Article

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A study on revenue and expenditure position of the Government of India

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Abstract

Tax revenue and non-tax revenue are the major sources of the revenue receipt of the Government. Its volume is determined by the needs and policies of the Government. The Government expenditure is ever demanding and ever ending due to implementation of many populist programmes in the country that is, the expenditure is increasing due to expanding State activities which pilot to a change in government revenues with reasonable tax level. It is noted that the determination of public expenditure leads to consequent increase in tax burden within the community. This article attempts to analyse the revenue position of the Government of India during the post-reform periods and highlighting the Covid-19 periods.

Keywords: India, Tax revenue, non-tax revenue, government expenditure, post-reform, Capital receipts, disinvestment receipts, recovery of loans, eternal loans, revenue expenditure, capital expenditure, expenditure management.

INTRODUCTION

Revenue receipts of the government consist of tax revenue and non-tax revenue. Taxes are in the form of direct and indirect taxes. Tax revenue included proceeds of taxes and other duties levied by the Union government such as income tax, corporate tax, excise duty, customs duty, service tax, etc. The non-tax revenue consists of all receipts from sources other than taxes which come on account of administrative function of the government like interest, dividend, profit, fees, fines and external

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grants etc. Fiscal policies of a country consist of tax and government expenditure. Appropriate fiscal policy determines the level of output path and the growth rate.

The revenue sources of the Government are expanding but whether it is growing in consonance with public expenditure is debatable. It is because of the expanding State activities due to implementation of many populist programmes in the country. Adam Smith (1961) provides three reasons for public expenditure viz., protection against foreign invasion, law and order in the country and erecting and maintaining public institutions and public works. Wagner's law focused on increasing State activity and attempted to explicate the growth of public expenditure ((Mark Blaug, 1978). Pigou (1947) postulated that the higher the aggregate income of the community higher the government expenditure. However, he favoured for the distribution of expenditure "devoted to each of them yields the same return of satisfaction".

Peacock and Wiseman (1961) have argued that a change in government expenditure lead to a change in government revenues with tolerable tax level. They felt that, in situations of sudden war, natural disasters, or stagnation, will push expenditures and in turn increase the level of taxation.

Buchanan and Tullock (1962) have argued that majority vote tender to produce an oversupply of public services. The public services benefit a particular group while the tax is borne by all the people. To quote, "Any one voter will join in coalition with a majority of voters (say 51 out of 100) to gain support for their particular interests (e.g., an access road from their properties to a throughway). The marginal cost of the 51, however, will be only 51 percent of the total cost, since the 49 percent borne by the others (who have no interest in this road is disregarded. Thus oversupply results because part of the cost is imposed on non-beneficiaries".

The focal argument was "that government expenditure, at least in industrialising countries, must increase at faster rate than output; the law was based primarily on empirical observation of Western Europe (Cedric Sandford, 1983). He observed that social progress brought increasing State activity and demanded more government expenditure. He found three reasons for it viz., economic development and increasing division of labour made life more complex which require more resources on police and legal services; new technology and large scale production provided by public corporations; and increasing State activity in health and education also demands more allocation of resources. Moreover, his famous law predicting the growth of government services alongside the growth of national output.

Bauer and Yamey (1963) said that, "state intervention of some kind is indispensable because of indiscriminate benefits, on the ground that all economic activities are inter - related and inter - dependent". The functions of government includes: maintenance of law and order, expenditure yielding indiscriminate benefits, distribution of income and wealth, institutional framework, reform of land tenure, the consolidation of agricultural holdings, problems of resistance of economic change. Samuelson (1967) has differentiated between public and private goods. He said to provide such public goods; market principle need not be applied because in a democratic society... the ultimate justification of the governmental provision of public goods or other activities is the desire of the members of society for such goods and activities, rather than an authorisation determination that such action is desirable (J.F.Due and A.F.Friedlaunder). Musgrave (1976), in his pioneering work, emphasised that the public expenditure in relation to GNP, national income and personal income. The study shows that for providing public goods and public welfare, the public expenditure is inevitable for the governments.

Lindahl's voluntary exchange theory noted that, "the determination of public expenditure in connection with the distribution of the corresponding tax burden among the groups within the

community. The distribution ratio for tax burden is similar to that of prices in the adjustment between supply and demand in any ordinary market" (Jesse Burkhead and Jerry Miner, 1971). Friedman's (1978) tax-and-spend hypothesis suggests that increases in tax revenues lead to increases in government spending and therefore worsening budget deficits.

Thirunavukkkarasu (1999) opined that the new economic policy is advocated for a reduced government spending to control the fiscal deficit in India. The high spending on social services are indispensable due to poverty, illiteracy health and hygienic and other social factors. He compared the social sector expenditure in Tamil Nadu during the pre and post reform period. He also emphasized that the Government of Tamil Nadu has accorded a high priority in the expenditure on the social service. The component wise - expenditure on social services included education, sports and Youth Services, art and culture medical and Public health, family welfare, water supply and sanitation, housing, urban development, welfare of water supply and sanitation, housing urban development, welfare or scheduled caste, scheduled tribes, backward class and others, labour and employment, Social Sovereignty and welfare, nutrition, natural calamities and other Social services.

