

**TRENDS, DETERMINANTS AND CONSTRAINTS
OF NON-TAX REVENUE IN MIZORAM**

**A DISSERTATION SUBMITTED FOR THE AWARD OF THE
DEGREE OF MASTER OF PHILOSOPHY IN ECONOMICS**

BY

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TO

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CERTIFICATE

This is to certify that the dissertation entitled “**Trends, Determinants and Constraints of Non Tax Revenue in Mizoram**” by Shri. Joseph Lalrinawma has been written under my guidance.

The dissertation is the result of his investigation into the subject. This dissertation was never submitted to any other University for any research degree.

II

DECLARATION

I, **Joseph Lalrinawma**, do hereby declare that the subject matter of this dissertation did not form basis of the award of any previous degree to me or to do the best of my knowledge to anybody else, and that the dissertation has not been submitted by me for any research degree in any other University/Institute.

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GAG	Comptroller Auditor General
OECD	Organization for Economic Co-Operation and Development
IRDP	Interest Receipts, Dividends, Profits
PSC	Public Service Commission
PWD	Public Works Department
CPF	Contributory Provident Fund
ESIC	Employee State Insurance Corporation
ESAC	Education, Sports, Art and Culture
km	Kilometer
sq.km	Square Kilometer
GDP	Gross Domestic Product
GSDP	Gross State Domestic Product
FFC	Fourteenth Finance Commission
NITI	National Institute for Transforming India
NTR	Non Tax Revenue
ONTR	Own Non Tax Revenue
NTRR	Non Tax Revenue Receipts
SOTR	State Own Tax Revenue Receipts
SONTR	State Own Non Tax Revenue Receipts
VAT	Value Added Tax

CHAPTER – I

INTRODUCTION

1.1 INTRODUCTION

In modern world, to achieve economic growth and development, it is the responsibility of the State to promote the welfare of its citizens as a whole, as members of families, and as members social classes. The State exists and functions for the sake of human beings. It attains this end primarily by safeguarding those interests that are common to all the persons under its jurisdiction; for example, by resisting foreign invasion and protecting life and property and if the State stops at this point it will leave unprotected not only many individual interests, but many elements of the common good, many aspects of the general welfare. So, if the State neglect the integrity of the family or the prosperity of any considerable social class, it will sooner or later injure society as a whole. To take care of these interests is what the State is obligated for.

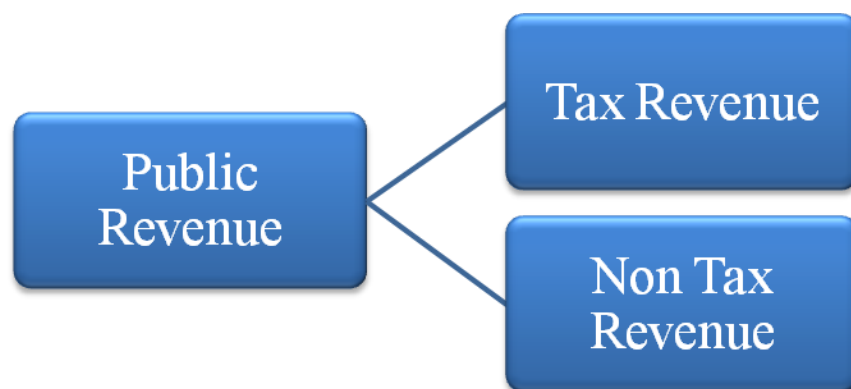
Modern Governments need to perform various functions in the field of political, social & economic activities to maximize social and economic welfare. In the federal system of India, the State is vested with an important responsibilities and duties by the Constitution on the line of accelerating and maintaining economic growth and development. The State is obliged to safeguard the individual's rights to life, liberty, property, livelihood, good name, and spiritual and moral security. Therefore, the State is assigned with

numerous important functions in the field of public works, public education, public charity, public health, public safety, public morals and public religion. In order to perform these duties and functions, the State's Government requires a large amount of resources. These resources are called Public Revenues. The ability of the State to perform and achieve all this duties and responsibilities largely depended upon how the State managed and collect its revenue from various sources.

1.2 CONCEPT OF REVENUE

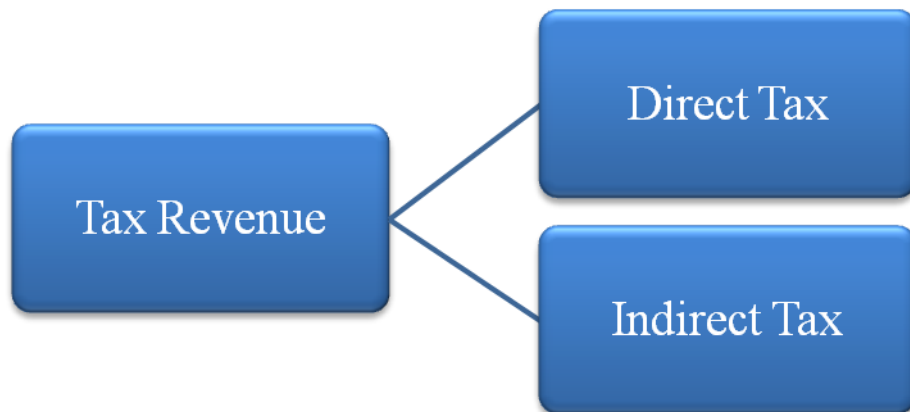
The income of the government through all sources is called public income or public revenue. Public revenue consists of taxes, revenue from administrative activities like fines, fees, gifts & grants, etc. Public revenue can be classified into two types: Tax Revenue and Non Tax Revenue.

Fig 1.1: Public Revenue.



Tax Revenue: Taxes are compulsory payments to government without expecting direct benefit or return by the tax payer. Taxes collected by the Government are used to provide common benefits to all mostly in the form of public welfare services. Taxes do not guarantee any direct benefit for person who pays the tax. It is not based on direct quid pro quo principle. There are two types of tax system: Direct Tax and Indirect Tax.

Fig 1.2 Tax Revenue.

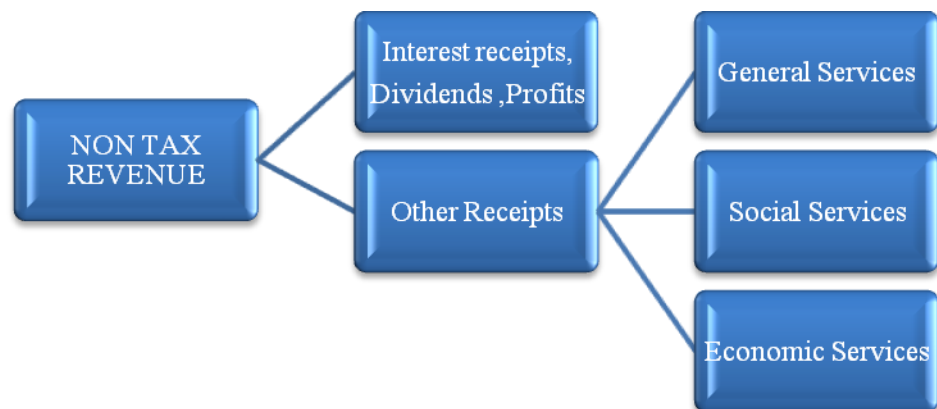


Non Tax Revenue: Non Tax revenue is government revenue not generated from tax. It is sometimes referred to as non tax receipts. Examples of this kind of revenue are aid from another level of government, aid from abroad etc. State's own non tax receipt or revenue consists of the following items.

- Interests receipts, dividends and profit.
- Receipts under General, Social and Economic Services.

Under the first category, interest receipts mainly come from interest realized on investment of cash balances and interest from co-operative societies. Under the second category, the important sources are state lotteries, water tariffs and power tariffs.

Fig 1.3 Non Tax Revenue.



Non-tax revenue is one of the constituents of the revenue receipts of the Indian States. In the decade of the nineties, States Own Non-Tax Revenue (SONTR) constituted between 13.7 and 17.7 percent of the total revenue receipts and between 9.2 and 13.1 percent of the total receipts of the States. Non-tax revenue as a percentage of Gross State Domestic Product (GSDP) is an indicator of the efficiency in mobilization of these revenues in the total revenue receipts.

Augmenting resources for the States is an intricate exercise involving balancing current revenues, economic growth and the political economy of the system. Mobilizing resources is not a pure economic exercise; it has political dimensions as well. The political economy of mobilizing resources, therefore, has to consider issues related to both - the economic effects and the fall out in terms of politics.

As governments expand their activities and as tax burdens approach levels in consonant with economic efficiency and personal freedom, the possibility of financing some public activities by methods other than

taxation gains increasing appeal. Therefore collecting revenues from the Non Tax sources becomes an important measure.

Non tax sources not only produce revenue. Some can leave a trail of important economic effects in their wake. But since these receipts derived from a diversity of sources, they raise diverse problems. However this does not hamper the growth of collecting more revenues from Non Tax sources, but rather it focuses on a new insight and views towards the collection of more revenue and a new dimension towards the importance of such revenues.

1.3 SCOPE OF THE STUDY

The present study cover the period between 2001-2002 to 2013-2014. The study is an attempt to find out the behavioral activities of the State Government's revenue, especially in the context of its Own Non Tax Revenue. The study shows the trends of State Own Non Tax Revenue of Mizoram for thirteen years and highlighted some of the major determinants of Own Non Tax Revenue. In this study, only the revenue of the State from its own Non Tax sources is analyzed.

1.4 OBJECTIVES OF THE STUDY

1. To examine the various sources of Non Tax Revenue of the State.
2. To examine the trend of Non Tax Revenue of State.
3. To examine the determinants of Non Tax in the State.
4. To examine the various constraints in realizing Non Tax Revenue in the State

1.5 HYPOTHESIS

- There is a significant relationship between Non Tax Revenue Receipt and Gross State Domestic Product (GSDP).

1.6 METHODOLOGY

Since the study aimed to bring about the importance and contribution of Own Non Tax Revenue of Mizoram, the study is conducted solely relying on secondary data. These data have been collected from the Government of Mizoram and the main data sources are Budget Documents, Annual Financial Statements, Demand for Grants and CAG reports on

Mizoram State Finances. Other secondary data is also obtained from Mizoram Economic Surveys, and Mizoram Statistical Handbook, published by the Department of Economics and Statistics. Most data have been extracted from the publication of Annual Financial Statements.

The present study has been carried out using simple statistical tools such as regression, co-efficient, percentages and averages. The collected data have been analyzed and examined using statistical software and all the collected data have been calculated in terms of its growth rate and its ratio to Gross State Domestic Product. The compound annual growth rate of each determinant is also worked out.

1.7 LIMITATION OF THE STUDY

One of the foremost factors that limit the study is the non availability of adequate past literature to be reviewed. It has been observed that there is a little research done before especially in the context of Own Non Tax Revenue Receipts alone. There are several past studies dealing with revenue reforms. However such analysis is basically concerned with the nature of tax

revenues only. So, this study lacks relevant literature which is the main factor that limits the study.

CHAPTER – II

REVIEW OF LITERATURE

Being stated that there is little relevant literature to be surveyed, the following are some of few studies whose past observations have been analyzed and from which ideas and decisions are drawn.

Bhujabala, et.al (2006) studied whether period increased in state domestic product has increased the tax revenue or not. Based on his analysis, he observed that in almost all the southern states, the regression co-efficient is more than in the past liberalization period while in the state of West Bengal, Punjab and Haryana, it was worsened. He accounted the following factors being the main causes; better administrative structure, political, economic and demographic factors, taxable capacity and tax efforts made by the state. So, to be more developed, he recommended that the state should raise sufficient amount of revenues according to tax potential by exploiting the benefits of liberalization and adjusting with the changing global economic scenario.

Dholakia (2000) mentioned that Gujarat is among the highest taxed states in India, whereas in terms of Non Tax Revenue (NTR) per head of population it ranks among the lowest. The share of NTR in the state's own

revenue has remained at about 25 % which is lower than observed in other rich states. He found out that the lower proportion of NTR is attributed to the less than 15% contribution of revenue generated out of all publicly provided economic and social services (ex-collusive of income from non-ferrous minerals). This in turn is attributed to low and obsolete user charges, poor recovery of prices, widening gap between effective price to public and actual price fixed by the government. To improve the situation, he suggested that upward revision in user charges, reduction of political interference, and incentives to the departments by rechanneling a part of income earned by them are necessary.

Chatterjee (1997) examined the assessment of the tax effort of the government of West Bengal since 1960-1961 up to 1991-1992. In his study, efforts were made to find out ways for increasing revenue potentiality of the taxes in the state. He observed that the measure to increase the revenue potentiality of the tax may in some cases violate the norms of equity. But considering the high revenue needs and low rate of revenue growth from taxes in the state, measures for raising the productivity of the taxes may be held as more urgent than the considerations for equity.

Gupta (1996) analyzed the importance of revenue to the state. He mentioned that revenues from taxation are the main source of revenue for the government, while only a small marginal percent is contributed by the non tax sources. According to him, state's fiscal health largely depended upon devolution of funds from the central though revenues from tax and non tax are also beneficial sources for the state.

Jena (2006) highlighted some of the problem caused by inaccurate forecasting of Central government tax revenues for fiscal management by the state government. Based on his findings, the state government can suffer as the Central forecast are more in the nature of targets rather than carefully estimating forecast. Therefore, use of poor forecasting methodologies can have an adverse impact on the State. He recommended that both the Central and State governments should priorities their expenditure plans by adopting a medium term framework and adopt a more scientific techniques of forecasting in making budgetary projections.

Krisnamoorthy (2001) observed that Tamil Nadu achieved all the target set by the Union government revenue deficit and fiscal deficit in the

last four years. He found that the state is in a position to comply with the fiscal measure laid down by the Finance Commission.

Lahiri (2002) mentioned the budget constraints on states relative to deficits of Central and States, issues of expenditure prioritization and state tax issues. Based on his study, tax reform is an area where progress has been tardy at the State level. While the state may have been wary of taking any initiative in an atmosphere of acute fiscal stress, there is also a co-ordination failure. Given the Tax assignment, surveillance and enforcement of mutually agreed reforms in the area of sales tax have been problematic. This is an area where rapid progress is expected in the next couple of years over through cautious optimism may be all that can be recommended.

Mishra (2006) studied the fiscal position of North eastern States with respect of their resource mobilization (level of Revenue) and Its utilization(Expenditure).He found that the percentage hare of state's total tax revenue and shared taxes in the net state domestic product exhibited disturbing trend.The percentage of SOTR to net state domestic product increased slowly over the year in case of Nagaland and Meghalaya. Other

states show a slow growth rate of SOTR. This proves that the state of North Eastern region fare rather poorly on this aspect. The trend observed from the pattern of the composition of State's taxes is not at all warranted from the point of view of a healthy fiscal economy. He also observed that as instruments of resource mobilization, fiscal policy in general and the taxation policy of the government in particular has not been a remarkable success. As a result, the dependence of the State on the centre is on the increase in recent years.

Purohit (1986) studied sales tax in India which consists of two parts, the state sales tax and the federal sales tax. The state sales tax is largely restricted to activities and transactions that take place within the boundary of each state. He observed that issues relating to the effects of input taxation and free flow of the goods in the country are crucial for the state. As regards, the federal structure of sales tax, problems of vertical equity and the need for facilitating the growth of a common market within the Indian Union in the interest of economic development is needed.

