

C H A P T E R - V
CONCLUSIONS AND SUGGESTIONS

CHAPTER-V**CONCLUSIONS AND SUGGESTIONS****5.1 INTRODUCTION :**

This chapter deals with the conclusions and suggestions. The conclusions are regarding the receipts and expenditure of the Government during the period under study. As state in earlier chapters the Government collects revenue from various sources, such as tax revenue and non-tax revenue. Tax revenue consists revenue collected from direct taxes as well as indirect taxes while non-tax revenue consists revenue collected from other sources exceptal taxes as stated in Chapter-III.

While studying the annual budgets of the Government the researcher has been considered particular taxes which contribute to extent in the revenue of the Government. Hence, the conclusions as well as suggestions on the revenue side are in respect to these particular taxes. On the other hand, while studying the expenditure side of the annual budget of the Government major items of the expenditure have taken into consideration. Hence, the conclusions and suggestions are relevent to those item only. In the present chapter the conclusions and suggestions are given as below.

5.2 TAX REVENUE OF CENTRAL GOVERNMENT :

1 The share of the total tax revenue in total revenue has increased during the period under study. In the year 1985-86 the total revenue of the Government was Rs. 42,740/- crores. Out of which Rs. 19,230/- crores were collected from total tax revenue. It means that, the percentage share of the total tax revenue in total revenue of the Government was 44.99%. In the year 1993-94 total revenue collected by the Government was Rs. 1,27,009/- crores out of which Rs. 62,730/- crores were collected from total tax revenue. The percentage share of total tax revenue to total revenue of the Government accounts upto 49.40% in the reference year.

2 The share of net income tax revenue to total tax revenue has increased during the period under study. In the year 1985-86 it was 2.18% which has increased upto 3.78% in 1993-94. But it is noticable thing that the percentage share of net income tax revenue to total tax revenue was 7.36% in the year 1991-92.

3 The percentage share of the total corporation tax to total tax revenue was 15.86 which has increased upto 16.74 in the year 1993-94. As compared to other direct taxes the corporation tax is a major tax which contributes to a greater extent in total tax revenue of the Government.

4 The percentage share of union excise duty to total tax revenue of the Government has been decreasing during the period under study. In the year 1985-86 the share of union excise duty to total tax revenue was 36.09%. But it has decreased upto 30.03% in 1993-94.

5 Custom duties are main source of the total tax revenue of the Government in the year 1985-86 the share of custom duties to total tax revenue was 42.49%. It has increased upto 44.20% in the year 1993-94. In the year 1988-89 it was 49.01% which was highest one during the period under study.

6 There is zigzag trend in the percentage share of other direct and indirect taxes to total revenue of the Government. Initially from 1985-86 to 1988-89 it has decreased from 3.80% to 3.06%. In the year 1991-92 the percentage share of other direct and indirect tax revenue to total tax revenue was 8.03. But thereafter it has decreased upto 5.40% in the year 1993-94.

5.3 NON TAX REVENUE OF CENTRAL GOVERNMENT :

1 The percentage share of non-tax revenue to total revenue was 14.25% in the year 1985-86 which has increased upto 19.03% in the year 1989-90. But thereafter it has decreased upto 16.90% in the year 1993-94. It means that there is zigzag trend in percentage share of non-tax

revenue to total revenue of the Government.

2 The total non-tax revenue of the Government has increased by 252.55% during the period under study. Though the share of total non-tax revenue to total revenue of the Government in absolute terms has increased its relative share i.e. percentage share in total revenue of the Government is nearly constant.

5.4 CAPITAL RECEIPT OF CENTRAL GOVERNMENT :

1 The total capital revenue of the Government has increased by 145.69% during the period under study.

2 Though the total capital revenue of the Government has increased during the period under study the percentage share of the total capital revenue to total revenue has decreased from 40.76% in 1985-86 to 33.70% in 1993-94.

3 1990-91 is the year in which the percentage share of total capital revenue to total revenue has increased upto 41.52%.

5.5 REVENUE EXPENDITURE OF CENTRAL GOVERNMENT :

1 Revenue expenditure of the Government has increased by 134.49% during the reference period.

2 Percentage share of total revenue expenditure to total expenditure has increased from 68.99% in 1987-88 to 77.55% in 1993-94.

3 There is increasing trend in the percentage share of total revenue expenditure to total expenditure of the Government except the year 1990-91 in which the percentage share has decreased upto 69.81%.

5.6 PLAN REVENUE EXPENDITURE OF CENTRAL GOVERNMENT :

1 Plan revenue expenditure of the Government has increased by 151.40% during the period under study.

2 There is decreasing trend in percentage share of total plan revenue expenditure to total revenue expenditure from 1987-88 to 1990-91. But it has increase from 1991-92 to 1993-94.

3 The percentage share of total plan revenue expenditure to total revenue expenditure was 22.15% in 1987-88 which has increased upto 23.75% in the year 1993-94.

5.7 NON-PLAN REVENUE EXPENDITURE OF CENTRAL GOVERNMENT :

1 Total non-plan revenue expenditure has increased by 129.69% during the reference period.

2 The percentage share of total non-plan revenue expenditure to total revenue expenditure varies from 76.22% to 82.77%.

3 The percentage share of total non-plan revenue expenditure to total revenue expenditure was highest in the year 1990-91. i.e. 82.77% while it was lowest in the year 1993-94 i.e. 76.25% during the reference period.