S.K. Thorat et.al., (2000) and others have used simultaneous equation model to estimate the direct and indirect effects of different types of government expenditure on rural poverty and productivity growth in India by covering the period of 1970-93. The study found that the government expenditure on agricultural research and development and irrigation, rural infrastructure including roads and electricity, and rural development targeted directly to the rural and growth in agricultural productivity. Further, additional public spending on rural roads, education, community development, IRDP and irrigation investments have positively contributed to reduce poverty in the study area.

Deepak S. Parek (2000) states that "The emergence of social infrastructure sector as a driver of economic growth will fundamentally change the structure of the economy and the matter in which competitiveness and the market development will be established. To my mind, it is imperative that the second phase of economic reform focuses on the rapid development of India's social infrastructure, including addressing issues in relation to equity of access across the socio-economic spectrum. Our failure to seize this opportunity will result in India frittering away a unique opportunity to significantly improve the economic and social well being of its people".

Baghestani and McNown's (1994) theory states that the taxation and expenditure are independent from each other and works in opposite directions. Baghestani and McNown (1994) study shows that with regard to USA the expenditure and income decisions are independent from each other and support the institutional difference theory that taxes are not related to government expenditure. Micheal Bleany, Norman Gemmell, and Richard Kneller (2001) by using OECD data set it is found that when 'financed by non-productive expenditure and non-distortionary taxation, productive expenditure raises growth and distortionary taxes reduce it, in accordance with the Prediction of Barro model (1990)'.

Yinusa et al. (2017) have applied asymmetric cointegration test with TAR and MTAR models and found existence of relationship between revenues and expenditures. Irandoust (2018) has analysed government spending and government revenues for Sweden from 1722 to 2011 and found a bidirectional causal relationship between government spending and government income during the periods in the country. Mutinta Champita (2016) study by using Granger causality tests found that causality is running from government expenditure to government revenue. Temel Gurdal, Mucahit Aydin, and Veysel Inal (2021) have found 'positive effects of the taxation policies in the G7 countries on economic growth and government expenditure are indicative of the fact that their taxation policies are in line with their financial purposes. The taxation policies to be implemented on

the basis of the economic conjuncture of countries are a powerful financial tool, with the potential to serve the economic objectives to be achieved'.

With these an attempt is made in this article to study and analyse the revenue position of the Government of India during the post-reform periods and highlighting the Covid-19 periods.

Table 1: Major Components of Receipts of Government of India from 1991-92 to 2020-2021(₹ Crore)

Year	Tax revenue (net)	Direct tax (net)	of which		Indirect tax	of which		Non-tax revenue	Interest receipts	Revenue receipts (2+9)	Capital receipts	Total receipts (11+12)
			Personal income tax	Corporation tax		Excise duties	Customs duties					
1	2	3	4	5	6	7	8	9	10	11	12	13
1991-92	50069	10103	1627	7853	39966	16017	22257	15961	10933	66030	38528	104558
1992-93	54044	12075	1831	8899	41969	16367	23776	20084	12487	74128	36178	110306
1993-94	53449	12522	1355	10060	40927	17224	22193	22004	15078	75453	55440	130893
1994-95	67454	18409	3468	13822	49045	21064	26789	23629	15797	91083	68695	159778
1995-96	81939	22287	4318	16487	59652	22176	35757	28191	18419	110130	58338	168468
1996-97	93701	25374	4715	18567	68326	23463	42851	32578	22106	126279	61544	187823
1997-98	95672	27172	3589	20016	68500	25516	40193	38214	25323	133886	99077	232963
1998-99	104652	32120	5760	24529	72532	28581	40668	44833	30076	149485	130064	279549
1999-00	128271	41436	9131	30692	86836	34944	48419	53211	33895	181482	115707	297189
2000-01	136658	49651	23766	25177	87007	49758	34163	55947	32811	192605	134184	326789
2001-02	133532	47703	22106	25133	85828	54469	28340	67774	35538	201306	162500	363806
2002-03	158544	61612	27779	33893	96932	62388	31898	72290	37622	230834	180531	411365
2003-04	186982	76590	30765	45706	110392	70245	34586	76831	38538	263813	211333	475146
2004-05	224798	95944	35443	60289	128854	77241	41811	81193	32387	305991	200391	506382
2005-06	270264	120692	45238	75187	149572	86642	46645	76813	22032	347077	179549	526626
2006-07	351182	169738	62707	106701	181444	92651	62819	83205	22524	434387	144482	578869
2007-08	439547	231574	86563	144660	207972	96178	75382	102317	21060	541864	197978	739842
2008-09	443319	248152	86985	160797	195169	81872	69217	96940	20717	540259	299863	840122
2009-10	456536	271623	94532	176797	184913	84383	60223	116275	21784	572811	453063	1025874
2010-11	569868	313501	102441	209115	256367	110222	97598	218602	19734	788471	402428	1190899
2011-12	629764	343310	118224	227411	286454	116226	105614	121672	20252	751437	568918	1320355
2012-13	741877	396585	140438	255570	345292	141245	115890	137354	20761	879232	582152	1461383
2013-14	815854	455829	169408	285742	360025	137975	121059	198870	21868	1014724	563894	1578618
2014-15	903615	500531	188336	311453	403085	153709	127994	197766	23734	1101381	484448	1585829
2015-16	943765	449296	172748	275917	494469	220473	128829	251260	25378	1195025	582579	1777604
2016-17	1101372	521287	225214	295960	580085	286088	135372	272831	16229	1374203	609886	1984089
2017-18	1242488	606216	258461	347712	636272	211393	78601	192745	13574	1435233	702650	2137883
2018-19	1317211	723492	303508	419953	593719	204021	75231	235704	12145	1552916	763518	2316434
2019-20	1504587	747046	358048	388991	757541	218217	78735	345513	11027	1850100	848450	2698551
2020-21	1635909	853512	413716	439788	782397	235021	89055	385017	11042	2020926	1074306	3095233