CHAPTER – III

OVERVIEW OF STATE OWN NON TAX REVENUE

Purohit and Purohit (2009), analyzed selected services drawn from social and economic services in the structure of non tax sources of the state. A comparative analysis of the recovery rate overtime is based on the results for two points of time, i.e, 1993-1994 to 1995-1996 and 2001-2002 to 2003-2004. Based on their analysis, own tax are not a fiscally significant source of revenue in the State's budget and their growth is not keeping pace with other components of revenue receipts. Own tax revenue can be a major source of budgetary receipts for the state government if proper attention is paid towards pricing of the services. Its importance is realized in the context of bridging fiscal deficits of the state and the heavy financial requirements for upgrading and modernizing basic infrastructure.

Rao and Sugunamma (1989), defined State's own revenue as the combined share of State's own tax revenue and State's own non tax revenue. They observed that if Andhra Pradesh's share of the total revenue in the aggregate revenue of all states in India remained fairly stable, it was largely due to the effort of the state in the sphere of own tax revenue and non tax revenue of the state.

Rao (1979) in his study of Kerala, West Bengal, Orissa and Mysore stated that increase in tax revenues seems to have been caused mostly by increasing prices rather than expansion of the real tax base expressed either through changes in per capita real income or per cent of primary sectoral incomes. Only in the case of West Bengal, the elasticity of tax revenue with respect to per capita real income was found to have greater than unity. The results also indicated that the tax structure in Mysore and Orissa have not been able to adequately encompass income originating from agriculture sector in the tax net. The ideological leanings of the political parties in power were not found to be a significant determinant of state's tax revenues. On the other hand, higher tax efforts seem to have been put in by more state governments.

Rao (2002) analyzed a sharp declination in state finances during the last decade. A sharp increase in revenue, fiscal and primary deficits, increased indebtedness and contingent liabilities and decline in capital and maintenance expenditure are the main causes for such declination. Low buoyancy of Central transfers and spillover of Central pay revisions have had the most adverse impact in State finances. However, the State own fiscal performance has also witnessed a sharp deterioration. The uncertainty of fiscal

transfer schemes projected by the Ministry of Finance is also a serious threat. He concluded his analysis by recommending an improvement for revenue productivity and prioritization and compression of unproductive expenditures.

Reddy (1975) analyzed various tax effort measures with a view to arising at a reliable indicator of comparative tax effort by different states. He opined that state own tax revenue represents the collections from all taxes levied by the states, but exclude the revenues from inter-state sales tax and the share of the central taxes. State own tax and non tax revenue represents tax revenue as mentioned above plus non tax revenues such as receipts from administration and social services, net contribution of departmental undertakings, receipts from other public undertakings and interest receipts. Grants in aid and other contribution from the central are excluded. He also studied the question of the validity or otherwise of drawing a line between tax and non tax revenues for the purpose of assessing a state's effect in raising revenues. He observed that the relevance of tax efforts as a criterion for the distribution of resources among the states cannot easily be dismissed certainly not on broader consideration of equitable distribution of the overall burden of taxation.

Zainulabideen and Iqbal (2009), surveyed literature on two distinct subjects: (a) the connection between taxation and representation followed by good governance and (b) the characteristic of non-tax revenue upon a country's polity. While certain conclusions are drawn from this survey, these conclusions are checked for their relevance and applicability in the Pakistani context. It was seen that both conclusions-(a) a lack of sufficient taxation resources will result in stunted growth of representative and democratic institutions and norms in a country, and (b) non-tax revenue, specifically foreign aid, has invariably contributed to the stability and longevity of specific regimes in power-are applicable in the Pakistani political economic milieu.

3.1 TAXONOMY OF NON TAX RESOURCES

Non-tax sources are often defined as payment made to the Government for which there is *aquid pro quo*. However, these non-tax sources do not have similar features and are classified into three categories:

First, there are some sources that are compulsory and required payments. These sources include penalties (other than penalties on non-compliance of taxes) and fines.

The second category consists of voluntary and unrequited receipts. These payments include donations and contributions made to the Government or any unclaimed funds lying with the Government.

The third category comprises voluntary and required payments, including revenue earned from the resources owned by the Government such as forest, marine, riparian habitats and wildlife. This category also has revenue earned by sale of usage rights, admission fee, as well as the royalties and rental payments received by the Government. Income earned in the form of dividends and the interest receipts from investments made by the Government also fall into this category.

In broad the revenue obtained by the government from all sources other than tax is called Non-Tax Revenue.

These include:

- Aid from another level of government (intergovernmental aid) - for example, in the United States, federal grants may be considered non-tax revenue to the receiving states, and equalization payments
- Aid from abroad (foreign aid) such as tribute or indemnities paid by a weaker state to a stronger one, often as a condition of peace after suffering military defeat. The war reparations paid by the defeated Central Powers after the First World War is a well-known example.
- Loans, or other borrowing, from monetary funds and/or other governments
- Revenue from state-owned enterprises (for example, revenue from Public Sector Unions)
- Revenue (including interest or profit) from investment funds (collective investment schemes), sovereign wealth funds, or endowments

- Revenues from sales of state assets. Rents, concessions, and royalties collected by the state when it contracts out the right to profit from some good or service to a private corporation. An example are contracts for resource extraction (for such natural resources as minerals, timber, petroleum and natural gas, or marine resources) collected privately under license from state-owned lands
- Fines collected and assets forfeiture as a penalty. Examples include parking fines, court costs levied on criminal offenders
- Fees for the granting or issuance of permits or licenses. Examples include vehicle registration plate permits, vehicle registration fees, watercraft registration fees, building fees, driver's licenses, hunting and fishing licenses, fees for professional licensing, fees for visas or passports, fees for demolition, rezoning, and land grading (which causes silt), and sometimes for increasing storm water runoff, destroying native vegetation, and cutting-down healthy trees.
- User fees collected in exchange for the use of many public services and facilities. Tolls charged for the use of toll roads are an example
- Donations and voluntary contributions to the state.

3.2 SOURCES OF NON TAX REVENUE

In broad, public income received through the administration, commercial enterprises, gifts and grants are the source of non-tax revenues of the government.

Thus, nontax revenue includes:

- (i) Administrative revenue
- (ii) Profit from state enterprises
- (iii) Gifts and grants

3.2.1 Administrative Revenues

Under public administration, public authorities can raise some funds in the form of fees, fines and penalties, and special assessments. Under this group, fees, licenses, fines and special assessments are included. Most of these are voluntary in nature and based upon the direct benefits accruing to the payer. They generally arise as a by-product of the administrative or control function of the government. They include:

3.2.1 (a) Fees

Fees are an important source of revenue for the government. Fees are charged by the government or public authorities for rendering a service to the beneficiaries.. Unlike tax, there is no compulsion involved in case of fees.

According to Seligman, “A fee is a payment to defray the cost of each recurring service undertaken by the government, primarily in the public interest, but conferring a measurable advantage to the payer.”

The government provides certain services and charges certain fees for them. For example, fees are charged for issuing of passports, driving licenses, etc.Court fees, passport fees, etc., fall under this category. Similarly, license fees are charged to confer a permission for something by the controlling authority, e.g., driving license fee, import license fee, liquor permit fee, etc. Fees are to be paid by those who receive some special advantages. Generally the amount of the fee depends upon the cost of services rendered.

Fees are a by-product of the administrative activities of the government and not a payment for a business. Thus, fees are distinct from prices. Prices are always voluntary payments, but fees are compulsory contributions, though both are made for special services. Sometimes a fee contains an element of tax when it is charged high in order to bring revenue to the exchequer.

3.2.1 (b) User Charges

The non-tax revenue in lieu of the provision of goods and services by the Government is derived through ‘user charges’. These charges indicate payments that are administratively determined for the goods and services provided by the Government. As stated by the OECD, these are required payments. However, the link between payments and services provided may vary considerably in terms of degree of cost recovery. These include payments in exchange for non-capital goods and services—*e.g.* charges for education and health; entry charge for museum, parks, etc.; and rent for housing. However, the OECD definition is subject to some ambiguities as it distinguishes between capital, and non-capital goods and services. The Government is providing capital goods in the form of urban infrastructure. These are used for domestic as well as for industrial purposes and

accordingly, the user charges should also vary. More specifically, use of ‘user charges’ recognizes the necessity to include internal recharges between Government departments in order to avoid multiple counting.

3.2.1 (c) Fines and Penalties

Fines and penalties are levied and collected from offenders of laws as punishment. They are imposed as a form of punishment for breach of law or non fulfillment or certain conditions or for failure to observe some regulations. Like taxes, fines are compulsory payments without quid pro quo. But while taxes are generally imposed to collect revenue. Fines are imposed as a form of punishment or to prevent people from breaking the law. They are not expected to be a major source of revenue to the government. Here the main object of these levies is not so much to earn an income as to prevent the commission of offences and infringement of laws of the country. Fines and penalties are arbitrarily determined and have no relation to the cost of administration or activities of the government. Hence, collections from such levies are insignificant as a source of public revenue.

3.2.1 (d) Special Assessments

It is a kind of special charge levied on certain members of the community who are beneficiaries of certain government activities or public projects. For example, due to a public park in a locality or due to the construction of a road, people in that locality may experience an appreciation in the value of their property or land. Thus, due to public expenditure, some people may experience 'unearned increments' in their asset holding. Betterment levy is like a tax because it is a compulsory payment, but unlike a tax, in case of betterment levy there is some element of quid pro quo.

“A special assessment,” as Seligman points out, “is a compulsory contribution levied in proportion to the social benefits derived to defray the cost of a specific improvement to property undertaken in the public interest.” That is to say, sometimes when the government undertakes certain types of public improvements such as construction of roads, provision of drainage, street lighting etc., it may confer a special benefit to those possessing properties nearby.

As a result, values of rents of these properties may rise. The government, therefore, may impose some special levy to recover a part of the expenses so incurred. Such special assessment is levied generally in proportion to the increase in the value of the properties involved. In this respect, it differs from a tax.

In India, these special assessments are referred to as “betterment levy.” Betterment levy is imposed on land when its value is enhanced by the construction of social overhead capital such as roads, drainage, street-lighting, etc. by the public authority in an area.

3.2.2 Profits of State Enterprise

The Government also gets revenue by way of surplus from public enterprises. In India, the Government has set up several public sector enterprises to provide public goods and services. Some of the public sector enterprises do make a good amount of profits. The profits or dividends which the government gets can be utilized for public expenditure. There is some sort of quid-pro-quo in the case of surplus from public enterprises.

This is because, the public gets goods and services, and the government gets prices, and consequently profits from selling such goods and services.

For instance, the central government runs railways. Surplus from railway earnings can be normally contributed to the revenue budget of the central budget. Likewise, profits from the state transport corporation and other public undertakings can be important sources of revenue for the budgets of state governments. Similarly, other commercial undertakings in the public sector such as Hindustan Machine Tools, Bokaro Steel Plant, State Trading Corporation etc. can make profits to support the central budget.

Earnings from state enterprises depend upon the prices charged by them for their goods and services and the surplus derived there from. Thus, the pricing policy of state undertakings should be self-supporting and reasonably profit-oriented. Again, prices are charged with an element of quid pro quo i.e., directly in proportion to the benefits conferred by the services rendered.

A price is a form of revenue derived by the government by selling goods and services of public enterprises. Thus, price is the revenue obtained from business activity undertaken by the public authorities. Many public enterprises like postal services run on cost-to-cost basis. The prices are charged just to cover the cost of rendering such services.

However, in certain cases, when the state has an absolute monopoly, prices having a high profit element are charged. Such monopoly profits of a state enterprise are in the nature of a tax. The difference between price and fee is this: the former usually can never be less than the cost of production or service, while the latter may not necessarily cover the cost of service.

3.2.3 Gifts and Grants

Gifts are Voluntary contributions by individuals or institutions to the government. Gifts are significant source of revenue during war and emergency. Grants- in-aid are the cost payments made by the grantor government and revenue receipts to the grantee, and no obligation of repayment is involved. Gifts are voluntary contributions from individuals or

institutions for specific purposes. Grants and gifts are voluntary in nature and there is absence of quid pro quo to the donor.

These form generally a very small part of public revenue. Quite often, patriotic people or institutions may make gifts to the state.

In modern times, however, grants from one government to another have a greater importance. Local governments receive grants from state governments and state governments from the centre. The central government gives grants- in-aid to state governments in order to enable them to carry out their functions. When grants are made by one country's government to another country's government it is called foreign aid. Usually poor countries receive such aid from developed countries, which may be in the form of military aid, economic aid, food aid, technological aid, and so on.

Grants-in-aid are the means by which one government provides financial assistance to another to enable it to perform certain specified

functions, for example, education and health grants made to the states by the central government.

3.3 COMPONENTS OF NON TAX REVENUE

The following are the main items that are included in Non Tax Revenue.

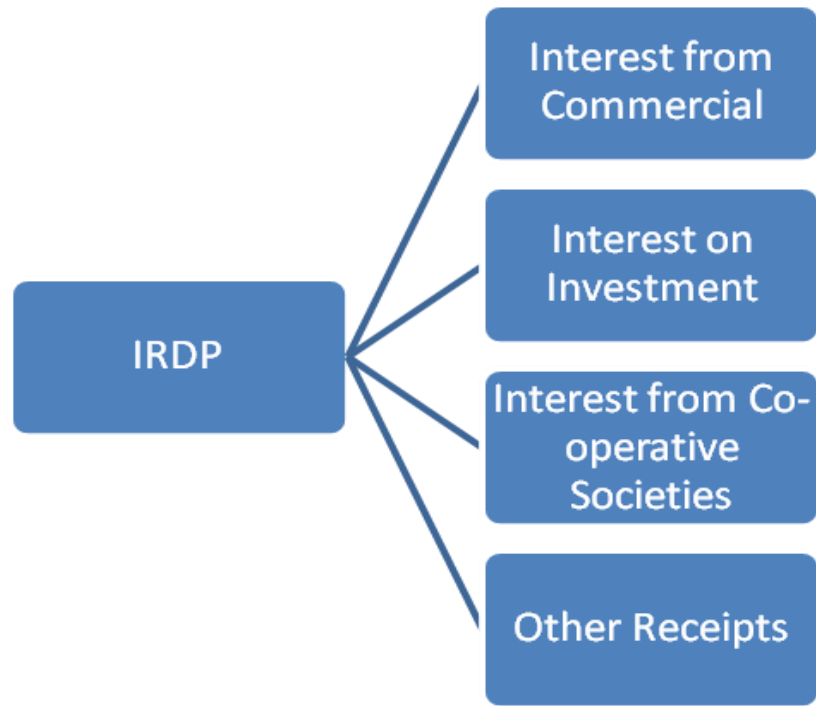
3.3.1 Receipts from Interest receipts, Dividends and Profit.

The revenue from Interest receipts, dividends and profit comprises of interest from departmental commercial undertakings, interest realized on investment of cash balances, interest from co-operative societies and other receipts.

Revenue from dividends and profits arise from the state's government investment in the share of co-operative institutions, statutory corporations, Government companies and other joint stock companies. However, in the case of Mizoram, no dividends is received due to non availability of surpluses or due to losses. Presently there are five Public sector Enterprises in Mizoram.

The main components of receipts under Interest receipts, Dividends and Profits can be highlighted in the following figure.

Fig 3.1 Components of Receipts under IRDP.



3.3.2 Receipts from General Services

These comprise receipts from Public Service Commission, Police, Jails, Supplies and disposals, Stationery and printing, Public works, other administrative services, Contribution and recoveries towards pension and other retirement benefits, and other miscellaneous general services.

