



FISCAL TRENDS IN MAHARASHTRA: AN ANALYSIS OF REVENUE AND
EXPENDITURE PATTERNS

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ABSTRACT

The paper brings out the fiscal trends of Maharashtra during the period of 2013-14 to 2017-18 focusing on its revenue receipts, tax and non-tax revenues and expenditure patterns. Revenue and expenditure are two fundamental indicators of any state's financial viability, but they are especially important in a welfare state. The efficient use and expansion of these financial resources play a crucial role in social infrastructure, economic development, and public service delivery. The study notes that Maharashtra's total revenue receipts rose from Rs.1,49,822 crore in 2013-14 to Rs.2,43,738 crore in 2017-18, a 62.69 percent increase. Growth in tax revenue was recorded at 52.4 per cent and for non-tax revenue was recorded at 115.09 per cent. Shifts in spending were similarly pronounced; total expenditure increased by 59.8 percent as both revenue and capital outlays surged. It reflects that the compound annual growth rate (CGR) for revenue receipts is 10.22 percent, while the coefficient of variation (CV) of total revenue receipts is 17.96 percent, which is at a moderate level. These findings highlight the need for good fiscal management to achieve sustainable economic growth and social welfare programs.

Keywords: Maharashtra, fiscal trends, revenue receipts, tax revenue, non-tax revenue, expenditure analysis, welfare state, fiscal operations

Introduction:

Maharashtra is the top economic power of India and thus the fiscal decisions are heavily dependent on this state. The financial wellbeing of a state depends directly on its revenue receipts and expenditure through its effect on public welfare, infrastructure development and economic stability. The successful mobilization of financial resources ensures efficient achievement of social and economic goals. Maharashtra has displayed dynamic fiscal trends over the years, with steady growth in revenue receipts and rising public spending. The volatility in non-tax revenue and the rising expenditure, however, pose sustainability challenges.

Total revenue receipts grew 62.69 percent, tax revenue 8.79 percent CGR and non-tax revenue 16.55 percent from 2013-14 to 2017-18. Tax revenues were moderately volatile (coefficient of variation, 15.61 percent), while non-tax revenue displayed greater variability (coefficient of variation, 29.15 percent). On the expenditure side, total expenditure accelerated to 59.8 percent, with revenue and capital expenditure, respectively, showing CGRs of 9.9 percent and 9.5 percent. The coefficient of variation (CV) of total expenditure stood at 17.31 percent, which indicates a consistent, although increasing financial obligation. They reflect expanding fiscal headroom but may also pose some risks through spending management and revenue prospects. The present study analyses the trends in revenue and expenditure for the period 2013-14 to 2017-18 and its fiscal implications for the economic stability of Maharashtra and welfare state.

2. Objectives of the Study

The major objectives of the study are as below.

1. To examine the trends of revenue receipts, which includes both tax and non-tax revenues, during the study period.
2. To analyse the trends in revenue and capital expenditure in the state of Maharashtra.
3. To evaluate the long-run sustainability and stability of the state's fiscal policies.
4. To recommend policies to strengthen Maharashtra's fiscal resilience.

3. Review of Literature

Kamble P.S and Varsha B. H. (2016)¹, examined the trend in revenue and expenditure of the Maharashtra state during 1991-92 to 2014-15. They mainly focused on development expenditure trend especially in the post reform period. Their study found that due to rapid increase in revenue expenditure state total expenditure is also growing which resulted in revenue deficit. Darshini, J. S., (2017)², investigated the composition of a state's self-generated revenue and the degree of self-generated revenue spent on developmental services, along with the reforms implemented over time. For the purpose of analysing the disparity in development expenditure, this study is divided into two phases. Initially, it explores the structure of self-generated revenue to identify shifts in the revenue composition of the 14 prominent states. Subsequently, it compares the proportion of states' self-generated revenue allocated to developmental services. The study “Fiscal Regulation and Expenditure Pattern in Maharashtra State” was conducted by Sanjay Rode (2010)³. He uses deficits to describe the states' performance in this paper. He concentrated on the Maharashtra state's revenue and capital expenditure trends in this paper. He discusses the effects of the FRBM act on Maharashtra state's development and non-development expenditure patterns in this research paper, along with the regression results of his own tax revenue. He discusses the conclusion and policy implications of Maharashtra State in the final section of this paper. The “Study of Maharashtra finances” was examined by Ashok Lahiri, R Kavita Rao, and Mukesh Anand in (2001)⁴. ' In this paper they studied the deficit and debt situation of Maharashtra state. This paper provided an explanation of Maharashtra's revenue receipts, public sector enterprises, and projections of the state's receipts and expenditures. This paper focused on tax administration and policy, as well as potential reform initiatives for the state of Maharashtra. They examined the sector profile and growth performance in each of India's states in this working paper. The study “Economic analysis of VAT and revenue growth in Maharashtra” was conducted by Deshmukh Mahadev S. (2012)⁵. He examined the economic effects of VAT on Maharashtra's revenue growth and efficiency in this paper. In this research