Source : Budget documents of the Government of India and Finance Accounts (various issues), as given in RBI websites and accessed on 26.12.2020.

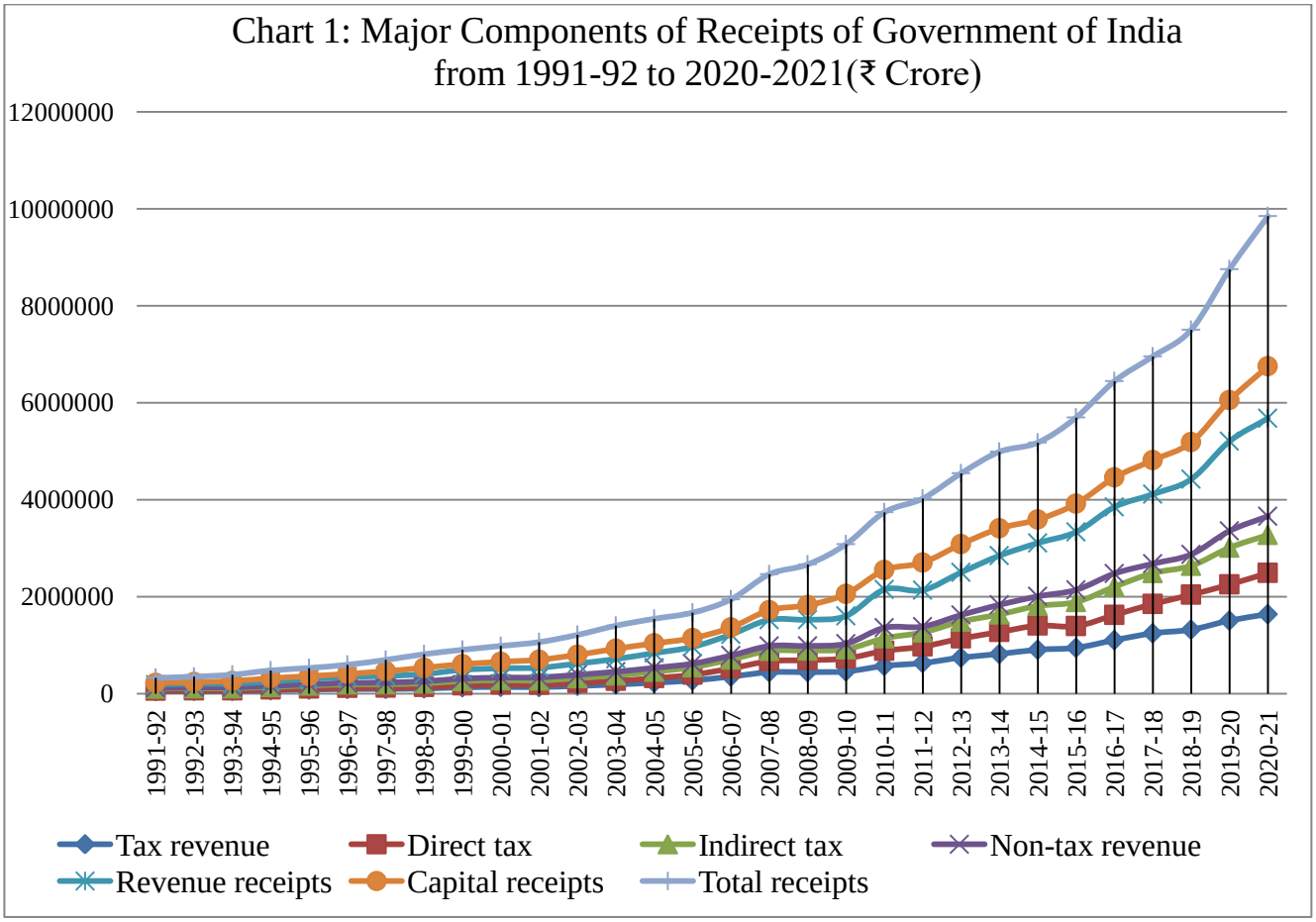


Table 1 and Chart 1 shows that the various components of receipts of the Government of India during the post-reform periods indicate an increasing trend from 1991-92 to 2020-2021 with wide variation from 2016-17 onwards. Tax net revenue has increased by 3267.31 percent, net direct tax by 8460.196 percent, indirect tax by 1957.66 percent, non-tax revenue by 2412.24 percent, revenue receipt by 3030.62 percent, capital receipt by 2788.38 percent and total receipt by 2960.30 percent from 1991 to 2021. This is endorsed by the Pearson correlation values given in table 3 which portrays that all the values are highly significant 0.01 percent level. The Pearson correlation value is 0.999 between tax revenue and revenue receipts.

Table 3: Correlations between major Components of Receipts of Government of India from 1991-92 to 2020-2021

		Tax revenue	Direct tax	Indirect tax	Non-tax revenue	Revenue receipts	Capital receipts	Total receipts
Tax revenue	Pearson Correlation	1	.996**	.995**	.958**	.999**	.972**	.996**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	30	30	30	30	30	30	30
Direct tax	Pearson Correlation	.996**	1	.981**	.950**	.994**	.976**	.994**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	30	30	30	30	30	30	30
Indirect tax	Pearson Correlation	.995**	.981**	1	.956**	.994**	.958**	.988**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	30	30	30	30	30	30	30
Non-tax revenue	Pearson Correlation	.958**	.950**	.956**	1	.971**	.942**	.967**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	30	30	30	30	30	30	30
Revenue receipts	Pearson Correlation	.999**	.994**	.994**	.971**	1	.973**	.997**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	30	30	30	30	30	30	30
Capital receipts	Pearson Correlation	.972**	.976**	.958**	.942**	.973**	1	.988**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	30	30	30	30	30	30	30
Total receipts	Pearson Correlation	.996**	.994**	.988**	.967**	.997**	.988**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	30	30	30	30	30	30	30

**. Correlation is significant at the 0.01 level (2-tailed).

Capital Receipts of Government