Details regarding revenue from General Services are listed below:

(a) Revenue accrues from fees charged from candidates appearing for various competitive examinations and interviews conducted by the Public Service Commission (PSC). The volume of the receipts under this head directly depends upon the nature and the number of examinations held by the Commission during a year and the number of candidates appearing for the examination.

(b) Police comprises reimbursement receipts from the Government of India and other States towards the cost of police supplied (forming the bulk of the revenue under the major head), cost of police supplied to autonomous bodies, private companies and persons, receipts under the Arms Act, as well as sale proceeds of unserviceable articles,

collection of payments for services rendered, recovery of over payments and miscellaneous receipts and so on.

(c) Jails comprise receipts from sale of articles manufactured in jail factories and farm produce of the jails.

(d) Stationery and Printing department comprise sale proceeds of stationery supply to Government departments run on commercial lines, sale proceeds of State Gazette, printing charges for Government departments and other miscellaneous receipts.

(e) The Public Works Department (PWD) has rental income from Government buildings, hire charges of machinery supplied to the contractors as well as the percentage charges.

(f) Revenue from other administrative sources consists of receipts pertaining to administration of justice, elections, civil defense, fire protection etc.

(g) Pension contributions from other Governments, autonomous bodies, local bodies etc. in respect of Government servants placed on deputation fall in this category. It also includes Government share in Contributory Provident Fund (CPF) and interest there on.

(h) Other miscellaneous general services include numerous small receipts from sources such as unclaimed deposits, allotment and sale of land, receipts relating to guarantees given by Government, sale of old stores, shares and materials, urban assessments etc. A substantial portion of the general services revenue comes from numerous other administrative services and other miscellaneous receipts including written off loans. However, if these are excluded, the major receipts are from police, public works, and pension funds.

3.3.3 Receipts from Social Services

The major items that come under this class are

- (a) Education, sports, arts and culture,
- (b) Medical and public health,
- (c) Family welfare,
- (d) Water supply and sanitation,
- (e) Housing,
- (f) Urban development
- (g) Information and publicity,
- (h) Labour and employment,
- (i) Social security and welfare, and
- (j) Other social services.

The main receipts from these social services are given below:

- (a) Receipts from tuition and other fees realized from students in Government educational institutions, public contributions to the

educational institutions, receipts of museums and archaeological monuments.

(b) Receipts from Employees State Insurance Corporation (ESIC), medical receipts including contributions from patients, and tuition fees from the medical colleges, wherever located.

(c) Family welfare receipts are contribution of the users, and receipts on account of strengthening of family welfare.

(d) The water supply and sanitation receipts comprise service fees, percentage charges from other Government departments, and receipts from water schemes.

(e) Housing receipts are the rental receipts for the quarters constructed under the industrial housing scheme under the charge of PWD. Other items are receipts accruing from the sale of master plans, license fees from cinema halls, rental incomes of Devasthanas as also various fees

under the labour and trade laws. A major portion of the receipts from social services is due to water supply and sanitation charges.

Another substantial part is derived from education, sports, art and culture (ESAC) services (this share has fallen over time), and medical and public health services. There has been rapid growth in the receipts from water supply and sanitation, medical and public health, urban development and family welfare services.

3.3.4 Receipts from Economic Services

Major items under this class are

- (a) Crop husbandry,
- (b) Animal husbandry,
- (c) Dairy development,
- (d) Fisheries,
- (e) Forestry and wild life,
- (f) Co-operation,
- (g) Other agricultural and rural programs,
- (h) Special area programs,
- (i) Major and medium irrigation
- (j) Minor irrigation,
- (k) Village and small scale industries,
- (l) Industries,
- (m) Non-ferrous mining and metallurgical industries,

- (n) Roads and bridges,
- (o) Tourism, and
- (p) Others.

In many of the States, the largest contributor under the category of economic services is receipt from the mines and mineral department, which accounts for over a half of the total receipts from this category. Other major contributors are receipts from irrigation, industries, forestry and wild life, and agricultural services. However, there has been a phenomenal increase in receipts accruing from roads and bridges, area development services, irrigation, cooperation and agriculture.

3.4 OVERVIEW OF MIZORAM:

Under this section, the profile of Mizoram with response to its geography, population, economy and its fiscal position have been considered.

3.4.1 Geography

Mizoram is one of the Seven Sister States of the North Eastern India whose southern part shares 722 kilometers long international borders with Myanmar and Bangladesh, and northern part share domestic borders with Manipur, Assam and Tripura. Mizoram became the 23rd state of India on 20 February 1987. Its capital is Aizawl.

It is the fifth smallest state of India with 21,087 km² (8,142 sq mi). It extends from 21°56'N to 24°31'N, and 92°16'E to 93°26'E. The tropic of cancer runs through the state nearly at its middle. The maximum north-south distance is 285 km, while maximum east-west stretch is 115 km.

Mizoram has a mild climate, comfortable in summer 20 to 29 °C (68 to 84 °F) and never freezing during winter, with temperatures from 7 to 21 °C (45 to 70 °F). The region is influenced by monsoons, raining heavily from May to September with little rain in the dry (cold) season. The average state rainfall is 254 centimeters (100 in) per annum.

3.4.2 Population

As per Population Census 2011, the population of Mizoram stood at 10, 97,206 which accounts for only 0.09% of India's total population of 1,21,01,93,422. The decadal growth rate during 2001-2011 was 23.48% which is the third highest among the 7 (seven) north eastern states while the country's decadal growth rate was 17.64%.

As per Population census 2011(provisional figures), the density of population of Mizoram is 52 persons per sq.km. while it is 382 persons per sq.km. in India. At the district level, Aizawl district has the highest density in population at 112 persons per sq.km. Mamit district with 29 persons per sq.km. is the least populated. The final results of Population Census 2011 shows an improvement in the sex ratio of the state i.e. the sex ratio recorded

is 976 as compared to 935 in 2001 census. The national figure for the same is 943 as per 2011 census figure. Among the 8 (eight) districts, Aizawl recorded the highest sex ratio at 1009 while Mamit district recorded the lowest at 927 though showing a marked improvement compared to 2001 census figure of 896 females per 1000 males.

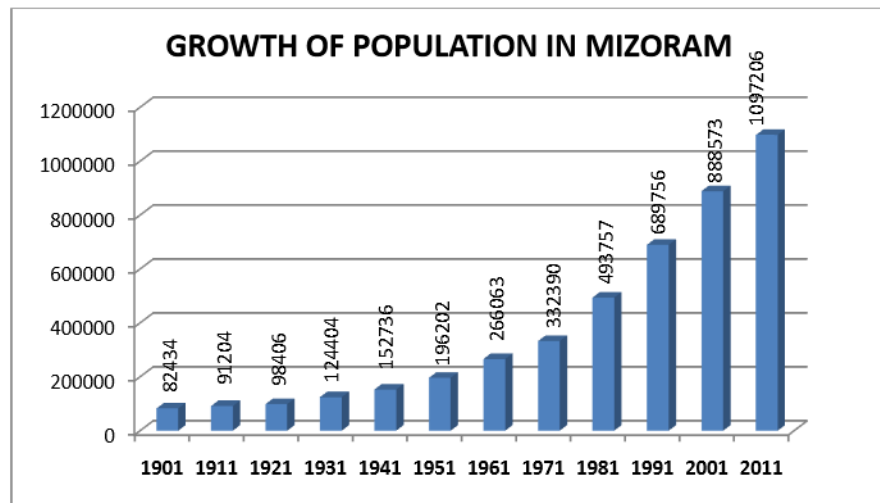
As per the census 2011 results, the literacy rate of the state is 91.33% which is the 3rd highest in the country. Among the 8 (eight) districts, Serchhip district recorded the highest literacy rate of 97.91% while Lawngtlai district recorded the lowest at 65.88%. The male and female literacy rates for the state are 93.35% and 86.72% respectively showing a slight increase in the male-female literacy gap i.e. 6.63% in 2011 while it was 3.97% in 2001.

Table 3.1 Population Trend.

Population of Mizoram	
1901	82434
1911	91204
1921	98406
1931	124404
1941	152735
1951	196202
1961	266053
1971	332390
1981	493757
1991	689756
2001	888573
2011	1097206

Source : Statistical Handbook of Mizoram

Fig 3.2 Growth of Population of Mizoram.



Source : Statistical Handbook of Mizoram

3.4.3 Economy:

3.4.3 (a) Economic Growth

The State economy is poised to growth at an impressive rate of 8.46 % during 2014-2015 with base year 2004-05, which is significantly higher than projected national growth at 7.4% during 2014-2015 with base year 2011-2012. On January 30th, the Central Statistics Office released a new GDP series that entailed shifting the base year from 2004-05 to 2011-12. New estimates for GDP have been provided for the years 2011-12 to 2014-15 at national level and state data with 2011-12 is not available. The State economic growth estimates is expected to be even higher with revised base year. Provisional per capita income during 2012-2013 is Rs. 63413.00 as against previous year's estimate of Rs.53624. Per capita income at the national level is Rs. 71593 against the previous year's estimate of Rs. 64316.

Services or Tertiary Sector dominates the economy in terms of contribution to the Gross State Domestic Product (GSDP) at 57.68% of the total GSDP (2013-2014). Services Sector has been growth drivers of the economy for the past years with contribution to the GSDP hovering

between 57% to 63%.The Primary Sector comprising agriculture & allied activities contributed 16.26% (2013-2014) to the GSDP. With livelihood of about 60% of the population depending on agriculture and allied activities, faster growth in agriculture is both a necessary and sufficient condition for stronger, sustainable and inclusive growth in the State. The Industry Sector contributed 26.05% of GSDP during 2013-2014. The main driving force of the sector is Construction Sector with a contribution of 21.91% to the GSDP in 2013-2014.

The State Government continues to largely depend on devolution from the Central Government, as such the State's fiscal health depends on the terms of devolution of resources from the Central Government as recommended by the successive Finance Commission from time to time. At the same time, the revenue and expenditure policy of the State Government also have substantial impact on the fiscal position of the State government, especially the expenditure policy. It is estimated that the Gross Fiscal Deficit during 2014-15 would be Rs.586.67crore which is 5.98 per cent of the GSDP projected for the year, with public debt estimated at about 57.64 % (BE 2014-2015).

The State Government is expected to have the much needed policy and fiscal space in the coming years by way of enhanced State shares of taxes in the Fourteenth Finance Commission (FFC) Award. FFC has also enlarged the scope of development program by sharing the bonus between Centre and States, and re-designing many of the centrally sponsored schemes. Moreover, the Central Government had set in motion the institutional changes necessary for implementing co-operative federalism by way of replacing Planning Commission with National Institute for Transforming India (NITI).

3.4.3 (b) Gross State Domestic Product

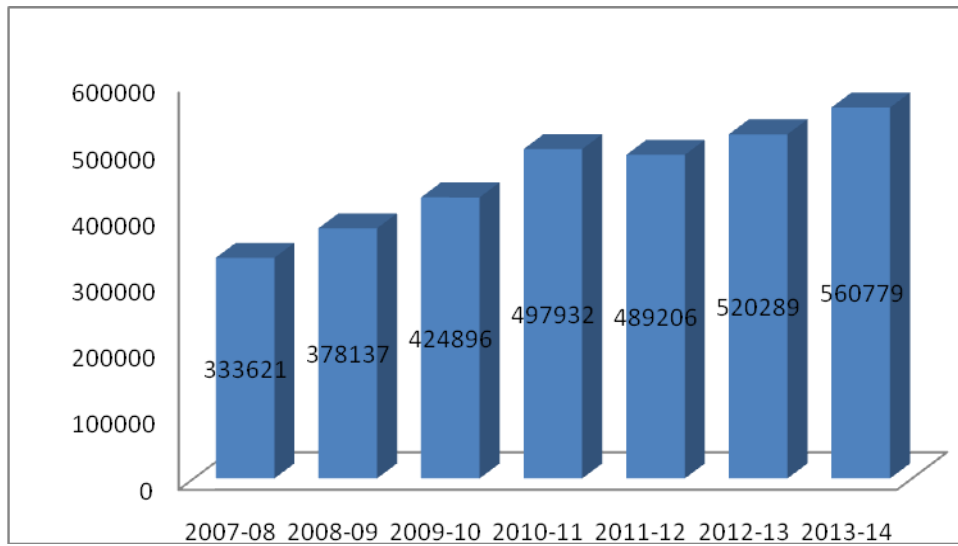
The Gross State Domestic Product (GSDP) of Mizoram has been continuously growing over the years with impressive rate. Gross State Domestic Product (GSDP) at factor cost at constant(2004-2005) prices is expected to attain an amount of Rs.560779/-lakhs in 2013-2014 against the provisional estimates of Rs.520289/- lakhs for the year 2012-2013 showing a growth of about 8% over the previous year. The GSDP at constant (2004-2005) prices has clocked 9% average annual growth rate during the financial years 2004-2005 to 2013-2014.

Table 3.2 GSDP at Constant Price.

GSDP at Constant Prices	
2007-08	333621
2008-09	378137
2009-10	424896
2010-11	497932
2011-12	489206
2012-13	520289
2013-14	560779

Source: Economic Survey of Mizoram, 2014-2015.

Fig 3.3 GSDP at Constant Price.



Source: Economic Survey of Mizoram, 2014-2015.

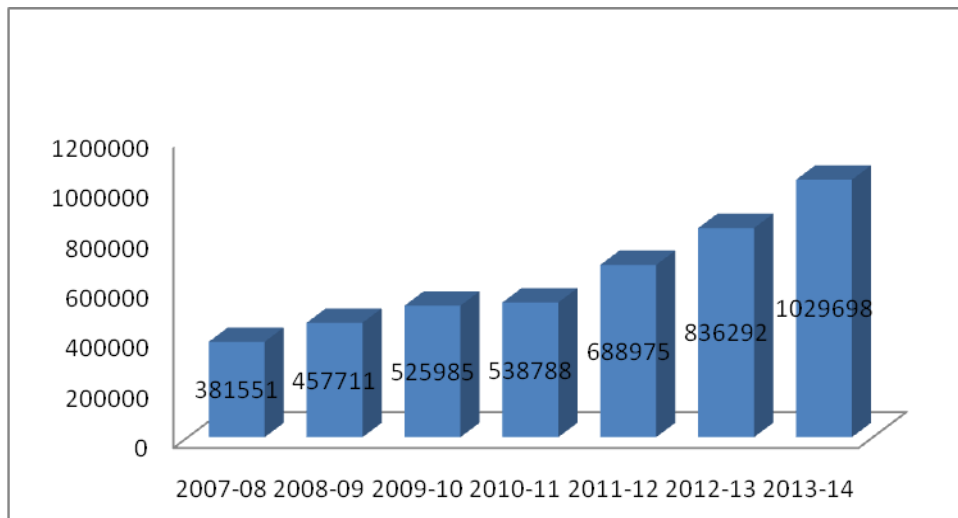
GSDP at factor cost at current prices is projected to touch Rs.1029698/- lakhs in 2013-2014, a change of 20.05% over the previous year's (2012-2013) figure of Rs.836292/- lakhs.

Table 3.3 GSDP at Current Price

GSDP at Current Prices	
2007-08	381551
2008-09	457711
2009-10	525985
2010-11	538788
2011-12	688975
2012-13	836292
2013-14	1029698

Source: Economic Survey of Mizoram, 2014-2015.