5.8 CAPITAL EXPENDITURE OF CENTRAL GOVT. :

1 The total capital expenditure of the Government has increased by 50.07% during the reference period.

2 There is decreasing trend in the percentage share of total capital expenditure to total expenditure of the Govt. during the reference period except the year 1990-91.

3 The percentage of total capital expenditure to total expenditure of the Govt. was 31.01% in 1987-88, which has decreased upto 22.45% in 1993-94.

4 The percentage share of total capital expenditure to total expenditure was highest in 1987-88 i.e. 31.01%, while it was lowest in the year 1993-94 i.e. 22.45%.

5.9 PLAN CAPITAL EXPENDITURE OF CENTRAL GOVT. :

1 Total plan capital expenditure of the Govt. has increased by 21.47% during the reference period.

2 The percentage share of total plan capital expenditure to total capital expenditure has decreased from 71.98% in 1987-88 to 57.87% in 1993-94. It means that there is decreasing trend in percentage share of total plan capital expenditure to total capital expenditure.

3 The total plan capital expenditure has decreased in 1991-92 by 2.13% over a previous year.

5.10 NON-PLAN CAPITAL EXPENDITURE OF CENTRAL GOVT.

1 Total non-plan capital expenditure of the Govt. has increased by 127.09% during the reference period (i.e. from 1987-88 to 1993-94).

2 The percentage share of total non-plan capital expenditure to total capital expenditure has been increasing in 1987-88 it was 28.02% which has increased upto 42.13% in 1993-94.

3 In the year 1990-91 the percentage share of total non-plan capital expenditure to total capital expenditure was highest duringg the reference period (I.e. 48.26%).

4 From 1990-91 the total non-plan capital expenditure of the Govt. has increased into greater extent than before.

5.11 DEFICITS IN INDIAN ANNUAL BUDGETS :

1 Revenue deficit of the Govt. has been continuously rising. It has increased by 199.37% during the period under study.

2 Initially budget deficit of the Govt. has increased from 1985-86 to 1990-91. But thereafter it is decreasing.

3 The fiscal deficit of the Govt. has been rising continuously during the period under study. It has

increased by 69.09% during the reference period.

5.12 GENERAL CONCLUSIONS :

1 During the period under study total revenue of the Govt. has increased into greater extent than total expenditure of the Govt. In the reference period the total revenue of the Govt. has increased by 197.17%, while the total expenditure of the Govt. has increased by 185.12%.

2 The growth of total non-tax revenue is greater than the growth of total tax revenue of the Govt. during the period under study. The non-tax revenue of the Govt. has increased by 252.55% while the tax revenue has increased by 226.26%.

3 During the period under study the growth of total revenue receipt is greater than the growth of total capital receipts of the Govt. The total revenue receipts of the Govt. has increased by 232.58% while the total capital receipts has increased by 145.69%.

4 The growth of total plan revenue expenditure of the Govt. is greater than the growth of total non-plan revenue expenditure of the Govt. during the reference period. The total plan expenditure of the Govt. has increased by 151.40% while the total non-plan revenue expenditure of the Govt. has increased by 129.68%.

5 During the period under study the growth of total non-plan capital expenditure of the Govt. is greater than the total plan capital expenditure of the Govt. The non-plan capital expenditure of the Govt. has increased by 127.09% while the total plan capital expenditure of the Govt. has increased by only 21.47%.

As observed and concluded above things we are going to suggest some measures as below :

5.13 SUGGESTIONS :

1 As compared to revenue collected from other taxes, share of revenue from income tax is quite meager. Hence, the share of revenue from income tax should be increased. It is required to widen the tax base. In order to this the taxable income slab should be restructured and the marginal tax rate should be reduced upto 5 to 10%. It will restrict the tax evasatory tendency of the people and the revenue from income tax will be increased.

2 Indirect taxes are of inflationary nature. Increase in direct taxes stimulate the price level in the economy. On the other hand these taxes play an important role in revenue of the Government considering these facts to control the price level in the economy the rates of indirect taxes in general and central excise duties in particular should be reduced and the necessaries should be totally exempted from the excise duties.

3 The custom duties drastically effect on the basis of the new Economic Policy the Govt. has reduced import duties to the greater extent. Consequently the Govt. is suffering revenue losses as well as domestic industries have to compete foreign industries and this will retard the progress of domestic industries.

4 The researcher observed that, during the period under study the non-plan capital expenditure has increased more than plan capital expenditure of the Govt. It means that the Govt. is spending more on defence, loans to public enterprises and the loans to states and union territories. It implies that the public enterprises as well as states and union territories are not financially too sound to meet their required expenditure. It leads to states and public enterprises indebtedness which is harmful to economy as a whole. Hence, it is suggested that the public enterprises should improve their efficiency in order to meet their financial requirement on one hand and on the other hand states should increase their revenue through the efficient administration.

5 It is observed that the budgetary deficit of the Govt. has been rising continuously during the period under study. The increasing budgetary deficit is financed by deficit financing which results into inflationary pressure in

the economy. Hence, at the end of the research the researcher suggest that in order to control this inflationary pressure in the economy the Govt. should minimise the budgetary deficit through curtailment in unnecessary subsidies, wasteful administrative expenditure and taxing the income generated from agriculture.