Capital receipts are loans of the government from the public, foreign countries and institutions, RBI, recovery of loans given by the Centre to states etc. Table 4 presents the major heads of capital receipts of Government of India from 1991-92 to 2020-2021. The data explains that the net market borrowings by 6001.704 percent, small savings by 4244.78 percent, provident funds by 797.17 percent, recovery of loans by 248.58 percent, disinvestment receipts by 6867.23 percent, and total capital receipts by 2788.38 percent from 1991-92 to 2020-2021, but net external loans declined by 85.63 percent during the same periods and special deposits stopped after 2005-06.

Table 4: Major Heads of Capital Receipts of Government of India from 1991-92 to 2020-2021(₹ Crore)

Year	Market borrowings (net)	Small savings	Provident funds	Special deposits	Recovery of loans	Disinvestment receipts	External loans (net)	Total capital receipts
1	2	3	4	5	6	7	8	9
1991-92	7510	5654	2258	6670	6021	3038	5421	38528
1992-93	3676	4373	2952	7144	6356	1961	5319	36178
1993-94	28928	7157	3716	7568	6191	-48	5074	55440
1994-95	20326	14447	4134	8262	6345	5078	3582	68695
1995-96	34001	10104	4918	5295	6505	362	318	58338
1996-97	19093	12174	5417	6162	7540	380	2987	61544
1997-98	32499	20463	8417	7905	8318	912	1091	99077
1998-99	68988	33035	5737	8130	10633	5874	1920	130064
1999-00	62076	8979	6579	6526	10131	1724	1180	115707
2000-01	73431	8316	4922	8452	12046	2125	7505	134184
2001-02	90812	8755	4173	8070	16403	3646	5601	162500
2002-03	104126	-	4621	9326	34191	3151	-11934	180531
2003-04	88870	-	4892	110	67165	16953	-13488	211333
2004-05	50939	-	5310	-5750	62043	4424	14753	200391
2005-06	106241	-	5545	487	10645	1581	7472	179549
2006-07	114801	-	5178	-	5893	534	8472	144482
2007-08	130600	-11302	3897	-	5100	38795	9315	197978
2008-09	246975	-1302	8041	-	6139	566	11015	299863
2009-10	394371	13256	16056	-	8613	24581	11038	453063
2010-11	326399	11233	12514	-	12420	22846	23556	402428
2011-12	484111	-10302	10804	-	18850	18088	12448	568918
2012-13	507445	8626	10920	-	15060	25890	7201	582152
2013-14	475626	12357	9753	-	12497	29368	7292	563894
2014-15	457617	32226	11920	-	13738	37737	12933	484448
2015-16	414931	52465	11858	-	20835	42132	12748	582579
2016-17	338149	67435	17745	-	17630	47743	17997	609886
2017-18	450728	102628	15799	-	15633	100045	7931	702650
2018-19	422735	125000	16059	-	18052	94727	5519	763518
2019-20	473972	240000	18000	-	16604	65000	4933	848450
2020-21	544870	240000	18000	-	14967	210000	4622	1074306

Source : Budget documents of the Government of India, as given in RBI websites and accessed on 26.12.2020.