Fig 3.4 GSDP at Current Price.



Source: Economic Survey of Mizoram, 2014-2015.

3.4.3 (c) Per Capita Income

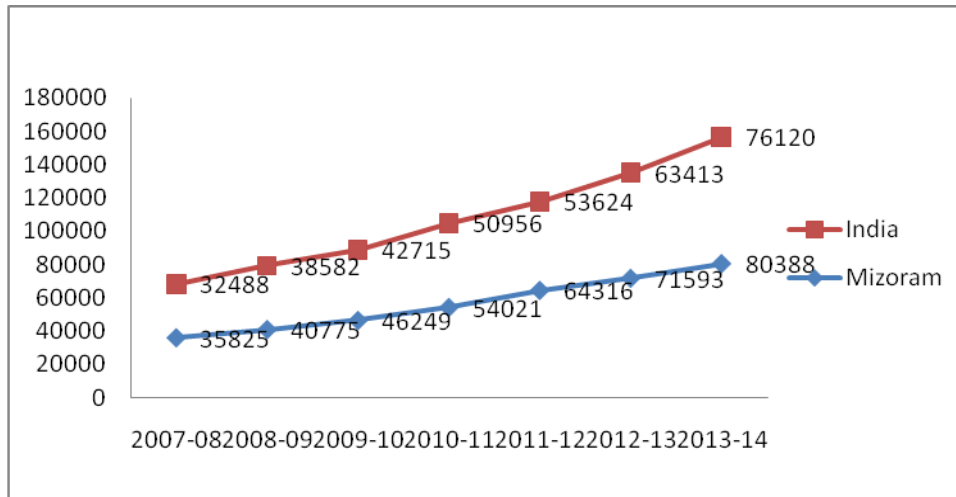
The per capita income of Mizoram for the year 2012-2013 is estimated at Rs.63413/- as against the previous year's estimate of Rs.53624/-. Per capita income at the national level is Rs.67839 for the year 2012-2013 (Revised Estimates).

Table 3.4 Per Capita Income.

Per Capita Income		
Year	Mizoram	India
2007-08	35825	32488
2008-09	40775	38582
2009-10	46249	42715
2010-11	54021	50956
2011-12	64316	53624
2012-13	71593	63413
2013-14	80388	76120

Source: Economic Survey of Mizoram, 2014-2015

Fig 3.5 Comparison of Per capita Income of Mizoram and India.



Source: Economic Survey of Mizoram, 2014-2015

3.4.4 Sectoral Performance of the Economy:

The following table illustrates performance of the different sectors in the economy of Mizoram. The remarkable contribution of the tertiary or service sector constituting a share of about 58% of the total GDP clearly indicates that this sector drives the economy of Mizoram. The industry sector contributed 26% while the agriculture & allied sector contributed 16% to the GSDP.

Table 3.5 Sectoral Share of Economy.

Sl No.	Sector	% Share to GSDP
1	Agriculture	12.01
2	Forestry	3.59
3	Fishing	0.66
4	Mining & Quarrying	0.11
5	Manufacturing	0.97
6	Construction	21.91
7	Electricity, Gas, Water Supply	3.05
8	Transport, Storage & Communication	2.43
9	Trade, Hotel & Restaurant	8.06
10	Banking & Insurance	1.88
11	Real Estate & Business Service	14.55
12	Public Administration	19.06
13	Other Services	11.72

Source: Economic Survey of Mizoram, 2014-2015

3.4.5 State finance

3.4.5 (a) Fiscal Position

The State Government is virtually depending on the Central Government, as such the State's fiscal health depends largely on the terms of devolution of resources from the Central Government as recommended by the successive Finance Commission from time to time. At the same time, the revenue and expenditure policy of the State Government also have

substantial impact on the fiscal position of the State government, especially the expenditure policy.

Government of Mizoram devises its fiscal policy and guiding principle in line with the Thirteenth Finance Commission's recommendation as well as Planning Commission's instructions. The Twelfth Finance Commission recommended the enactment of the Fiscal Responsibility and Budget Management Act (FRBM Act) for the Union and the State Governments as apart of an effort to reform and to consolidate the respective financial conditions laid down by it in the Twelfth Finance Commission.

The Thirteenth Finance Commission reinforces this recommendation by offering incentives on compliance. Even the government of Mizoram has also been implementing and updating its own FRBM Act so as to achieve and align with the Thirteenth Finance Commission's recommendation for the State. The Thirteenth Finance Commission recommended that Government of Mizoram will have to maintain Revenue Surplus from the fiscal 2011-2012, gradually reduce its fiscal deficit to 5.2

% in 2012-2013, 4.1 % in 2013-2014 and ultimately to 3 % of its GSDP by 2014-2015 and limit outstanding liabilities at 82.9 % of GSDP in 2012-2013, 79.2% in 2013-2014 and eventually at 74.8% of corresponding GSDP by 2014-2015.

As per the FRBM Act, the fiscal deficit has to be brought down to 3 per cent of GSDP by 2014-2015. The fiscal correction path that was drawn up by the Government of Mizoram in 2006-2007 and revised and redrawn annually indicates that the Government could not follow its own correction path due to various reasons. The fiscal deficit, which has been measured as a percentage of the GSDP series adopted by the FC-XIII, stood at 15.96 % in 2010-2011, the same stood at 6.84 % in 2011-2012, at 7.21% in 2012-2013 and at 8.43 % in 2013-2014.

As per Budget Estimates of 2014-15, the fiscal deficit would be 5.98 % of the GSDP, which is higher than the target fixed by the Thirteenth Finance Commission. The reasons for not conforming with the projected fiscal correction paths may include the under estimation of the NPRD grant by the Thirteenth Finance Commission, expenditure on account of food

subsidies and selling the same at a subsidized rate to the general public, high cost of power purchase and many other items of revenue expenditure.

Table 3.6 Major Fiscal Aggregates.

Major fiscal Aggregates Rs in Crore						
Sl No	Items	2010-11 Actuals	2011- 12 Actuals	2012- 2013 Actuals	2013-14 Pre Actuals	2014-14 BE
1	Total revenue Receipts	2855.37	3824.9	4536.74	4764.85	5879.47
	(a)State's Own Tax Revenue	130.44	179.07	223.15	229.78	270.39
	(b)State's Own Non Tax Revenue	146.72	168.03	212.8	194.26	278.48
	(c)Share in Central Taxes & Duties	451.66	827.38	785.96	858.08	1030.85
	(d)Grants-in-aid from Centre	2126.55	2650.42	3314.83	3482.73	4299.75
	(i)Plan Grants	1401.58	1853.18	2257.67	2341.12	3185.24
	(ii)Non Plan Grants	724.97	797.24	1057.16	1141.61	1114.51
2	Non Plan Expenditure	2165.2	2446.96	2848.43	3234.49	3630.8
3	Plan Expenditure	1705.74	1850.64	2268.03	2281.89	3140
4	Total Expenditure	3870.94	4297.6	5116.46	5516.38	6770.8
5	Revenue Expenditure	3256.24	3697.33	4508.91	4916.98	5764.41
6	Capital Expenditure	614.7	600.27	607.55	599.4	714.28
7	Loans and Advance Expenditure	29.87	33.52	30.25	30.71	27.45
8	Transfer to Contingency Fund	-	-	-	-	-
9	Revenue Surplus Deficit	-400.87	127.57	27.83	-152.13	115.06
10	Gross Fiscal deficit (GFD)	-1019.48	-478.42	-580.49	-749.13	-586.67
11	% of GFD to GSDP	15.96	6.84	7.21	8.43	5.98
12	GSDP	6387.88	6991.4	8053	8886	9805

Source: Economic Survey of Mizoram, 2014-2015.

Bulging Non Plan Revenue Expenditure is a major challenge of the State Government. Main reasons for increase in NPRE are implementation of Sixth Pay Commission Recommendation of salary and pensions coupled with high cost of Power purchase, interest payment, mass subsidization of food grains, big policy decisions involving huge expenditures and ever increasing cost of administration. Since 2014-15 is the terminal year of the Thirteenth Finance Commission period, various devolutions coming from the Central Government would be tapering off and hence the fiscal position would be uncomfortable.

However, it is expected that the Fourteenth Finance Commission recommendations would be in favour of the State Governments thereby bridging various gaps left behind by the Thirteenth Finance Commission.

For calculation of GFD as a percentage to GSDP, the latest approved series of GSDP estimates based on the recommendation of the Ministry of Finance, GOI are used. All other data are being taken from the Finance Account and hence some figures would be different from Economic Survey 2013-2014.

3.4.5 (b) Revenue Receipts

As delineated before, the main determinants of State revenues are various Grants and resources devolved by the Central Government. Data on Revenue receipts since 2010-11 onwards is shown in the Table given below:

Table 3.7 Revenue Receipts.

Revenue Receipts (Rs In Crore)						
Sl No	Items	2010-11 Actuals	2011-12 Actuals	2012-2013 Actuals	2013-14 Pre Actuals	2014-14 BE
1	State's Own Tax Revenue	130.44	179.07	223.15	229.78	270.39
2	State's Own Non Tax Revenue	146.72	168.03	212.8	194.26	278.48
3	Total of 1 & 2	277.16	347.1	435.95	424.04	548.87
4	Share in Central Taxes & Duties	451.66	827.38	785.96	858.08	1030.85
5	Grants-in-aid from Centre	2126.55	2650.42	3314.83	3482.73	4299.75
6	Total of 4 & 5	2578.21	3477.8	4100.79	4340.81	5330.6
7	Total 3 & 6	2855.37	3824.9	4536.74	4764.85	5879.47

Source: Economic Survey of Mizoram, 2014-2015.

3.4.5 (c) State's Own Tax Revenues

Mizoram being a revenue deficient state, a late starter on the development front due to 20 long years of insurgency coupled with negligence of the Central Government of the whole North-eastern Region for quite a long time and its geographical location disadvantage compelled it to be wholly dependent on the Central Government. Dominant features of the State Own Tax Revenues are very minimal in comparison to the resources devolved by the Central Government and that Mizoram Value Added Tax (VAT) remains the prominent contributor. The SOTR has a positive trend of growth; it was Rs. 130.44crore in 2010-11, Rs. 179.07 crore in 2011. 12, Rs. 223.15 core in 2012-13 and Rs.229.78 crore. It is expected that collection during 2014-15 would be maintained more or less at the same size as was realized in 2013-14 even though the Budget Estimate was Rs. 270.39 crore. A scrutiny of the available datas hows that SOTR collection has grown a to about 37.35% during the period 2010-11 and 2011-12. The growth rate decreased to 24.62 % during 2011-12 to 2012-13 and it finally deteriorated to only 2.97 % during 2012-12 to 2013-14. It means that the buoyancy of the SOTR is approaching its saturation point.

The introduction of VAT has had an enormous effect on buoyancy of the tax revenue. However, as was elucidated above, it would be difficult to sustain this growth with the passage of time and gradually it is tending to reach a plateau. The State government needs to tap more tax revenues by way of increasing the tax bases as well as by revising the existing tax rates without causing undue burden to the general public.

3.4.5 (d) States Own Non-Tax Revenues

Sources of State Own Non Tax Revenues (SONTR) are mainly accrual of interest on account of investment of cash balance of the State in the Reserve Bank of India, Contributions and Recoveries towards Pension & Other Retirement Benefits, Collection of User Charges on Water Supply, Electricity Bill, tariff on Government's Guest House, etc.

There has been a certain degree of uncertainty in the collection of State's Own Non-Tax Revenues (SONTR) unlike that of the Tax Revenue. Existing user charges need revision so as to realize more revenue; however, such upward revision may not be possible to be enforced without inciting complaints from various stakeholders. Being a small State in terms of

population and areas, collection of User charges on various governments' services are always marginal and used to fall below expectation and estimation. It would be in the best interest of the State Government if at least the cost of Operation & Maintenance can be realized from the services provided to the general public.

Another important thing is that the efficiency of collecting various government revenues can be improved upon by plugging loopholes which can be done by way of outsourcing the collection and by introducing on-line payment. The State government is actively pursuing such measures, especially regarding on-line payment, which is convenient as well as cost-effective. Table above shows the trend of SONTR collection during 2010-10 to 2014-15(BE). As can be seen from the available data, the SONTR has increased from Rs.146.72 crore in 2010-11 to Rs. 168.03 crore in 2011-12, which further increased to Rs.212.80 crore in 2012-13 and finally declined to Rs. 194.26. Hence the trend growth rate was erratic showing that various Departments needed to put more efforts in SONTR.

3.4.5 (c) Grants in Aid from the Centre

Various Grants in Aid from the Central is the biggest source of revenue for the State Government. Budget estimates for Grants in Aid from Central Government for the year 2014-2015 is Rs 4299.75 crore.

3.5 CONSTRAINTS IN REALIZING OWN NON TAX REVENUE:

An alarming factor that limits the growth of revenue through Own Non Tax Revenue receipts is the difficulty of fixing a feasible and moderate user charge. It is no doubt that it is a must for the State to extend its own non tax sources for its smooth administration. However, a careful consideration is needed in order to set the right rates of revenue or user charge against the society.

While setting the user charge, it is very important for the government to set a balance between equalization of each segment of the society. Raising the rate of user charge can lead to a serious threat for the society. On raising the user charges, the first impact will be a rise in the market rate. If the

prevailing market rate is higher, the personal disposable income available to an individual gets lower leading to lesser circular flow of income which will in fact lead to lowering the per capita income. Low per capita is an indicator of backwardness of the economy. Therefore, the most important factor regarding the collection of State Own Non Tax Revenue is towards having a uniform user charge which is mostly accepted and applicable to all the society.

Another constraint towards the collection of Own Non Tax Revenue is the unproductive moral or the mindset of the people. In Mizoram, raising the rate of revenue or imposing a new revenue structure is a difficult task for the Government. In general, the people are not aware of the consequences that it has towards the economy by payments of the bills or revenue in the form of non tax sources. When people make payments in the form of bills, fines or tariffs to the Government, it is usually considered as a source of mandatory without any direct benefit rather than as a part of our contribution to the economy. People do not have the mindset that it is these sources of revenues that enables the government to provide services for the individual and the society as a whole. As stated earlier, every Government needs revenue for its expenditure and when the Government tries to collect such revenues, it is the individual or the society as a whole that is less keen towards such action.

Every individual urges and expect the Government to provide him with the best services available but in return has a narrow consent towards repaying against the services rendered by the Government. For instance, every individual wanted to get an un-ending supply of water or an un-interrupted power supply from the government. But, when comes the payments of bills against such services rendered, people tend to neglect or ignore those circumstances. It is often the mindset of the individual that constraint the growth of State Own Non Tax Sources. Every individual tends to receive the maximum services of the Government with the least cost of services given in return. Negligence and ignorance is one of the main constraints that inhibited Own Non Tax Revenue.

Lack of a systematic Government's administration is another constraint in realizing Own Non Tax Revenue. In every Government, if there is a worm in the internal system of administration, it cannot function smoothly. The reason for this inefficiency can be accounted for many factors, such as corruption, favouritism, lack of efficient manpower, lack of infrastructure; lack of awareness, etc. One common example is that the government gives too many services on a subsidized basis such as subsidy on rice, kerosene.etc.without making any justified ceiling. As such, the

Government incurred huge expenditure, but in response do not get beneficial return .As a result, the Government run on losses. One suitable measure in respect of this situation is that the government introduces lesser subsidy on those services which are valued more and used more by the non poor and high subsidies for services often used by the poor.

