.2) Transport by Other Means (TOM); (3.1.1.3) Storage & Communication (CMS); (3.1.2) Trade, Hotels & Restaurants (THR); (3.2) Tertiary-2 (TR2); (3.2.1) Banking & Insurance (BNI); (3.2.2) Real Estate & Ownership of Dwellings & Business Services (RED); (3.2.3) Public Administration (PAD); (3.2.4) Other Services (OSR); and (4) Aggregated GSDP (AGD).

It may be mentioned that such time series information on Gross State Domestic Product (GSDP) at aggregated/ disaggregated levels were available at factor cost. Further, data on GSDP for each of the states were available differently at 4 base years (viz., 1980-81, 1993-94, 1999-2000 and 2004-05). Therefore, in order to have regular time-series at common base year (viz., 2004-05) for each of the state and for all the states taken together, split series were suitably spliced by duly making use of the information on overlapping years.

3.5. Components of Work Force:
(1) Agriculture, Forestry and Fishing (AGFF); (2) Manufacturing and Mining & Quarrying (MNFG); (3) Constructions (CONS); (4) Electricity, Gas and Water
Supply (EGWS); (5) Transport, Storage and Communication (TSCM); (6) Trade, Hotels and Restaurants (THRS); (7) Banking, Insurance, Real Estate, Ownership of Dwellings and Business Services (FBRD); (8) General Services (including Public Administration and Defence; GNSR); and (9) Overall Total (AGGD).

Time-series information on work force (Rural, Urban and Total) was compiled for 19 years (from 1993-94 to 2011-2012) through 4 Rounds [viz., 50th (1993-94), 55th (1999-00), 61st (2004-05) and 68th (2011-12)] of NSSO. In respect of each of the economic activity and for a given state, information on work force for the inter-Rounds points in time was obtained through the usual compound growth rates law, so as to generate regular time series on the force. It may also be mentioned here that for computing per capita income (real as well as apparent), information on population for each of the states was first compiled at the four census years: 1981, 1991, 2001 and 2011 and, then, population figures were obtained for each of the intervening points in time through the above-mentioned compound growth rate law.

3.6. Major states considered for investigation:
Andhra Pradesh (ANP), Assam (ASM), Bihar (BHR), Gujarat (GUJ), Haryana (HAR), Himachal Pradesh (HMP), Jammu & Kashmir (JNK), Kerala (KRL), Karnataka (KTK), Madhya Pradesh (MDP), Maharashtra (MHR), Odisha (ODS), Punjab (PNB), Rajasthan (RAJ), Tamil Nadu (TND), Uttar Pradesh (UTP), West Bengal (WSB), and All Major States Taken Together (AST).

3.7. Analytical Techniques
Depending upon nature of analysis in the study, a fairly strong battery of statistical/econometric tools and techniques were made use and has been outlined in the concerned chapters.

It may be mentioned that the analytical computations in almost entirety were made through a variety of the computer software developed/ suitably adapted in R-language by my respected teacher, Prof (Dr) Amarjit Singh Sethi.