Expenditure of Government of India

The Government of India's major heads of expenditure as given in Table 5 shows that the revenue expenditure increased by 3196.11 percent, capital expenditure increased by 1415.03 percent, and total expenditure increased by 2730.56 percent from 1991-92 to 2020.2021.

Table 5: Major Heads of Expenditure of Government of India from 1991-92 to 2020-2021(₹ Crore)

Year	Revenue expenditure	of Which			Capital expenditure (7+8)	Loans and advances	Capital outlay	Defence expenditure	Total expenditure (2+6)
		Defence expenditure	Interest payments	Subsidies					
1	2	3	4	5	6	7	8	9	10
1991-92	82292	11442	26596	12253	29122	17723	11043	4905	111414
1992-93	92702	12109	31075	10824	29916	16297	13385	5473	122618
1993-94	108169	14978	36741	11605	33684	20454	13089	6867	141853
1994-95	122112	16426	44060	11854	38627	23736	14891	6819	160739
1995-96	139861	18841	50045	12666	38414	24316	14099	8015	178275
1996-97	158933	20997	59478	15499	42074	27878	14196	8508	201007
1997-98	180335	26174	65637	18540	51718	34193	17526	9104	232053
1998-99	216461	29861	77882	23593	62879	44037	18841	10036	279340
1999-00	249078	35216	90249	24487	48975	24938	24037	11855	298053
2000-01	277839	37238	99314	26838	47753	23008	24745	12384	325592
2001-02	301468	38059	107460	31210	60842	34284	26558	16207	362310
2002-03	338713	40709	117804	43533	74535	31668	29101	14953	413248
2003-04	362074	43203	124088	44323	109129	28768	34150	16863	471203
2004-05	384329	43862	126934	45957	113331	28910	52338	31994	498252
2005-06	439376	48211	132630	47522	66362	11337	55025	32338	505738
2006-07	514609	51682	150272	57125	68778	8524	60254	33828	583387
2007-08	594433	54219	171030	70926	118238	11298	106940	37462	712671
2008-09	793798	73305	192204	129708	90158	14107	76051	40918	883956
2009-10	911809	90669	213093	141351	112678	15647	97031	51112	1024487
2010-11	1040723	92061	234022	173420	156605	24985	131619	62056	1197328
2011-12	1145785	103011	273150	217941	158580	20737	137843	67902	1304365
2012-13	1243514	111277	313170	257079	166858	20800	146058	70499	1410372
2013-14	1371772	124374	374254	254632	187675	19198	168478	79125	1559447
2014-15	1466992	136807	402444	258258	196681	29218	167463	81887	1663673
2015-16	1537761	145937	441659	264106	253022	26337	226685	79958	1790783
2016-17	1690584	165410	480714	234809	284610	36810	247800	86371	1975194
2017-18	1878833	186127	528952	224455	263140	18027	245113	90445	2141973
2018-19	2007399	195572	582648	222954	307714	28221	279492	95231	2315113
2019-20	2349645	205902	625105	263557	348907	27331	321576	110394	2698552
2020-21	2630145	209319	708203	262109	412085	31763	380322	113734	3042230

Source: Budget documents of the Government of India, as given in RBI websites and accessed on 26.12.2020.

Chart 2: Total capital receipts and total expenditure of the Government of India from1991-92 to 2020-2021(₹ Crore)