Another factor that hinders the growth of Own Non Tax Revenue is due to incapable workers and administrators. This is also the result of lack of a sound and organized system of administration. From the highest officials to the lowest ranks, if all workers do not pay their duties well off, it can result to loss of revenue. For instance, under the Government's administration, every department is to purchase all its stationery materials from the Department of Stationery and Printing in which the latter department would generate revenue and these revenues would be an important source to the State' Revenue.However,in reality, this is not the case as most departments purchases its stationery needs from other sources. Thereby a large sum of targeted revenue is lost by the respective department.

Another example can be cited against revenue from forestry. In Mizoram, there is a huge potential of earning more revenues through bamboos. Every year a number lakhs tone of bamboos is exported to neighboring state with a very low rate. By having a more precise and adequate rate structure, revenues from this source can be increased to a great extent. In the same context, lack of facilities for payments of bills,(water tariffs, power tariffs,etc.) can also limit the revenue from Own Non Tax sources. In a competitive world of today, every individual struggle in a hurry to compete with one another in order to satisfy our wants. People do not have time to stand in que for a long period or to go from one end to another end just for payment of bills. Lack of availability of collecting booth for easier payments of Non Tax Revenue is a serious concern against collection of more revenues.However; efforts have been made to tackle such hindrances.

CHAPTER - IV

DATA ANALYSIS

4.1 BROAD TREND AND COMPOSITION OF NON TAX REVENUE OF THE STATE

The following table shows the broad trend and composition of State Own Non Tax Revenue of Mizoram from the year 2001-2002 up to 2013-2014.

Table 4.1 Trends of Own Non Tax Revenue.

Year	Interest Receipts, Dividends & profits	General Services	Social services	Economic Services	Total
2001-02	145.22	918.51	481.03	2942.46	4487.22
2002-03	244.03	1764.62	474.57	2779.66	5262.88
2003-04	327.07	1439.37	567.10	3467.30	5800.84
2004-05	365.51	1563.43	551.40	5079.78	7560.12
2005-06	694.23	1211.49	668.92	9434.22	12008.86
2006-07	875.54	5249.58	777.63	6435.26	13338.01
2007-08	1559.60	648.40	880.07	9941.76	13029.83
2008-09	3291.23	1212.56	825.39	10538.15	15867.33
2009-10	1784.87	1804.81	960.47	8100.09	12650.24
2010-11	1270.68	2319.04	1066.60	10014.56	14670.83
2011-12	1559.58	914.50	1242.10	13087.28	16803.47
2012-13	1686.48	1147.73	1948.17	16497.66	21280.04
2013-14	1793.16	1899.25	2367.27	13366.42	19426.10

Source : Annual Financial Statement, Department of Finance, Government of Mizoram.

The total Non Tax Revenue Receipts (NTRR) in absolute terms increases from Rs 4487.22 lakhs in 2001-2002 to Rs 5262.88 lakhs in 2002-2003 with a growth rate of 17.26%. In 2003-2004 it has increased to Rs 5800.84 lakhs (10.22%). During 2005-2006, the total NTRR was Rs 12008.86 lakhs with a growth rate of 58.84% reaching its peak in terms of its growth rate during this period. However during 2006-2007, NTRR was Rs 13338.01 lakhs (11.06%) and declined to Rs 13029.83 lakhs during 2007-2008. In 2008-2009, it has increased to Rs 15867.33 lakhs (21.77%), but then between 2009-2010, it fell down to Rs 12650.24 (-20.27%). In 2012-2013, it increases to Rs 21280.04 (26.64%). During 2013-2014, the total NTRR was Rs 19426.10 lakhs with a fall of -8.71 over the previous year. This shows that the share of Own Non Tax Revenue has declined from 17.26 in 2001-2002 to -8.71 in 2013-2014.

The revenue from Interest, Receipts, Dividends and Profit (IRDP) in absolute terms increases from Rs 145.22 lakhs in 2001-2002 to Rs 1793.16 lakhs in 2013-2014. Between the year 2001-2014, non tax revenue receipt collected from IRDP reaches its peak during 2008-2009 registering collected revenue of Rs 3291.23 with a growth rate of 111.03% i.e. 20.74% of the total NTRR. However in 2009-2010 revenue from IRDP declined to Rs

1784.87 (14.11%) lakhs registering a growth rate of -45.76% over the previous year. By 2013-2014, it increases to Rs 1793.16 contributing 9.23% to total Own Non Tax Revenue with a growth rate of 6.32% over the previous year.

Revenue receipts from General Services rose from Rs 918.5 lakhs in 2001-2002 to Rs 1899.25 lakhs in 2013-2014. Between this period, revenue from general services reaches its peak during 2006-2007 (Rs 5249.58 lakhs) registering a growth rate of 333.31% over the previous year. However it has fallen down to a wide margin of Rs 648.40 lakhs over the next year during 2007-2008 (-87.64%). The relative contribution of this source to State's own Non Tax Revenue declined from 20.47% in 2001-2002 to 9.77% in 2013-2014 after reaching a peak of Rs 39036 lakhs in the year 2006-2007.

Revenue receipts from Social services in absolute terms increased from Rs 481.63 lakhs in 2001-2002 to Rs 2367.77 lakhs in 2013-2014. The revenue collected from Social services increases as year progresses and is the highest during 2013-2014 (Rs 2367.27 lakhs). In terms of the share of Social Services against State's Own Non Tax Revenue, it shows downward

trend, declining from 10.72% in 2001-2002 to 9.15% in 2012-2013. However during 2013-2014, it has increased to 12.18%.

The revenue from Economic services in absolute terms increased from Rs 2942.46 lakhs (65.57%) in 2001-2002 to Rs 13366.42 lakhs (68.80%) in 2013-2014. The contribution of Economic Service to State own Non Tax Revenue increases from 65.57% in 2001-2002 to 77.52% in 2012-2013 as it reaches its peak. Then, during 2013-2014, it has fallen to a small margin of 68.80% over the previous year.

4.2 STATE OWN NON TAX REVENUE AS A RATIO OF GROSS STATE DOMESTIC PRODUCT

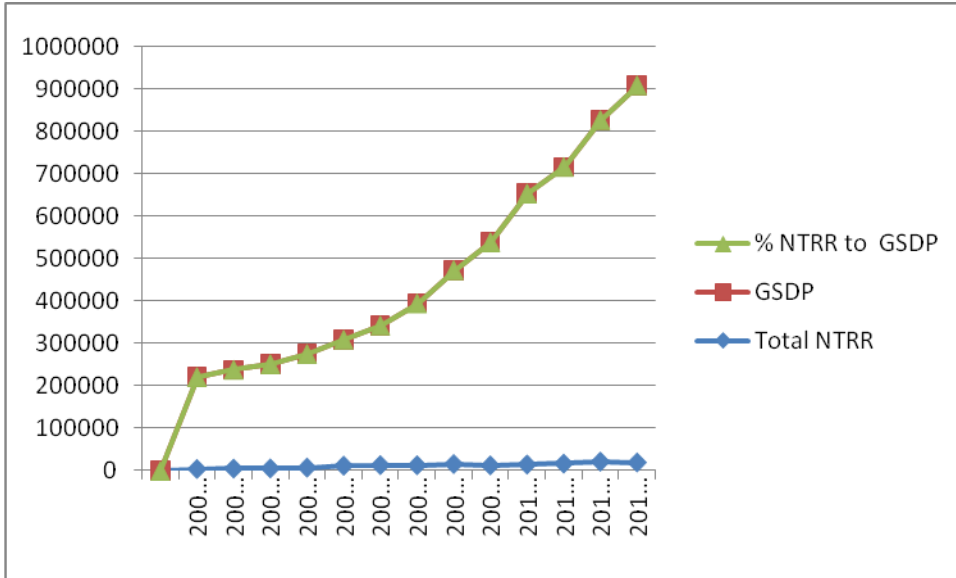
The State Own Non Tax Revenue (SONTR) as a ratio to GSDP varied between 2.07% to 2.19% during 2001-2002 to 2013-2014. The State recorded ONTR of 2.07 % of GSDP in 2001-2002. During 2006-2007, it increased to 4.05% and it was the highest rate that it achieved during the study period. Thereafter, it declined marginally. In 2013-14 the total contribution of SONTR to total GSDP was 2.19 %. The contribution of NTR as a ratio of GSDP is an indicator of the efficiency in mobilization of this revenue in the total revenue deficit.

Table 4.2 SONTR as a Ratio of GSDP.

Year	NTRR	GSDP	% of NTRR to
2001-02	4487.22	216774	2.07
2002-03	5262.88	232871	2.26
2003-04	5800.84	245798	2.36
2004-05	7560.12	268197	2.82
2005-06	12008.86	297115	4.04
2006-07	13338.01	328998	4.05
2007-08	13029.83	381551	3.41
2008-09	15867.33	45711	3.47
2009-10	12650.24	525985	2.41
2010-11	14670.83	638788	2.3
2011-12	16803.47	699140	2.4
2012-13	21280.04	805309	2.64
2013-14	19426.10	888600	2.19

Source : Annual Financial Statement, Department of Finance, Government of Mizoram.

Fig : 4.1 Ratio of NTRR to GSDP



Source : Annual Financial Statement, Department of Finance, Government of Mizoram.

4.3 DETERMINANTS OF STATE OWN NON TAX REVENUE

As expressed earlier, Non Tax revenue is government revenue that is not generated from tax which is sometimes referred to as non tax receipts. State's own non tax receipt or revenue consists of interests receipts, dividends and profit and receipts under General, Social and Economic Services.

4.3.1 Trends and composition of receipts from Interest Receipts, Dividends and Profit

Interest Receipts, Dividends and Profits is one of the major components of State Own Non Tax Revenue. The revenue from IRDP comprises mainly of:

- Interest from departmental commercial undertakings.
- Interest realized on investment of cash balances.
- Interest on Co-operative Societies.
- Interest from other Receipts.

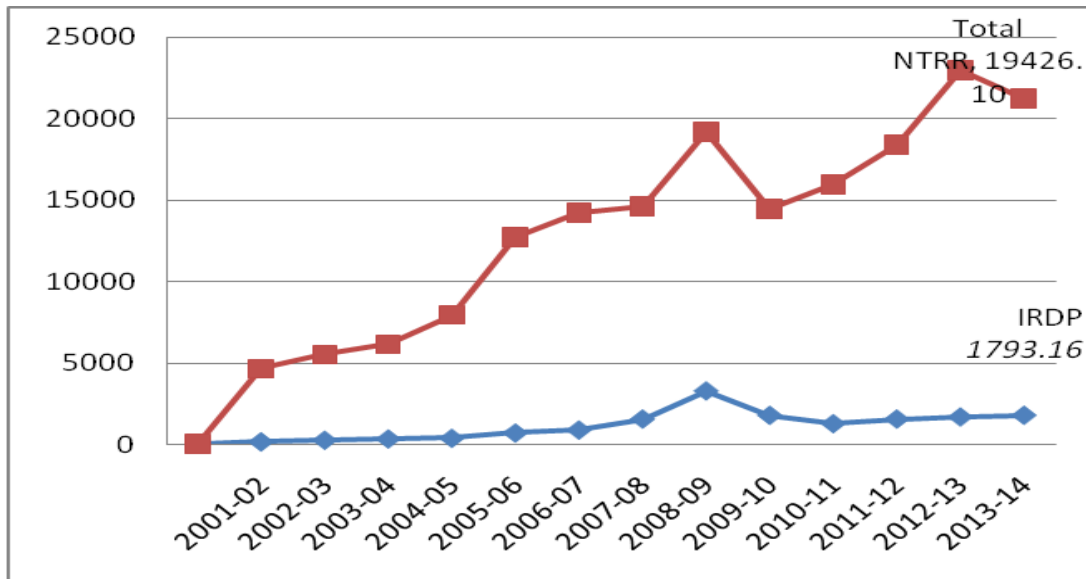
The following table shows the trends of receipts from IRDP.

Table 4.3 Trends of IRDP

Year	Amount	Growth Rate	Total NTRR	% to NTRR	GSDP	% to GSDP
2001-02	145.22	-	4487.22	3.24	216774	0.066
2002-03	244.03	68.04	5262.88	4.64	232871	0.01
2003-04	327.07	32.02	5800.84	5.64	245798	0.12
2004-05	365.51	11.75	7560.12	4.83	268197	0.14
2005-06	694.23	89.93	12008.86	5.78	297115	0.23
2006-07	875.54	40.52	13338.01	6.56	328998	6.56
2007-08	1559.6	78.13	13029.83	11.97	381551	0.41
2008-09	3291.23	111.03	15867.33	20.74	45711	7.2
2009-10	1784.87	-45.76	12650.24	14.11	525985	0.34
2010-11	1270.68	-28.8	14670.83	8.66	638788	0.2
2011-12	1559.58	22.73	16803.47	9.28	699140	0.22
2012-13	1686.48	8.13	21280.04	7.92	805309	0.21
2013-14	1793.16	6.32	19426.1	9.23	888600	0.2

Source : Annual Financial Statement, Department of Finance, Government of Mizoram.

Fig : 4.3 Ratio of Receipts from IRDP to Total NTRR



Source : Annual Financial Statement, Department of Finance, Government of Mizoram.

The revenue from Interest, Receipts, Dividends and Profit (IRDP) in absolute terms increases from Rs 145.22 lakhs in 2001-2002 to Rs 1793.16 lakhs in 2013-2014. Between the year 2001-2014, non tax revenue receipt collected from IRDP reaches its peak during 2008-2009 registering collected revenue of Rs 3291.23 lakhs with a growth rate of 111.03% i.e 20.74% of the total NTRR. However in 2009-2010 revenue from IRDP declined to Rs 1784.87 lakhs (14.11% of GSDP) registering a growth rate of -45.76% over

the previous year. By 2013-2014, it increases to Rs 1793.16 lakhs contributing 9.23% to total Own Non Tax Revenue with a growth rate of 6.32% over the previous year. As a percentage share of IRDP to State GSDP, it was the highest during 2008-09 with a share of 7.2 % to total GSDP while it was the lowest during 2001-02 with a share of only 0.06% to GSDP. The compound annual growth rate for IRDP is 23.3%.

4.3.2 Trends and composition of receipts from General Services

The revenue from General Services mainly comprises receipts from Public Service Disposals, Stationery & Printing, Public Works, Other Administrative Services, Contribution and Recoveries and Miscellaneous General Services. The following table shows the trends of revenue from General Services.

Table 4.4 Trends of Revenue from General Services.

Year	General Services	Growth Rate	Total	% to NTRR	GSDP	% to GSDP
2001-02	918.51	-	4487.22	20.47	216774	0.42
2002-03	1764.62	92.11	5262.88	33.53	232871	0.76
2003-04	1439.37	-18.43	5800.84	24.81	245798	0.59
2004-05	1563.43	8.61	7560.12	20.68	268197	0.58
2005-06	1211.49	-22.51	12008.86	10.09	297115	0.41
2006-07	5249.58	333.31	13338.01	39.36	328998	1.6
2007-08	648.40	-87.64	13029.83	4.98	381551	0.17
2008-09	1212.56	87.00	15867.33	7.64	45711	0.27
2009-10	1804.81	48.84	12650.24	14.27	525985	0.34
2010-11	2319.04	28.49	14670.83	15.81	638788	0.36
2011-12	914.50	-60.56	16803.47	5.44	699140	0.13
2012-13	1147.73	25.50	21280.04	5.39	805309	0.14
2013-14	1899.25	65.47	19426.10	9.77	888600	0.21

Source : Annual Financial Statement, Department of Finance, Government of Mizoram.

