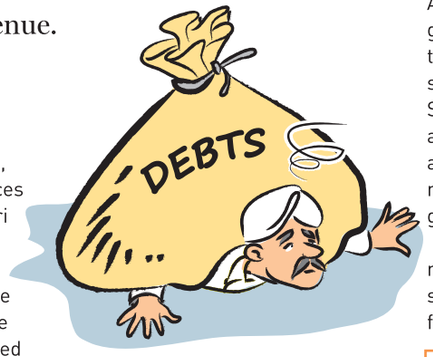
Infographics by V. Srinivasan

Rising burden

Several States are hamstrung by increasing interest payments and many are staring at shrinking avenues for boosting revenue.

By **RAMESH CHAKRAPANI**



RISING interest payments are a common feature for several States, according to a study of State finances by Roopal Suhag and Suyash Tiwari of PRS, a New Delhi-based think tank, in November 2018.

Maharashtra has been topping the list for the past five years, while the Budget Estimate for 2016-17 showed that the top 12 States all had interest payments in excess of Rs.10,000 crore.

For 2016-17, Uttar Pradesh was at second spot, followed by West Bengal, Tamil Nadu and Rajasthan. The total burden on all States rose from Rs.150,470 crore in 2012-13 to an estimated Rs.254,249 crore in 2016-17.

According to the NITI Aayog's revised estimate for 2015-16, Maharashtra was the topper in own tax revenue, with an estimated Rs.1,30,580 crore for 2015-16, followed by Tamil Nadu, Uttar Pradesh, Karnataka and Gujarat. The own tax revenue generated by all States rose from Rs.5,57,400 crore in 2011-12 to Rs.9,32,210 crore in 2015-16.

The PRS study said that in 2018-19, Goa, Haryana, Punjab, Kerala, Rajasthan, Jharkhand, Chhattisgarh, Assam, and Odisha expected to generate more than 10 per cent of their revenue through non-tax sources. The major sources for the States are interest receipts, police and administration (including fines and fees), lotteries, royalties from mining industries and revenue generated from other industries.

In Goa, 66 per cent of the non-tax revenue is expected to come from the sale of electricity and 12 per cent from mining industries.

PART 2 OF A SERIES

Avenues for generation of non-tax revenue

In 2018-19, Goa, Haryana, Punjab, Kerala, Rajasthan, Jharkhand, Chhattisgarh, Assam, and Orissa expect to generate more than 10% of their revenue through non-tax sources.

Major sources are a) interest receipts, b) police and administration (including fines and fees) and lotteries and c) royalties from mining industries and revenue generated from other industries.

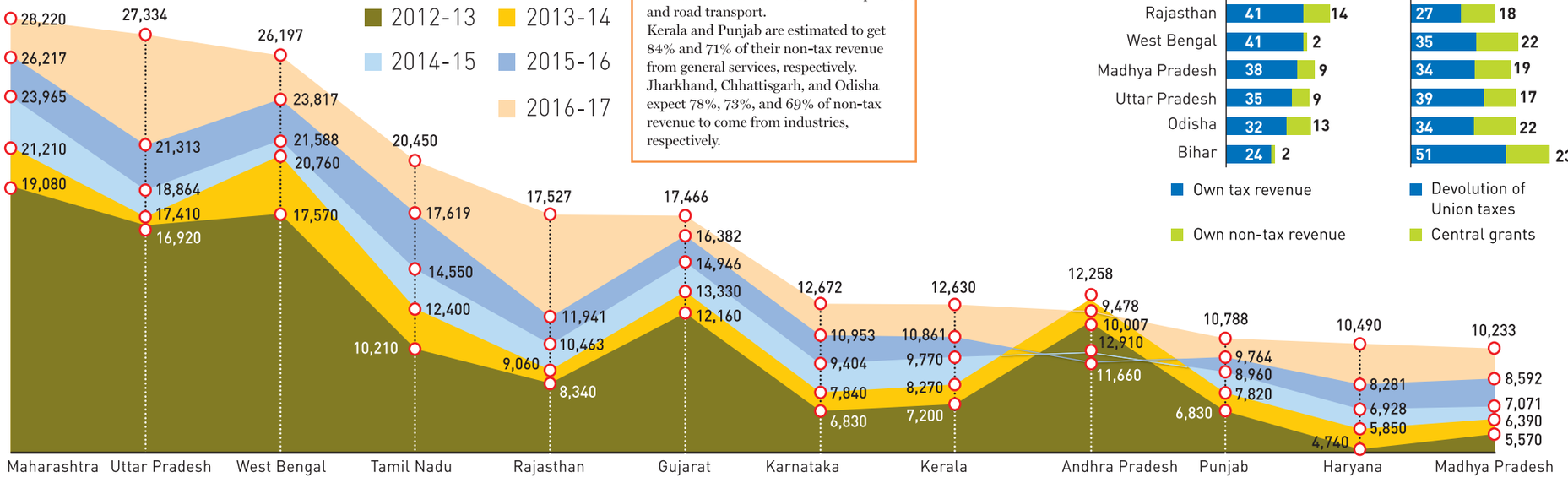
In Goa, 66% of non-tax revenue is expected to come from sale of electricity and 12% from mining industries.