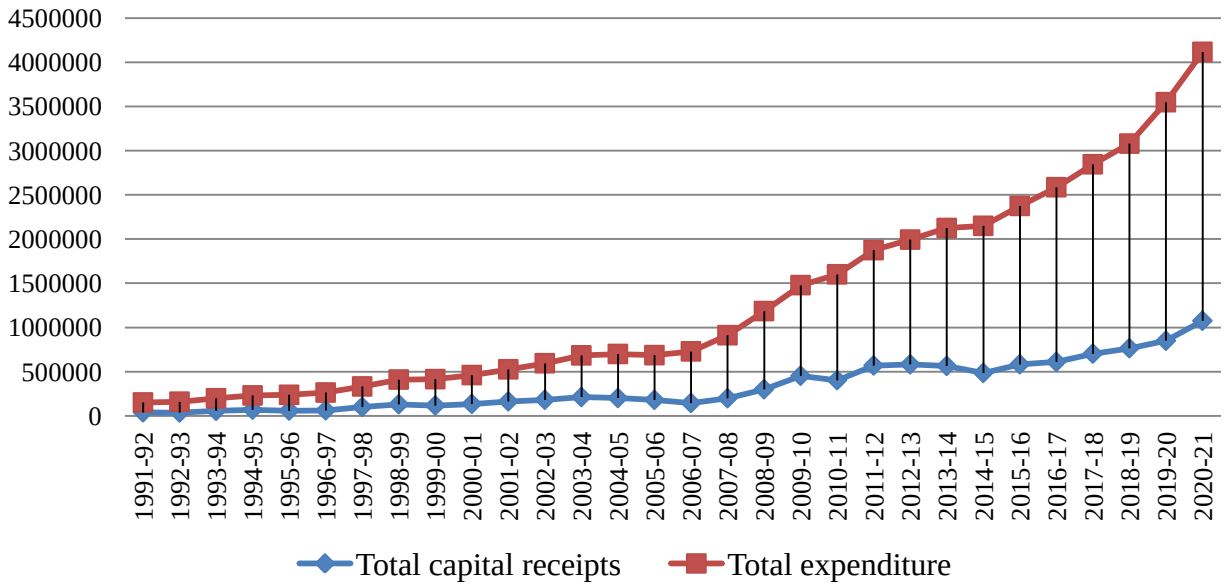


Chart 2 shows the total capital receipts and total expenditure of the Government of India from 1991-92 to 2020-2021. The gap between total capital receipts and total expenditure are widening between them from 2006-07 onwards and the total expenditure moves away far more than total capital receipts. This is not a good sign revenue and expenditure management in our country. It is all the more worse during the Covid-19 periods. The Karl Pearson correlation coefficient between them is 0.986 which highly significant at one percent level (Table 6).

Table 6: Correlations between Total capital receipts and total expenditure of the Government of India from1991-92 to 2020-2021

		Total capital receipts	Total expenditure
Pearson Correlation	Total capital receipts	1.000	.986
	Total expenditure	.986	1.000
Sig. (1-tailed)	Total capital receipts	.	.000
	Total expenditure	.000	.
N	Total capital receipts	30	30
	Total expenditure	30	30

Table 7: Gross Fiscal Deficit and Financing of Government of India from 1991-92 to 2020-2021(₹ Crore)

Year	GFD receipts	GFD expenditure	Gross fiscal deficit (3-2)	Financing of GFD				
				External finance	Internal finance			
					Market borrowings	Other borrowings	Draw down of cash balances	Total (6+7+8)
1	2	3	4	5	6	7	8	9
1991-92	69069	105394	36325	5421	7510	16539	6855	30904
1992-93	76089	116262	40173	5319	3676	18866	12312	34854
1993-94	75405	135662	60257	5074	28928	15295	10960	55183
1994-95	96691	154394	57703	3582	20326	32834	961	54121
1995-96	111527	171770	60243	318	34001	16117	9807	59925
1996-97	126734	193468	66733	2987	19093	31469	13184	63746
1997-98	134798	223735	88937	1091	32499	56257	-910	87846
1998-99	155359	268707	113349	1920	68988	42650	-209	111429
1999-00	183206	287922	104716	1180	62076	40597	864	103537
2000-01	194730	313546	118816	7505	73431	39077	-1197	111311
2001-02	204952	345907	140955	5601	90812	46038	-1496	135354
2002-03	233985	379057	145072	-11934	104126	50997	1883	157006
2003-04	280765	404038	123273	-13488	88870	51833	-3942	136761
2004-05	310415	436209	125794	14753	50940	61562	-1461	111041
2005-06	348658	495093	146435	7472	106241	53610	-20888	138963
2006-07	434921	577494	142573	8472	114801	14782	4517	134101
2007-08	580659	707571	126912	9315	130600	14168	-27171	117597
2008-09	540825	877817	336992	11015	246975	35168	43834	325977
2009-10	597392	1015874	418482	11038	394371	14460	-1386	407444
2010-11	811317	1184908	373591	23556	326399	17206	6430	350035
2011-12	769525	1285515	515990	12448	484111	35421	-15990	503542
2012-13	905122	1395312	490190	7201	507445	26556	-51012	482989
2013-14	1044092	1546950	502858	7292	475626	39111	-19171	495566
2014-15	1139209	1649935	510725	12933	457617	-37485	77752	497884
2015-16	1237157	1769948	532791	12748	414931	91942	13170	520043
2016-17	1421946	1957564	535618	17997	338149	188368	-8895	517622
2017-18	1535278	2126340	591062	7931	450728	128312	4091	583131
2018-19	1647642	2297060	649418	5519	422735	222485	-1321	643899
2019-20	1915100	2681948	766846	4933	473972	287941	0	761913
2020-21	2230926	3027263	796337	4622	544870	299849	-53003	791715

Source: Budget documents of the Government of India, as given in RBI websites and accessed on 26.12.2020.