Revenue receipts from General Services in absolute term rose from Rs 918.51 lakhs in 2001-2002 to Rs 1899.25 lakhs in 2013-2014. Between this period, revenue from general services reaches its peak during 2006-2007 (Rs 5249.58 lakhs) registering a growth rate of 333.31% over the previous year. During this period, the share of general Services to total NTRR was 39.36%. However this has fallen down to a wide margin of Rs 648.40 lakhs over the next year during 2007-2008 (-87.64%). The relative contribution of this source to State's own Non Tax Revenue declined from 20.47% in 2001-2002 to 9.77% in 2013-2014 after reaching a peak of 39.36% in the year 2006-2007. As a percentage share of this source to GSDP, it was the highest during 2006-2007 with a share of 1.6% while it was the lowest during 2011-2012 with a share of only 0.13%. The compound annual growth rate under this revenue receipts is 6.24%.

The following table (Table 4.5 and 4.6) shows the trend and composition of receipts from General Services.

Table 4.5 Trends and Composition of Revenue Receipts from General Services in lakhs.

Trends and Composition of Receipts from General Services (in lakhs)															
No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	GAGR
1	Public Service Comission	1.63	0.88	0.52	7.83	0.41	0.08	0.66	18.86	20.33	16.83	5.58	11.81	14.85	20.22%
2	Police	25.63	38.74	27.89	22.22	38.20	35.19	33.97	356.42	25.92	732.90	94.65	41.39	33.15	2.17%
3	Jails	0.94	1.57	1.06	1.56	1.12	0.04	3.71	0.38	0.37	1.07	1.82	1.23	2.67	9.09%
4	Supplies & Disposals	2.04	41.58	41.06	43.95	57.30	40.73	7.21	1.81	3.08	1.67	1.23	2.03	0.46	-11.67%
5	Stationery & Printing	34.76	39.94	88.30	37.80	49.91	46.90	85.88	57.75	39.49	86.18	55.75	62.96	133.00	11.83%
6	Public Works	50.11	203.59	368.23	289.60	104.62	201.96	45.32	201.64	412.46	169.95	141.76	25.28	17.46	-8.41%
7	Other Administrative Services	244.45	722.25	216.55	225.38	277.35	396.80	253.01	201.70	223.48	265.33	400.57	473.04	531.99	6.69%
8	Contribution & Recoveries	58.71	15.06	23.59	31.83	37.21	98.25	65.37	72.99	79.57	102.58	167.98	144.39	214.87	11.42%
9	Miscellaneous & General Services	500.24	701.01	672.17	903.26	645.37	4429.27	153.27	301.01	1000.11	942.53	45.36	385.60	950.80	5.50%
	Total	918.51	1764.62	1439.37	1563.43	1211.49	5249.22	648.40	1212.56	1804.81	2319.04	914.70	1147.73	1899.25	6.24%

Source : Annual Financial Statement. Department of Finance, Government of Mizoram.

Table 4.6 Trends and Composition of Revenue Receipts from General Services in %.

Trends and Composition of Receipts from General Services (in %)														
No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	Public Service Comission	0.18	0.05	0.04	0.50	0.03	0.00	0.10	1.56	1.13	0.73	0.61	1.02	0.78
2	Police	2.79	2.20	1.94	1.42	3.15	0.67	5.24	29.39	1.44	31.60	10.35	3.60	1.74
3	Jails	0.10	0.09	0.07	0.10	0.09	0.01	0.57	0.03	0.02	0.05	0.20	0.01	0.14
4	Supplies & Disposals	0.22	2.36	2.85	2.81	4.73	0.78	1.11	0.15	0.17	0.07	0.13	0.17	0.02
5	Stationery & Printing	3.78	2.26	6.13	2.42	4.12	0.89	13.24	4.76	2.19	3.72	6.10	5.48	7.00
6	Public Works	5.46	11.54	25.58	18.52	8.64	3.85	6.99	16.63	22.85	7.33	15.50	2.20	0.91
7	Other Administrative Services	26.61	40.93	15.04	14.42	22.89	7.56	39.02	16.63	12.38	11.44	43.78	41.21	28.01
8	Contribution & Recoveries	6.39	0.85	1.64	2.04	3.07	1.87	10.08	6.02	4.41	4.42	18.37	12.58	11.31
9	Miscellaneous & General Services	54.46	39.73	46.70	57.77	53.27	84.37	23.64	24.82	55.41	40.64	4.96	33.59	50.06
	Total	99.99	100.01	99.99	100.00	99.99	100.00	99.99	99.99	100.00	100.00	100.00	99.86	100.00

Source : Annual Financial Statement, Department of Finance, Government of Mizoram.

A detail contribution by various items under this source is briefly summarized as under:

(1) Public Service Commission: Revenue from Public Service Commission mainly comes from fees charged from candidates appearing for various competitive examinations and interviews conducted by the MPSC. The value of receipts under this head depended upon the nature and number of examinations held by the Commission in a year and the number of candidates appearing for such examinations. Revenue receipts from this service in absolute term increases from Rs 1.63 lakhs in 2001-02 to Rs 14.85 lakhs in 2013-14. The period between 2009-2010 witnessed the highest revenue collected from Public Service Commission with a collected revenue of Rs 20.33 lakhs. The share of Public Service Commission to General services marginally increase from 0.18 % in 2001-02 to 0.78 % in 2013-14. Revenue from this source exhibited compound annual growth rate of 20.22% during the study period.

(2) Police: Revenue from Police includes re-imbusement receipts from the Government of India and other States towards the cost of police supplies, cost of police supplies to autonomous bodies, private companies and persons, receipts under the Arms Act as well as sale proceeds of unserviceable articles, recovery of overpayment and miscellaneous receipts, etc. Revenue from this source is one of the major components of General Receipts of the Government. Revenue from this source in absolute term increases from Rs 25.63 lakhs in 2001-02 to Rs 33.15 lakhs in 2013-14. As a percentage share of this source to General services, it declined from 2.79 % in 2001-2002 to 1.74 % in 2013-14. During 2010-11, Rs 732.90 (31.60%) lakhs of revenue is collected through this source. The compound annual growth rate for this source is 2.17%.

(3) Jails: Receipts from jails comprises receipts from sale of articles manufactured in jail factories and farm produce of the jails. The total revenue from jails increases from Rs 0.94 lakhs in 2001-02 to Rs 2.67 lakhs in 2013-2014. The share of this source of revenue to general services marginally increased to 0.14% in 2013-2014 from 0.10% in 2001-2002.

Revenue from Jails exhibited Compound annual growth rate of 9.09% during the study period.

(4) Supplies & Disposals : Revenue from this source have gone down from Rs 2.04 lakhs in 2001-2002 to Rs 0.46 lakhs in 2013-2014. As a percent to general services, its share declined from 0.22% in 2001-02 to 0.02% in 2013-2014. Revenue from this source grew at -11.67%.

(5) Stationery and Printing: This comprises sales proceeds of stationery supply to government run on commercial lines, sales proceeds of state gazette, printing charges on governmental departmental works and miscellaneous receipts. Revenue from this source increases from Rs 34.76 lakhs in 2001-2002 to Rs 133.00 lakhs in 2013-2014. The share of this source to general services increases from 3.78% in 2001-2002 to 7% in 2013-2014. The Compound annual growth rate for this source is 11.83%.

(6) Public Works: Revenue from this source is another determinant of State Own revenue receipts. This sources include rental income from government

building, hire charges of machinery supplied to the contractors and other departmental works done by the concerned department etc. Revenue from this source declined from Rs 50.11 lakhs in 2001-2002 to Rs 17.46 lakhs in 2013-2014. The share of this source of revenue to general services decreases from 5.46 % in 2001-02 to 0.91% in 2013-14. In terms of compound annual growth rate, revenue from Public Work grew at -8.41%.

(7) Other Administrative Services : Revenue from other administrative services consists of receipts from administration of justice, elections, defence, fire protection, etc. These include fines and forfeitures, service fees and other receipts under Law and Judicial and High courts, sale proceeds of election forms and documents, contribution towards issue of voter identity card, It also include receipts from other services such as receipts from Central government for the administration of Central Acts and regulations, Receipts under explosive act, Receipts from Home Guard, Marriages fees, Fees from fire protection and control, receipts from copyrights fees, receipts from guest houses and garages, passports fees, visa fees, receipts from ATI, LAD, Assembly Secretariat and Governor Secretariat.

Revenue from this source increases from Rs 244.45 lakhs in 2001-2002 to Rs 531.99 lakhs in 2013-2014. Its share as a percent to general services increases to 28.01% in 2013-14 from 26.61% in 2001-02 with compound annual growth rate of 6.69%.

(8) Contribution and recoveries towards pension and other retirement

benefits: Pensions contribution from other government, autonomous bodies etc in respect of Government servants placed on deputation fall in this category. It also include government share in Contributory Provident Fund and interest thereon. Revenue from this source increases from Rs 58.71 lakhs in 2001-2002 to Rs 214.87 lakhs in 2013-2014. The share of this source to general services increases from 6.39% in 2001-02 to 11.31% in 2013-14. In terms of its growth rate revenue from this source grew at 11.42% per annum.

(9) Miscellaneous General Services : These includes numerous small receipts from all sources such as unclaimed deposits, allotment and sale of land, receipts relating to guarantees given by government, sale of old stores,

shares and materials, urban assessment etc. Revenue from this sources shows an increasing trend from Rs 500.24 lakhs in 2001-2002 to Rs 950.80 in 2013-2014. As a percentage of revenue from this source to general services, it declined from 54.46% in 2001-2002 to 50.06% in 2013-2014, with a compound annual growth rate of 5.50%.

4.3.3 Trends and composition of receipts from Social Services

The major items that come under this class are, Education, sports, arts and culture, Medical and public health, Family welfare, Supply and Sanitation, Housing, Urban development Information and publicity, Labour and employment, Social security and welfare, and Other social services.

The following table shows the trends and composition of revenue receipts from Social Services:

Table 4.7 Trend of Revenue from Social Services

Year	Social Services	Growth Rate	Total	% to NTRR	GSDP	% to GSDP
2001-02	481.03	-	4487.22	10.72	216774	0.22
2002-03	474.57	-1.34	5262.88	9.02	232871	0.2
2003-04	567.10	19.49	5800.84	9.78	245798	0.23
2004-05	551.40	-2.76	7560.12	7.29	268197	0.21
2005-06	668.92	21.31	12008.86	5.57	297115	0.23
2006-07	777.63	16.25	13338.01	5.83	328998	0.24
2007-08	880.07	13.17	13029.83	6.75	381551	0.23
2008-09	825.39	-6.21	15867.33	5.20	45711	0.18
2009-10	960.47	16.36	12650.24	7.59	525985	0.18
2010-11	1066.60	11.04	14670.83	7.27	638788	0.17
2011-12	1242.10	16.45	16803.47	7.39	699140	0.18
2012-13	1948.17	56.84	21280.04	9.15	805309	0.24
2013-14	2367.27	21.51	19426.10	12.18	888600	0.27

Source : Annual Financial Statement, Department of Finance, Government of Mizoram.

Revenue receipts from Social services in absolute terms increased from Rs 481.63 lakhs in 2001-2002 to Rs 2367.77 lakhs in 2013-2014. The revenue collected from Social services increases as year progresses and is the highest during 2013-2014 (Rs 2367.27 lakhs). It registered compound annual growth rate of 14.20%. In terms of the share of Social Services against State's Own Non Tax Revenue, it shows upward trend from the year 2001-02 to 2013-2014 increasing from 10.72% in 2001-2002 to 12.18% in 2013-2014. The share of this source to State's GSDP shows a small margin increased from 0.22% in 2001-2002 to 0.27% during 2013-2014.

The trend and components of receipts from Social Services is shown in the following table. (Table 4.8 and 4.9).

Table 4.8 Trends and Composition of Receipts from Social Services in lakhs.

Trends and Composition of Receipts from Social Services															
<i>(in lakhs)</i>															
No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	GAGR
1	Education, Sports, Art & Culture	41.42	41.78	68.81	37.74	80.12	52.22	49.86	52.22	91.96	140.01	161.60	149.08	134.06	10.28%
2	Medical & Public Health	39.08	39.77	32.66	45.51	47.32	55.59	65.95	54.84	27.49	18.62	30.80	37.99	23.06	-4.30%
3	Family Welfare	0.02	0.26	-	0.04	-	-	0.01	-	-	0.76	-	0.03	-	8.45%
4	Water Supply & Sanitation	349.23	338.65	391.78	427.44	464.42	532.27	639.21	657.20	738.50	764.01	881.94	1450.88	1954.37	15.43%
5	Housing	35.4	38.24	36.94	36.66	43.40	51.05	81.94	44.65	46.79	52.16	71.45	81.81	95.47	8.62%
6	Urban Development	0.14	-	-	-	-	-	7.71	2.99	5.12	12.45	21.82	8.44	8.14	40.29%
7	Information & Publicity	3.11	0.04	7.19	3.75	6.50	6.25	-	13.25	-	21.33	16.46	18.04	19.63	16.60%
8	Labour & Employment	0.02	0.08	0.01	-	-	0.06	0.15	0.17	0.17	0.22	22.45	5.22	6.37	61.66%
9	Social Security & Welfare	12.61	15.75	29.71	0.26	27.16	80.19	35.78	0.07	50.44	56.99	35.59	197.11	126.17	21.16%
	Total	481.03	474.57	567.10	551.40	668.92	777.63	880.61	825.39	960.47	1066.55	1242.11	1948.60	2367.27	14.20%

Source : Annual Financial Statement. Department of Finance, Government of Mizoram.

Table 4.9 Trends and Composition of Receipts from Social Services in %.

Trends and Composition of Receipts from Social Services														
<i>(in %)</i>														
No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	Education,Sports, Art & Culture	8.61	8.80	12.13	6.84	11.98	6.72	5.67	6.33	9.57	13.13	13.01	7.65	5.66
2	Medical & Public Health	8.12	8.38	5.76	8.25	7.07	7.15	7.49	6.64	2.86	1.75	2.48	1.95	0.97
3	Family Welfare	-	0.05	-	0.01	-	-	-	-	-	0.07	-	-	-
4	Water Supply & Sanitation	72.60	71.36	69.08	77.52	69.43	68.45	72.63	79.62	76.89	71.63	71.00	74.47	82.55
5	Housing	7.36	8.06	6.51	6.65	6.49	6.56	9.31	5.41	4.87	4.89	5.75	4.19	4.03
6	Urban Development	0.03	-	-	-	-	-	0.81	0.36	0.53	1.17	1.76	0.43	0.34
7	Information & Publicity	0.65	0.01	1.27	0.68	0.97	0.80	-	1.61	-	2.00	1.33	0.92	0.82
8	Labour & Employment	-	0.02	-	-	-	0.01	0.02	0.02	0.02	0.02	1.81	0.26	0.26
9	Social Security & Welfare	2.62	3.32	5.24	0.05	4.06	10.31	4.07	0.01	5.25	5.34	2.87	10.11	5.32
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.01	100.00	100.00

Source : Annual Financial Statement. Department of Finance, Government of Mizoram.

