CHAPTER VI

SUMMARY OF FINDINGS AND CONCLUSIONS

Following are the summary of conclusions emerge out of this study.

Revenue receipts of Tamil Nadu government have registered voluminous growth during the study period. It was Rs.5087.89 crores during 1990-1991 and registered a more than three fold increase (Rs.16327.53 crores) during 1999-2000. Growth of per capita revenue receipts has increased from Rs.9110.16 in 1990-91 to Rs.2633.47 in 1999-2000.

Tax revenue which stood at Rs.4126.98 crores in 1990-91, increased to Rs.13585.93 crores in 1999-2000. Tax revenue as percentage of total revenue stood at 81.11 per cent during 1990-91 and 83.20 per cent during 1999-2000. The income elasticity co-efficient for Tamil Nadu tax revenue is 0.8000. This means that 1 per cent change income leads to 0.8 per cent increase in tax revenue of the government.

Revenue from sharing of central taxes were Rs.1002.92 crores in 1990-91 and moved up to Rs.2667.0 crores in 1999-2000. The income elasticity of share of central taxes is 0.6396. This means that, 1 per cent change income leads to 0.64 per cent change in the share of central taxes on the Government of Tamil Nadu.
Revenue from income tax has increased from Rs.326.80 crores in 1990-1991 to Rs.2667 crores in 1999-2000. It has registered an eight-fold increase. The rate of growth of per capita revenue from income tax varied between 22.32 per cent and 174.04 per cent. The income elasticity for Tamil Nadu income tax is 1.1321. This means that, 1 per cent change in income leads to 1.13 per cent increase in the revenue from income tax to the government of Tamil Nadu.

Revenue from union excise duties and additional excise duties has increased from Rs.676.12 crores in 1990-1991 to Rs.1446.75 crores in 1998-1999. Revenue from union excise duties and additional excise duties were reported nil during 1999-2000, as revenue from union excise and additional excise were clubbed with income tax. The income elasticity of union excise duties and additional excise duties is 0.4708. This means that 1 per cent change in income leads to 0.47 per cent increase in the union excise duties and additional excise duties.

States own tax revenue, which was Rs.3124.06 crores in 1990-91 have increased to Rs.10918.93 crores in 1999-2000. This nearly four fold increase in completely responsible for the four-fold increase in tax revenue of Tamil Nadu. The income elasticity of states own tax revenue is 0.8461. This means that, 1 per cent change in income leads to 0.85 per cent change in the states own tax revenue of the government of Tamil Nadu.
Revenue from agricultural income tax has shown ups and downs during the period of reference. Largest amount of revenue realized though agricultural income tax is Rs.39.36 crores and least amount revenue realized were Rs.12.77 crores. The income elasticity of agricultural income tax is 0.1351. This means that, 1 per cent change income leads to 0.14 per cent increase in the revenue from agricultural income.

Land revenue receipts are increasing from Rs.14.43 crores in 1990-1991 to Rs.47.23 crores in 1999-2000. Maximum per capita land revenue realized was Rs.9.93 in 1997-1998. The income elasticity of tax on land revenue is 0.5145. This means that, 1 per cent increase in income leads to 0.51 per cent increase in the revenue of land tax.

Revenue from urban land tax has increased from Rs.3.33 crores in 1990-1991 to Rs.11.47 crores in 1999-2000. Volume of revenue generated by urban land tax is comparatively very low and meagre contributing to the state own tax revenue. The compound growth rate of this tax is 244.44 per cent. The income elasticity of urban land tax revenue is 1.0557. This means that, 1 per cent increase income leads to increase in the urban land tax revenue of the Government of Tamil Nadu.

Revenue from stamp duty and registration fees have increased from Rs.226.39 crores in 1990-1991 to Rs.817.58 crores in 1999-2000. This source has contributed to 7.49 per cent of states own tax revenue. The income elasticity of stamp duty and registration fees revenue is 0.8368.
This means that, 1 per cent increase income leads to 0.84 per cent increase in the stamp duty and registration fees revenue of the Government of Tamil Nadu.

Revenue from state excise on liquor had increased from Rs.434.86 crores in 1990-1991 to Rs.1833.7 in 1999-2000. It is second to sales tax contributing greater volume of revenue to the exchequer. The income elasticity co-efficient for state excise on liquor is 1.0066. This means that, 1 per cent increase in income leads to 1.01 per cent increase in the revenue.

Revenue from general sales tax has increased from Rs.1787.87 crores in 1990-1991 to Rs.6194.14 crores in 1999-2000. General sales tax contributes 56.73 per cent of revenue to states own tax revenue. It has registered a four-fold increase. General sales tax occupies number are position among states own tax revenue sources. The income elasticity of general sales tax revenue is 0.8256. This means that, 1 per cent change income leads to 0.83 per cent change in the general sales tax revenue of the Government of Tamil Nadu.