Table 7 portrays the Gross Fiscal Deficit and Financing of Government of India from 1991-92 to 2020-2021 which shows that the GFD receipts has increased by 3229.996 percent, GFD expenditure increased by 2872.33 percent and it has increased the Gross Fiscal Deficit by 2192.26 percent over the post reform periods. The Karl Pearson correlation coefficient between GFD receipt and GFD expenditure is 0.997052 and R^2 value is 0.8792.

Simple regression results between GFD expenditure (y) on GFD receipt is given in the following Table 8. This result is as given below:

$y=46649.31+1.377X$ ……. (1)

This explains that one rupee on GFD receipt increases the GFD expenditure by Rs.1.377. Further, even if GFD receipt is zero the GFD expenditure will be Rs.46,649.31 and the F value is highly significant.

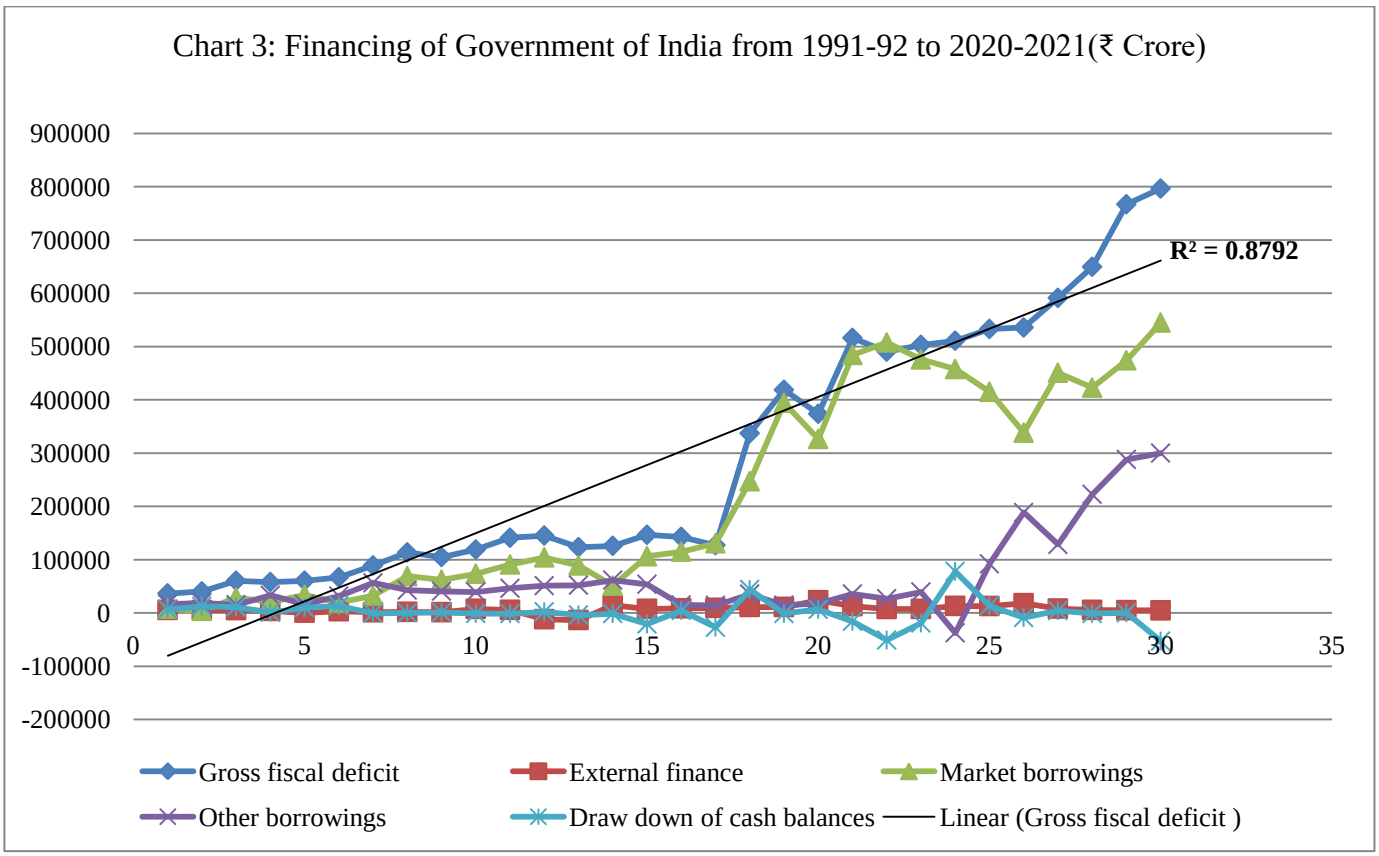
Table 8: SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.997052
R Square	0.994113
Adjusted R Square	0.993903
Standard Error	66116.55
Observations	30

ANOVA

	df	SS	MS	F	Significance F
Regression	1	2.07E+13	2.07E+13	4728.589	8.99E-33
Residual	28	1.22E+11	4.37E+09		
Total	29	2.08E+13			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	46649.31	17709.97	2.634071	0.013587	10372.09	82926.53	10372.09	82926.53
GFD receipts	1.377041	0.020025	68.76474	8.99E-33	1.336021	1.418062	1.336021	1.418062



Multiple regression (step wise in the same order as given in the equation) of the following form has been used to test the relationship among GFD, external finance, market borrowing, other borrowings and draw down of cash balances.