A detail analytical study of the determinants of receipts from this source is summarized as under

(1) Education, Sports, Arts and Culture: Receipts from education, sports, arts and culture, includes tuition and other fees realized from students in governmental educational institution, public contribution to educational institutional, Receipts of museum and archaeological monuments. Revenue obtained from this source increases from Rs 41.42 lakhs in 2001-2002 to Rs 134.06 lakhs in 2013-2014. As a percentage share to social services, it declined from 8.61% in 2001-2002 to 5.66% in 2013-2014. It exhibited 10.28% compound annual growth rate.

(2) Medical and public health: Medical and public health receipts include contribution from patients, and tuition fees and fines from medical institution etc. From this sources, revenue income collected declined from Rs 39.08 lakhs in 2001-2002 to Rs 23.06 in 2013-14. During the study period between 2001-2014, the share of this sources to Social Services declined from 8.12% in 2001-2002 to 0.97% in 2013-2014, with a compound annual growth rate of -4.30%.

(3) Welfare: Family welfare receipts are contribution of the users, and receipts on account of strengthening of family welfare. There is only a little revenue receipts from this source.

(4) Water supply and sanitation: Water supply and sanitation receipts comprises of service fees and receipts from water schemes. This source is the largest contributor to social services. In 2001-02, revenue from this source was 349.23 lakhs which increases to 1954.37 lakhs in 2013-14. As a percentage share of this source to social services, it increases from 72.6% in 2001-02 to 82.55% in 2013-14. Revenue from this source exhibited compound annual growth rate of 15.43%.

(5) Housing: Housing receipts are receipts from General Pool Accomodation, Police Housing and other housing under the charge of PWD and other receipts under LAD. Revenue from this source increases from 35.4 lakhs in 2001-02 to 95.47 lakhs in 2013-14. In terms of its share towards social services, it declined from 7.36% in 2001-02 to 4.03% in 2013-14, registering compound annual growth rate of 8.62%.

(6) Urban Development: Receipts from urban development includes receipts from license fees (receipts under town sanitation rule), hoarding and advertisement, sanitary inspection fees and other receipts for state capital development and other urban development schemes through UD&PA and LAD. Revenue from this source increases from Rs 0.14 lakhs in 2001-2002 to Rs 8.14 in 2013-2014 while its share to social services marginally increases from 0.03% in 2001-2002 to 0.34% in 2013-2014.

(7) Information and publicity: Information and publicity receipts are receipts from publication and films under Information and Public Relation Department and Welfare. Receipts under this revenue increases from Rs 3.11 lakhs in 2001-2002 to Rs 19.63 lakhs in 2013-2014. The share of this source to social service increases from 0.65% in 2001-2002 to 0.82% in 2013-2014 with a compound annual growth rate of 16.60%.

(8) Labour and Employment: Receipts from labour and employment include fees under contract labour and other receipts from labour, employment and information technology. Receipts from this revenue increases from 0.02 lakhs in 2001-02 to 6.27 lakhs in 2013-14. In terms of its

share to social services, it increase from 0.02% in 2002-2003 to 6.37% in 2013-14.

(9) Social Welfare & Security: Receipts from Social Security and welfare includes receipts from rehabilitation and other social security and welfare programs. The compound annual growth rate for this receipt is 21.16%.Receipts under this revenue increases from 12.61 in 2001-02 to 126.17 in 2013-14.In terms of its share to social services; it increases from 2.62% in 2001-02 to 5.32% in 2013-14

4.3.4 Trends and composition of receipts from Economic Services

Major items under this class are Crop husbandry, Animal husbandry, Dairy development, Fisheries, Forestry and wild life, Co-operation, Other agricultural and rural programs, Special area programs, Major and medium irrigation Minor irrigation, Village and small scale industries, Industries, Non-ferrous mining and metallurgical industries, Roads and bridges, Tourism, and Others.

The following table shows the trends and composition of revenue receipts from Economic Services.

Table 4.10 Trend of Revenue from Economic Services.

Year	Economic Services	Growth Rate	Total	% to NTRR	GSDP	% to GSDP
2001-02	2942.46	-	4487.22	65.57	216774	1.36
2002-03	2779.66	-5.53	5262.88	52.82	232871	1.19
2003-04	3467.30	24.73	5800.84	59.77	245798	1.41
2004-05	5079.78	46.50	7560.12	67.19	268197	1.89
2005-06	9434.22	85.72	12008.86	78.56	297115	3.18
2006-07	6435.26	-31.78	13338.01	48.25	328998	1.96
2007-08	9941.76	54.48	13029.83	76.30	381551	2.61
2008-09	10538.15	5.99	15867.33	66.41	45711	2.31
2009-10	8100.09	-23.13	12650.24	64.03	525985	1.54
2010-11	10014.56	23.63	14670.83	68.26	638788	1.57
2011-12	13087.28	30.68	16803.47	77.88	699140	1.87
2012-13	16497.66	26.05	21280.04	77.52	805309	2.05
2013-14	13366.42	-18.97	19426.10	⁶ 8.80	888600	1.5

Source : Annual Financial Statement, Department of Finance, Government of Mizoram.

The revenue from Economic services in absolute terms increases from Rs 2942.46 lakhs (65.57%) in 2001-2002 to Rs 13366.42 lakhs (68.80%) in 2013-2014. The contribution of Economic Service to State own Non Tax Revenue increases from 65.57% in 2001-2002 to 68.80 % in 2013-2014. During the study period, receipts under this revenue was the highest during 2011-2012 contributing more than 75% (77.88%) and was the lowest during 2006-2006 with collected revenue of 48.25% of total state own non Tax revenue. The receipts under this revenue exhibited 13.44% of compound annual growth rate.

The following table (Table 4.11 and 4.12) shows the Trends and Composition of Revenue from Economic Services.

Table 4.11 Trends and Composition of Revenue Receipts from Economic Services in lakhs.

Trends and Composition of Receipts from Economic Services (in lakhs)															
No.	Items	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	CAGR
1	Crop Husbandry	56.70	27.33	25.68	22.39	22.36	21.70	18.40	17.57	29.99	88.27	73.18	69.63	86.32	3.56%
2	Animal Husbandry	40.49	47.01	60.99	53.04	53.95	56.31	59.82	57.27	72.93	55.08	64.62	42.97	37.66	-0.60%
3	Dairy Development	-	0.63	3.29	4.75	4.48	8.60	7.78	10.96	16.88	16.76	14.35	23.22	22.97	38.67%
4	Fisheries	6.65	10.80	6.05	0.23	2.31	4.81	6.14	5.70	12.67	33.22	32.88	15.36	24.42	11.45%
5	Forestry & Wildlife	163.22	380.06	316.10	273.82	415.55	405.53	298.04	220.17	252.84	239.83	318.94	238.56	298.24	5.15%
6	Food Storage & Ware Housing	3.96	2.79	3.87	3.36	0.69	2.40	10.90	0.86	11.51	7.96	11.15	4.43	5.25	2.38%
7	Co-Operation	2.09	80.64	15.87	201.29	67.15	2.24	1.61	1.92	1.08	2.02	2.89	2.37	31.81	25.47%
8	Other Agricultural Program	2.20	3.64	72.34	52.55	52.02	58.07	59.43	94.22	84.87	104.34	99.51	166.86	163.66	43.21%
9	Land Reforms	-	41.34	55.90	69.19	84.79	86.28	88.18	88.20	105.42	104.01	114.01	129.77	132.03	11.13%
10	Other Rural Development Program	10.61	8.26	0.77	7.97	74.57	-	350.00	1.02	5.10	18.68	4.49	3.36	0.06	-35.03%
11	Minor Irrigation	4.06	1.36	5.48	2.97	2.60	0.09	-	-	0.78	0.23	9.74	4.14	1.79	-6.60%
12	Power	2304.41	1821.22	2614.01	4081.38	8180.66	5179.00	8360.11	9340.17	6785.58	7263.48	10951.62	11126.78	10905.41	13.83%
13	Village & Small Industries	9.30	5.70	16.15	7.75	23.36	21.52	5.48	8.13	14.69	31.89	27.45	40.57	33.12	11.16%
14	Non Ferrpus Farming & Metallurgical Industries	0.50	-	3.05	5.94	32.59	44.28	98.40	154.22	141.13	497.39	695.43	527.82	451.13	76.31%
15	Civil Aviation	78.52	59.71	55.01	82.90	186.42	248.32	296.11	199.15	188.19	134.46	88.80	227.17	205.10	8.33%
16	Roads & Bridges	27.18	16.62	15.45	16.87	5.87	25.32	21.76	11.25	42.82	998.85	185.33	3485.45	521.73	27.92%
17	Road Transport	171.04	202.82	149.22	131.81	155.27	174.11	164.66	207.35	201.33	265.88	220.50	202.20	190.35	0.90%
18	Other Scientific Research	-	0.08	0.98	1.11	0.72	2.25	0.82	0.91	1.09	0.89	6.31	5.92	4.12	43.09%
19	Tourism	34.74	37.48	40.55	43.50	62.15	82.07	86.54	111.44	123.51	148.31	153.64	171.67	239.11	17.44%
20	Other General Economic Services	26.79	32.17	6.54	11.96	6.71	12.36	7.58	7.14	7.68	8.01	12.44	9.41	12.14	-6.38%
	Total	2942.46	2779.66	3467.30	5074.78	9434.22	6435.26	9941.76	10537.65	8100.09	10019.56	13087.28	16497.66	13366.42	13.44%

Source : Annual Financial Statement. Department of Finance, Government of Mizoram.

Table 4.12 Trends and Composition of Revenue Receipts from Economic Services in percent.

Trends and Composition of Receipts from Economic Services (%)														
No.	Items	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010=11	2011-12	2012-13	2013-14
1	Crop Husbandry	1.93	0.98	0.74	0.44	0.24	0.34	0.19	0.17	0.37	0.88	0.56	0.42	0.64
2	Animal Husbandry	1.38	1.69	1.76	1.04	0.57	0.88	0.6	0.54	0.9	0.55	0.49	0.26	0.28
3	Dairy Development	-	0.02	0.09	0.09	0.05	0.13	0.08	0.1	0.21	0.17	0.11	0.14	0.17
4	Fisheries	0.23	0.39	0.17	-	0.02	0.07	0.66	0.05	0.16	0.33	0.25	0.09	0.18
5	Forestry & Wildlife	5.55	13.67	9.12	5.39	4.4	6.3	3	2.09	3.12	2.39	2.44	1.44	2.23
6	Food Storage & Ware Housing	0.13	0.1	0.11	0.07	0.01	0.04	0.11	0.01	0.14	0.08	0.09	0.02	0.03
7	Co-Operation	0.07	2.9	0.46	3.96	0.71	0.03	0.02	0.02	0.01	0.02	0.02	0.01	0.23
8	Other Agricultural Program	0.67	0.13	2.09	1.03	0.55	0.9	0.6	0.89	1.03	1.04	0.76	0.4	1.22
9	Land Reforms		1.49	1.61	1.36	0.9	1.34	0.89	0.84	1.3	1.04	0.87	0.78	0.98
10	Other Rural Development Program	0.36	0.3	0.02	0.16	0.79	-	3.52	0.01	0.06	0.19	0.03	0.02	0
11	Minor Irrigation	0.14	0.05	0.16	0.66	0.03	-	-	-	0.01	-	0.07	0.06	0.01
12	Power	78.52	65.52	75.39	80.35	86.71	80.48	84.09	88.63	83.77	72.53	83.68	67.44	81.58
13	Village & Small Industries	0.32	0.21	0.47	0.15	0.25	0.33	0.06	0.68	0.18	0.32	0.21	0.24	0.24
14	Non Ferrpus Farming & Metallurgical Industries	0.02	-	0.09	0.12	0.35	0.69	0.99	1.46	1.74	4.97	5.31	3.19	3.37
15	Civil Aviation	2.67	2.15	1.59	1.63	1.98	3.86	2.98	1.89	2.12	1.34	0.68	1.37	6.09
16	Roads & Bridges	0.92	0.6	0.45	0.33	0.66	0.39	0.22	0.11	0.53	9.92	1.42	21.12	3.9
17	Road Transport	5.81	7.3	4.3	2.69	1.65	2.71	1.66	1.97	2.49	2.65	1.68	1.22	1.42
18	Other Scientific Research	-	-	0.63	0.02	0.01	0.63	0.01	0.01	0.01	0.01	0.05	0.03	0.03
19	Tourism	1.18	1.35	1.17	0.86	0.66	1.28	0.87	1.66	1.52	1.48	1.17	1.04	1.78
20	Other General Economic Services	0.91	1.16	0.19	0.24	0.07	0.19	0.68	0.07	0.09	0.08	0.1	0.05	0.09
	Total	100.81	100.01	100.61	100.59	100.61	100.59	101.23	101.2	99.76	99.99	99.76	99.34	104.47

Source : Annual Financial Statement. Department of Finance, Government of Mizoram.

A more detail analysis under Economic Services is presented as under:

(1) Crop Husbandry: Revenue from this source mainly comes from the sale of Government's agricultural output and returns from subsidies of the farmers. Receipts from Crop Husbandry in absolute terms increased from Rs 56.70 lakhs in 2001-2002 to Rs 86.32 lakhs in 2013-2014. During 2010-2011, revenue collected from this source was Rs 88.27 lakhs and was the highest during the study period, while receipts from 2008-2009 of Rs 17.57 lakhs was the least from this source during the study period. Receipts revenue from crop husbandry registered 3.56% of compound annual growth rate.

(2) Animal Husbandry: Revenue from this source mainly come from the sale of processed meat in Government's meat shop, revenue from the use og animal slaughter houses, etc. Receipts under this revenue declined from Rs40.49 lakhs in 2001-2002 to Rs 37.66 lakhs in 2013-2014. The highest registered collected receipts under this revenue during the study period was between 2009-2010 which was Rs.72.93 lahks. However, this source registered a negative compound annual growth rate of -0.60%.

(3) Diary Development: Receipts from this source comprises mainly revenue from the sale of milk and milk product and other items under the veterinary department. In absolute terms, it increases from Rs 0.63 lakhs in 2002-2003 to Rs 22.97 lakhs in 2013-2014 with a compound annual growth rate of 38.67%.The share of this source to economic services increases from 0.02% in 2002-2003 to 0.17% in 2013-2014.

(4) Fisheries: Revenue from fisheries comprises mainly the sell of fishes from government's fishing culture and nursery. In absolute terms, revenue increases from Rs 6.65 lakhs in 2001-2002 to Rs 24.42 lakhs in 2013-2014.During 2010-2011, revenue from this source was as high as Rs 33.22 lakhs as compared to only Rs 0.23 lakhs in 2004-2005.Revenue from fisheries exhibited compound annual growth rate of 11.45% during the study.

(5) Forestry and wild life : Revenue from this source is one of the major components of Economic Services. Revenue from this head comes from royalty charges and fines and forfeitures, custom duties,etc.In absolute terms, revenue increases from Rs 163.22 lakhs in 2001-2002 to Rs 298.24

lakhs in 2013-2014. During 2005-2006, revenue collected from forestry and wildlife was Rs 415.55 and this was the highest during the study period. During this period, this source witnessed compound annual growth rate of 5.15%.

(6) Food Storage and Ware Housing: Revenue from this source contributed a small margin to SONTR due to lack of sufficient infrastructure and store housing facilities. Receipts from this service increases from 3.96 lakhs in 2001-2002 to Rs 5.25 lakhs in 2013-2014. During 2009-2010, the collected revenue was Rs 11.51 lakhs and this was the highest. In term of its growth rate it exhibited compound annual growth rate of 2.38%. The share of this source to economic service shows a declining trend from 0.135 in 2001-2002 to 0.03% in 2013-2014.