Haryana expects to generate 53% of non-tax revenue from urban development and road transport.

Kerala and Punjab are estimated to get 84% and 71% of their non-tax revenue from general services, respectively.

Jharkhand, Chhattisgarh, and Odisha expect 78%, 73%, and 69% of non-tax revenue to come from industries, respectively.

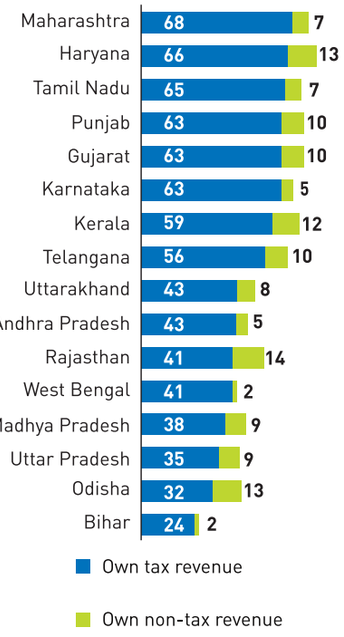
Top States in interest payments (Rs.crore)



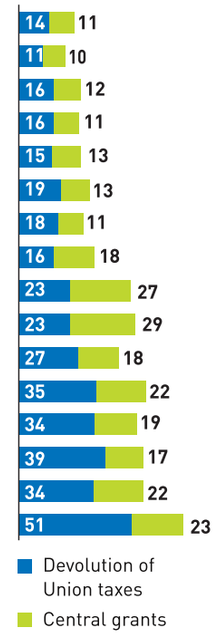
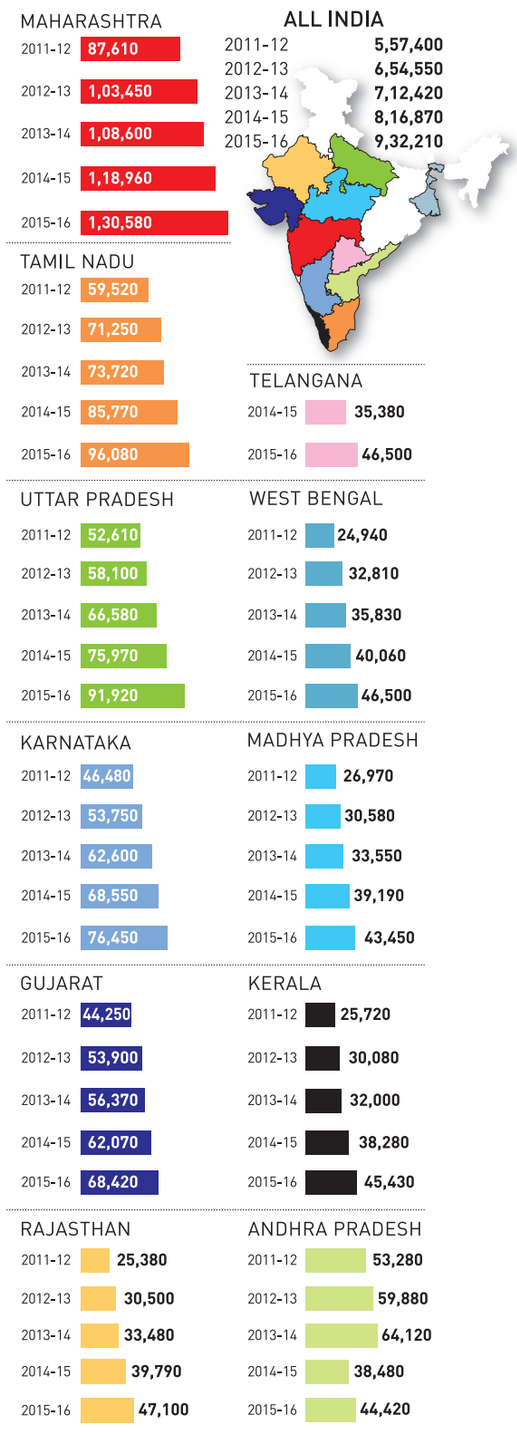
Spending on social sector (Rs.crore)

State	2011-12	2012-13	2013-14	2014-15	2015-16 (RE)
Top spenders					
Uttar Pradesh	59,720	67,440	76,560	1,02,240	1,16,170
Maharashtra	61,130	70,030	78,200	1,00,320	1,10,020
Big spenders					
Tamil Nadu	41,900	46,750	55,120	68,280	70,980
Rajasthan	27,850	33,700	41,900	59,940	67,370
West Bengal	35,610	40,100	45,580	59,220	62,630
Madhya Pradesh	27,130	33,370	35,740	57,530	59,290
Gujarat	30,350	38,060	41,880	51,980	57,900
Karnataka	32,370	37,830	41,590	56,740	57,450
Bihar	24,050	30,740	34,920	67,080	56,140
Andhra Pradesh	45,400	49,440	53,740	46,150	52,450
Telangana	-	-	-	46,440	51,130
All States	**5,23,570**	**6,02,940**	**6,79,200**	**9,82,150**	**10,49,780**

Composition of States' own revenue (2011-19)



Composition of Central transfers to States (2011-19)



Top States in own tax revenues (Rs.crore)