$Y = a+b_1x_1 + b_2x_2 + b_3x_{3+} b_4x_4$

Where

Y=GFD

a=constant

x_1=external finance

x_2=market borrowing

x_3=other borrowings

x_4=draw down of cash balances

b_1, b_2, b_3 and b_4 are coefficients.

The results of the regression coefficients are given in the following Table 9.

Table 9: Multiple regression Coefficients[a] among GFD

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	214155.544	55912.079		3.830	.001
	External finance	11.838	5.781	.361	2.048	.050
2	(Constant)	32255.265	19778.402		1.631	.115
	External finance	-.911	1.876	-.028	-.486	.631
	Market borrowings	1.206	.071	.973	17.007	.000
3	(Constant)	5576.064	6922.270		.806	.428
	External finance	1.437	.653	.044	2.199	.037
	Market borrowings	.991	.028	.799	35.214	.000
	Other borrowings	.901	.062	.302	14.529	.000
4	(Constant)	1.703	3.708		.459	.650
	External finance	1.000	.000	.030	2868.666	.000
	Market borrowings	1.000	.000	.807	67043.573	.000
	Other borrowings	1.000	.000	.335	29088.312	.000
	Draw down of cash balances	1.000	.000	.098	9638.331	.000

a. Dependent Variable: Gross fiscal deficit

The step wise multiple regression analysis results between GFD and financing of GFD variables like external finance and internal finance (market borrowings, other borrowings and draw down of cash balances) is given in Table 9. Highly influencing parameter is external finance on GFD which comes in Model 1 and the result is as given below:

$Y=214155.54+11.838\ x_1$…….(2)

The regression coefficients of model one for external finance is 11.838 which explains that one rupee increase in external finance will increase the GFD by Rs.11.84. Therefore, financing the GFD through external finance must be dropped in accordance the policy formulation as enshrined in our New Economic Policy. In model three, the regression coefficients of the external finance is 1.437, market borrowing is 0.991, for other borrowings is 1.206 and for draw down of cash balances is 0.901.

CONCLUSION

In India, the tax net revenue has increased by 3267.31 percent, non-tax revenue by 2412.24 percent, revenue receipt by 3030.62 percent, capital receipt by 2788.38 percent and total receipt by 2960.30 percent from 1991 to 2021. The capital receipts from 1991-92 to 2020-2021 shows that the net market borrowings increased by 6001.704 percent, recovery of loans by 248.58 percent, disinvestment receipts by 6867.23 percent, and total capital receipts by 2788.38 percent from 1991-92 to 2020-2021, but net external loans declined by 85.63 percent during the same periods. The revenue expenditure increased by 3196.11 percent, capital expenditure increased by 1415.03 percent, and total expenditure increased by 2730.56 percent from 1991-92 to 2020.2021.

Revenue receipts and revenue expenditure are recurring expenses of the government. The total expenditure in 2021-22, is expected Rs 34,83,236 crore, which is one percent more than the revised estimate of 2020-21 and it has increased at an annual rate of 14 percent over 2019-20. The interest payments is Rs 8,09,701 crore in 2021-22, which is 17 percent higher than the revised estimate of 2020-21. In 2021-22, the total expenditure on subsidies is estimated to be Rs 3,69,899 crore, an annual increase of 19 percent over 2019-20. The total expenditure on subsidies is estimated to be Rs 3,69,899 crore in 2021-22 with an annual increase of 19 percent over 2019-20. This is largely due to a higher allocation to food subsidy (Rs 2,42,836 crore in 2021-22 with a 49 percent annual increase as compared to 2019-20), followed by fertiliser subsidy (Rs 79,530 crore in 2021-22 which is one percent annual decrease as compared to 2019-20), petroleum subsidy (40 percent decrease from 2019-20 to 2021-22) and so on. The gap between total capital receipts and total expenditure are widening from 2006-07 onwards. The total expenditure moves away far more than total capital receipts and it is very bad due to the Covid-19. The commendable economic growth achieved by the Indian economy during the reform periods has been slowed down by the unexpected attack of Covid-19. The economic situation is worsened by the consequent waves of the pandemic and entire gamut of Government machinery is put into action only to contain the spread of the killer virus with huge recovery packages.

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