Revenue from central sales tax has increased from Rs.278.08 crores in 1990-1991 to Rs.1034.58 crores in 1997-1998. Revenue from central sales tax has declined during 1996-1997 and 1998-1999. The income elasticity of central sales tax revenue is 0.8161. This means that, 1 per cent
increase income leads to 0.82 per cent increase in the central sales tax revenue of the Government of Tamil Nadu.

Revenue from taxes on vehicles has increased from Rs.227.34 crores in 1990-1991 to Rs.577.98 crores in 1999-2000. It has recorded a three-fold increase. Out of the states own tax revenue, 6.5 per cent of the revenue are generated through vehicles tax. The income elasticity of taxes on vehicles is 0.5893. This means that, 1 per cent change income leads to 0.59 per cent increase in the taxes on vehicles revenue of the Government of Tamil Nadu.

Revenue from electricity duties has increased from Rs.6.94 crores in 1990-1991 to Rs.196.54 crores in 1999-2000. Per capita revenue contributes to electricity duties have increased from Rs.1.24 in 1990-1991 to Rs.31.70 in 1999-2000. The income elasticity of electricity duties revenue is 1.6368. This means that, 1 per cent increase income leads to 1.64 per cent increase in the electricity duties revenue.

Revenue from entertainment tax has increased from Rs.70.46 crores in 1990-1991 to Rs.119.24 crores in 1997-1998. Entertainment tax contributes less revenue to states own tax revenue (0.83 per cent). The income elasticity of entertainment tax revenue is 0.2472. This means that, 1 per cent increase in income leads to 0.25 per cent increase in the revenue from entertainment.
Revenue from betting tax shown ups and downs during the reference period. The lower revenue from betting tax was Rs.4.64 crores (1991-1992) and maximum revenue reported was Rs.6.95 crores (1996-1997). Betting tax contributes 0.06 per cent revenue to states own tax revenue. The income elasticity of betting tax is 0.0598. This means that, 1 per cent change income leads to 0.06 per cent increase in the betting tax revenue of the Government of Tamil Nadu.

Luxury tax fetched revenue of Rs.17.31 crores in 1991-1992 and a higher revenue of Rs.66.28 crores in 1998-1999. It contributes 0.60 per cent of revenue to states own tax revenue. The income elasticity of luxury tax is 1.0516. This means that 1 per cent increase income leads to 1.05 per cent increase in the luxury tax revenue of the Government of Tamil Nadu.

Revenue from sugarcane cess has shown ups and downs during the reference period. The higher revenue from sugarcane cess was Rs.10.55 crores in 1990-1991 and the least revenue reported was Rs.3.97 crores in 1997-1998. It contributes 0.06 per cent of states own tax revenue. The income elasticity of sugarcane cess is -0.4920. This means that, 1 per cent change income leads to -0.49 per cent change in the sugarcane cess of the Government of Tamil Nadu.
Revenue from taxes on goods and passengers has increased from Rs.22.57 crores in 1990-1991 to Rs.222.64 crores in 1999-2000. It registered a compound growth rate of 886.44 per cent. The income elasticity of taxes on goods and passengers is 1.7808. This means that, 1 per cent increase income leads to 1.78 per cent increase in the taxes on goods and passengers.

Non-tax revenue which accounted for Rs.960.91 crores during 1990-91 went upto Rs.2741.6 crores during 1999-2000. Non-tax revenue as percentage of total revenue which stood at 18.89 per cent during 1990-91 declined to 16.79 per cent during 1999-2000.

States own non-tax revenue has increased from Rs.381.48 crores in 1990-1991 to Rs.1356.85 crores in 1999-2000.

Interest receipts and dividends and profits shown ups and downs during the reference period. Highest amount of revenue realised though interest receipts and dividends and profits is Rs.783.83 crores in 1991-1992 and least amount of revenue realised were Rs.93.23 crores in 1990-1991.

Revenue from general services has increased from Rs.74.71 crores in 1990-1991 to Rs.280.43 crores in 1999-2000. In 1999-2000 general services contribute 20.67 per cent to the states own non-tax revenue.
Revenue from social services have increased from Rs.15.44 crores in 1990-1991 to Rs.229.64 crores in 1999-2000. It contributes 16.92 per cent of the states own non-tax revenue in 1999-2000.

Revenue from economic services has shown ups and downs during the reference period. Economic services share a revenue of 33.75 per cent to the states own tax revenue in 1999-2000.

Revenue from grants-in-aid from the centre has shown ups and downs during the reference period. It has increased from Rs.579.43 crores in 1990-1991 to Rs.1384.75 crores in 1999-2000. The compound growth rate of grants-in-aid is 138.98 per cent and per capita compound growth rate of grants-in-aid is 115.48 per cent.