(7) Co-operation: Revenue from this source shows a very irregular trend during the study period. In 2001-2002, the revenue collected was only Rs 2.09 lakhs, whereas during the next year. i.e 2002-2003, it jumped up to Rs 80.64 lakhs. During 2004-2005, revenue from this source reaches its peak with collected revenue of Rs 201.29 lakhs. From this point onward it

declined marginally. As a percentage share of this source to economic service, there is a small margin increased from 0.07% in 2001-2002 to 0.23% in 2013-2014. The compound annual growth rate for this source is during the study period is 25.47%.

(8) Other agricultural and rural programs : The revenue collected from this source in absolute term increases from Rs 2.20 lakhs in 2001-2002 to Rs 163.66 lakhs in 2013-2014. There is a great improvement of collected revenue from this source. In terms of its share to economic services, it increases from 0.67% in 2001-2002 to 1.22% in 2013-2014 with a compound annual growth rate of 43.21%.

(9) Land Reforms: Revenue from Land reforms is another major component of Economic Services. In absolute term it increases from Rs 41.34 lakhs in 2002-2003 to Rs 132.03 lakhs in 2013-2014 and during this year it attains its peak. The trend shows that revenue from this source grew at an increasing rate.

(10) Other Rural Development Program : Revenue from this source in absolute term increases from Rs 10.61 lakhs in 2001-2002 to Rs 350 in 2007-2008. However, from this point, it declined marginally and was as low as Rs 0.06 lakhs in 2013-2014. The compound annual growth rate for this source shows a negative growth rate of -35.03%.

(11) Minor irrigation : Revenue from minor irrigation, in absolute term declines to Rs 1.79 lakhs in 2013-2014 from Rs 4.06 lakhs in 2001-2002. As a percentage share of this source to economic services, it declines from 0.1% in 2001-2002 to 0.01% in 2013-2014 exhibiting a negative compound annual growth rate of -6.60%.

(12) Power: Revenue receipts from power are the main source of revenue from economic services. The collected revenue from this source shows a regular trend with an increasing rate of growth. In absolute terms, it increases from Rs 2304.41 lakhs in 2001-2002 to 10905.41 lakhs in 2013-2014. As a percentage share of revenue from power to economic service, it increases from 78.52% in 2001-2002 to 81.58% in 2013-2014 with a compound annual growth rate of 13.83%.

(13) Village and small scale industries :Revenue receipts from this source in absolute term rose from Rs 9.30 lakhs in 2001-2002 to Rs 33.12 lakhs in 2013-2014.During 2012-2014,this source witnessed its peak with a revenue of Rs 40.57lakhs.The compound annual growth rate of this source during the study period is 11.16%.

(14) Non Ferrous Farming & Metallurgical Industries: Receipts under this revenue shows an irregular trend. During 2001-2002,the collected revenue was as low as Rs 0.50lakhs.By 2011-2012,it increases to Rs 695.43%.However,by the year 2013-2014 is felt down to Rs 451.13%.In absolute term, the share of this source to economic services increases from 0.02% in 2001-2002 to 3.37% in 2013-2014 and tops compound annual growth rate of 76.31%against all other sources of receipts under economic services.

(15) Civil Aviation : In absolute terms, revenue from this source increases from Rs78.52 lakhs in 2001-2002 to Rs 205.10 lakhs in 2013-2014.In 2007-2008 the collected revenue was Rs 296.11 lakhs and

reaches its peak. In term of its contribution to economic service, it shows upward trend from 2.67% in 2001-2002 to 6.09% in 2013-2014.

(16) Roads and Bridges: The main item under this revenue are fees under public assets, such as toll fees, etc. Revenue collected from this source exhibited an irregular trend. During 2001-2002, the collected revenue was Rs 27.18 lakhs. By 2010-2011, it increases to a staggering 998.58 lakhs. And by 2012-2013, it increases to 3485.45 lakhs. This was the highest registered revenue collected from this source. By 2013-2014, it felt down to Rs 521.73 lakhs. Receipts under this source exhibited compound annual; growth rate of 27.92% during the study period.

(17) Roads Transport: Revenue from Road transport also contributed a lot to SONTR of the state. Receipts under this head mainly come from user charges in the form of fares for public transport and some other fines and forfeitures. In 2001-2002, the collected revenue from this source was Rs 171.04 lakhs. In 2010-2011 it was as high as 265.88 lakhs. Between the period from 2001-02 to 2010-11, the revenue collected shows a regular trend with an increasing rate. In 2013-14, the revenue from this

source marginally declined to Rs 190.35 lakhs. In absolute term receipts under road transport increases to Rs 190.35 lakhs in 2013-2014 from Rs 171.04 lakhs in 2001-2002.

(18) Other Scientific Research: There is a small margin contribution to ONTR from this source. During 2002-2003, the revenue receipts were Rs 0.08 lakhs which increases to Rs 4.12 lakhs in 2013-2014.

(19) Tourism: Revenue from tourism is another major contributor of ONTR of the State. In absolute terms, revenue from this source increases from Rs 34.74 lakhs in 2001-2002 to Rs 239.11 lakhs in 2013-.2014.As a percentage share of tourism to economic services, its share increases to 1.78% in 2013-2014 from 1.18% in 2001-2002.The compound annual growth rate for this source is 17.44%.

(20) Others General Economic Services: Revenue from this source decreases from Rs 26.79 lakhs in 2001-2002 to Rs 12.41 lakhs in 2013-2014.During 2002-2003, the collected revenue from other general

economic services was Rs 32.17 lakhs contributing 1.16% to economic services and this was the highest registered so far. In terms of its compound annual growth rate, it exhibited a negative trend of -6.38%.

4.4 PROOF OF HYPOTHESIS

Table 4.13 Correlation between GSDP and NTRR

Correlation Analysis between GSDP and NTRR		
		GSDP
Non-Tax Revenue Receipt	Pearson Correlation	.892 ^{**}
	Sig. (2-tailed)	.000
**. Correlation is significant at the 0.01 level (2-tailed).		

Source : Generated from Statistical Test (SPSS)

The analysis shows that there is a very significant positive correlation between GSDP and NTRR ($r=.892$, significant at 0.001 level). *Hence, the proposed hypothesis may be accepted.*

Other findings:

Table 4.14 Test of Variance

R	R Square	Adjusted R Square
.892 ^a	.796	.777

Almost 80% of variance in GSDP is explained by NTRR.

Table 4.15 ANOVA Testing

ANOVA for model testing						
Model		Sum of Squares	d.f.	Mean Square	F	Sig.
1	Regression	503269843312.866	1	503269843312.866	42.802	.000 ^b
	Residual	129338817123.903	11	11758074283.991		
	Total	632608660436.769	12			

Source : Generated from Statistical Test (SPSS)

ANOVA shows that the model (Dependent Variable: GSDP; Predictors: (Constant), Non-Tax Revenue Receipt) is a good fit ($p < 0.001$).

Hence, regression equation $Y = a + b(X)$ may be formulated as below using coefficients calculated for $a = -1343849$ and $b = 3810$:

$$\text{GSDP}' = -1343849 + 3810 (\text{NTRR}')$$

Table 4.16 Correlation between Year and ONTR

Correlation between year-progression and NTRR components					
		Interest Receipts, Dividends and Profits	General Service	Social Service	Economic Service
Year Progression	Pearson Correlation	.709**	.002	.877**	.922**
	Sig. (1-tailed)	.003	.497	.000	.000

Source : Generated from Statistical Test (SPSS)

From the analysis, it may be observed that IRDP ($r=.709$), SS ($r=.877$) and ES ($r=.922$) increases significantly year by year. However, GS ($r=.002$) is found to be quite static prior to increase in years.

CHAPTER - V

FINDINGS AND SUGGESTIONS

Main Findings:

The trends, determinants and constraints of Own Non Tax Revenue of Mizoram can be categorically summarized and explained based on the collected data from various sources. A deeper analysis into each data shows an insight view of SONTR in financing the economy and its contribution towards economic growth and development.

The main findings of the study may be highlighted as under:

- The analysis shows that there is a very significant positive correlation between GSDP and NTRR ($r=.892$, significant at 0.001 level). (Table 4.13) Hence, the proposed hypothesis '*There is a significant relationship between Non Tax Revenue Receipts (NTRR) and Gross State Domestic Product (GSDP)*' may be accepted.
- It has been observed that almost 80% ($r= .796$) of variance in GSDP is explained by NTRR.(Table 4.14).This indicate that respondents of GSDP is widely affected by SONTR.

- The analysis shows that Interests Receipts, Dividends and Profits (r=.709), Social Services (r=.877) and Economic Services (r=.922) increases significantly year by year. However, General Services (r=.002) is found to be quite static prior to increase in years. (Table 4.16). Thus as year progresses, receipts from IRDP, Social and Economic services also progresses, while revenue from Economic services do not show much improvement.

State Own Non Tax Revenue

- The total Non Tax Revenue Receipts (NTRR) in absolute terms increases from Rs 4487.22 lakhs in 2001-2002 to Rs 5262.88 lakhs in 2002-2003 with a growth rate of 17.26%. In 2003-2004 it has increased to Rs 5800.84 lakhs (10.22%). During 2005-2006, the total NTRR was Rs 12008.86 lakhs with a growth rate of 58.84% reaching its peak in terms of its growth rate during this period. However during 2006-2007, NTRR was Rs 13338.01 lakhs (11.06%) and declined to Rs 13029.83 lakhs during 2007-2008. In 2008-2009, it has increased to Rs 15867.33 lakhs (21.77%), but then between 2009-2010, it fell down to Rs 12650.24 (-20.27%). In 2012-2013, it increases to Rs

21280.04 (26.64%). During 2013-2014, the total NTRR was Rs 19426.10 lakhs with a fall of -8.71 over the previous year. This shows that the share of Own Non Tax Revenue has declined from 17.26 in 2001-2002 to -8.71 in 2013-2014 exhibiting compound annual growth rate of 12.99%.

Revenue from Interest Receipts, Dividends and Profits:

- The revenue from Interest, Receipts, Dividends and Profit (IRDP) in absolute terms increases from Rs 145.22 lakhs in 2001-2002 to Rs 1793.16 lakhs in 2013-2014. Between the year 2001-2014, non tax revenue receipt collected from IRDP registered an annual growth rate of 111.03% during 2008-2009. The compound annual growth rate for receipts from IRDP is 23.30%.
- Revenue from IRDP was the highest during 2008-2009 (20.74%) and was the lowest during 2001-2002 (3.34%).

Revenue from General services:

- Revenue receipts from General Services in absolute term rose from Rs 918.51 lakhs in 2001-2002 to Rs 1899.25 lakhs in 2013-2014. Between this period, revenue from general services reaches its peak during 2006-2007 (Rs 5249.58 lakhs) registering a growth rate of 333.31% over the previous year. However it has fallen down to a wide margin of Rs 648.40 lakhs over the next year during 2007-2008 (-87.64%). The relative contribution of this source to State's own Non Tax Revenue declined from 20.47% in 2001-2002 to 9.77% in 2013-2014 after reaching a peak of Rs 39036 lakhs in the year 2006-2007.
- The share of this source to GSDP was the highest during 2006-2007 (1.6% of GSDP) and was the lowest during 2011-2012 (0.13% of GSDP)
- Miscellaneous and General Services is the major components under general services, contributing an average of 43.80% annually during the study period.
- Revenue accrues from Jails under General Service is the least contributor with an average of only 0.11% per annum.

Revenue from Social Services:

- Revenue receipts from Social services in absolute terms increased from Rs 481.63 lakhs in 2001-2002 to Rs 2367.77 lakhs in 2013-2014. The revenue collected from Social Services increases as year progresses and is the highest during 2013-2014 (Rs 2367.27 lakhs). In terms of the share of Social Services against State's Own Non Tax Revenue, it shows downward trend, declining from 10.72% in 2001-2002 to 9.15% in 2012-2013. However during 2013-2014, it has increased to 12.18%.
- Under Social Services, receipts from water supply and sanitation exhibited major components with an average of 73.63% annually while revenue from labour and employment contributed the least with an average of 0.185% per annum.

Revenue from Economic Services:

- The revenue from Economic services in absolute terms increased from Rs 2942.46 lakhs (65.57%) in 2001-2002 to Rs 13366.42 lakhs (68.80%) in 2013-2014. The contribution of Economic Service to State own Non Tax Revenue increases from 65.57% in 2001-2002 to 77.52% in 2012-2013 as it reaches its peak. Then, during 2013-2014, it has fallen to a small margin of 68.80% over the previous year.
- It is observed that Economic Services emerged as the major source of revenue to State's Own Non Tax Revenue Receipts. This services contributed 68.80% of the total Non Tax Revenue during 2013-2014.
- The largest contributor under Economic Services is receipts from power, exhibiting 79.13% of the total receipts from this category. The least contributor is other scientific research with only 0.11% of the total receipts.

SUGGESTIONS AND CONCLUSION:

Mobilizing resources through reforms in non-tax sources serves the twin purpose of having a rational non-tax structure and generating greater means to achieve economic growth. Irrational structure of non-tax sources has adverse economic effects that invalidate growth objectives. From the economic point of view, therefore, one has to keep in mind the objectives of equity, efficiency and neutrality; especially the impact of these on the economic growth of the economy. To fulfill these objectives, one often tends to adopt an economically rational structure of non-tax sources that may not be palatable politically. A popularly elected Government, therefore, has to adopt a balance between the two.

As governments expand their activities and as tax burdens approach levels in consonant with economic efficiency and personal freedom, the possibility of financing some public activities by methods other than taxation gains increasing appeal. Therefore, it is a must for the government to adopt and formulate a rational non tax system .An irrational structure of non-tax sources has adverse economic effects that invalidate growth

objectives. Therefore, the following suggested measures may serve a useful purpose.

First is the objective of equity. This advocates that the State emphasises equalisation of benefit to each segment of the society. If the marginal benefits are not equal, then society's total welfare can be increased by reassigning the service usage amongst the different sections of the society.

Second, is the objective of ensuring consumer acceptability that refers to having a simple pricing system, which is easily comprehensible and acceptable to the consumers of the services at large. Therefore, the pricing system should not be complex. This will ensure easy and simple way of collecting ONTR.

Third is the concept of administrative feasibility which points out that discrimination of rates should be administratively feasible and hence, there should be a limit to the rate differentiation.

Finally, is the environmental consideration which suggests that the pricing system should be such that it encourages and promotes the efficient and sustainable use of environmental resources.

Apart from these measures, both the Government and the society have an important task in hand. It is a high time that every individual develop a new mind set in order to fulfil our duties .It is a must that we are completely aware of our contribution towards the economy. To be a good citizen of the nation, it is the duty of every individual to pay revenues to the Government; whether be it of a tax or of non tax revenue. This is the simplest way in contributing our efforts towards growth of our economy.

On the other hand, it is also the responsibility of the government to provide the best services available to its citizens. An able and efficient Government is keen to serve and functions for its people. The feature of a good Government does not only rest upon the collection of revenues but rather rested upon how the Government in return provide services to the people.

Keeping in view all these measures, each section in the economy has a role to play. The government function for the welfare of the people and does collect revenue and used these revenues for expanding its services. On the other hand, the people received and enjoy the services rendered by the government, and in return have to pay revenues to the government. Thus, there is a circular flow of services and revenue which is the most important dominant factor towards economic growth and development.

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