paper, he examined Maharashtra's VAT trends. The main goal of this research paper is to determine how much each of Maharashtra's major districts contributes to the state's overall tax revenue. He outlines the policy changes to increase the tax system's efficiency in the final section of this research paper.

Although existing literature has studied revenue and expenditure trends in Indian states extensively, studies on the variability and sustainability of Maharashtra's fiscal operations have received scant attention. Such an in-depth study of the state's revenue volatility, expenditure efficiency and fiscal resilience is long overdue. This paper seeks to address this gap by documenting Maharashtra fiscal trends focusing on compound growth rates, coefficient of variation and percentage changes over time.

4. Discussion

4.1 Total Revenue Receipts and Per Capita Revenue Receipts

Table 1 and figure 1 to 3 indicates the component wise total revenue receipts, per capita revenue receipts, simple annual growth rate, trend in tax and non-tax revenue, proportion of tax and non-tax revenue in total revenue of the Maharashtra state. Maharashtra's total revenue receipts grew to Rs.2,43,738 crore in 2017-18, from Rs.1,49,822 crore in 2013-14, a growth of 62.69 percent. The increase came from both tax and non-tax revenue ingredients.

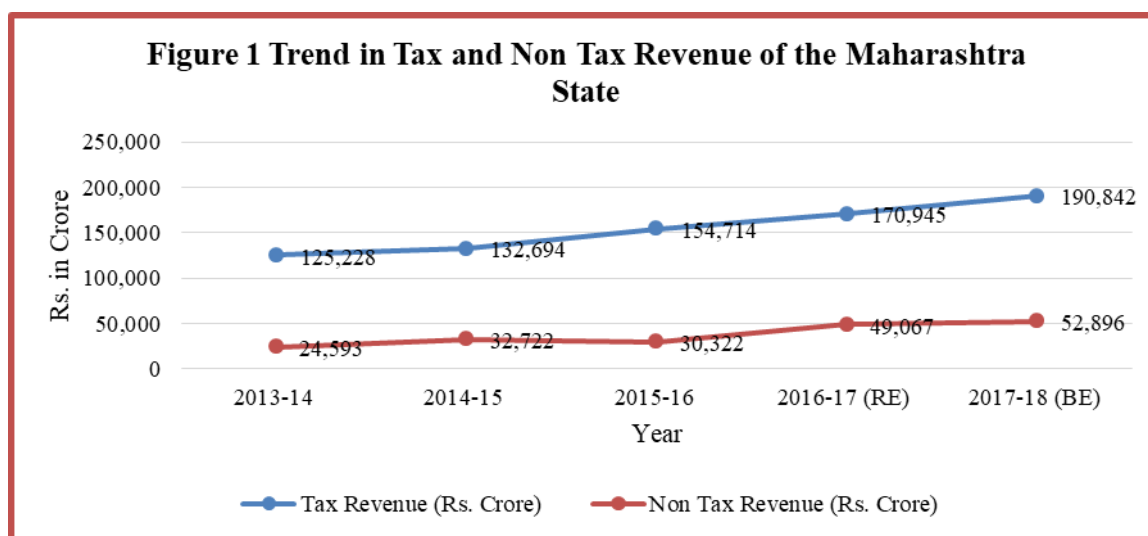
Tax revenue rose from Rs.1,25,228 crore in 2013-14 to Rs.1,90,842 crore in 2017-18, a rise of 52.40 percent, and non-tax revenue rose from Rs.24,593 crore to Rs.52,896 crore, a jump of 115.09 percent — more than a doubling. So, per capita revenue receipts also registered a marked increase, from Rs.12,931 in 2013-14 to Rs.20,063 in 2017-18, a growth of 55.15 percent.

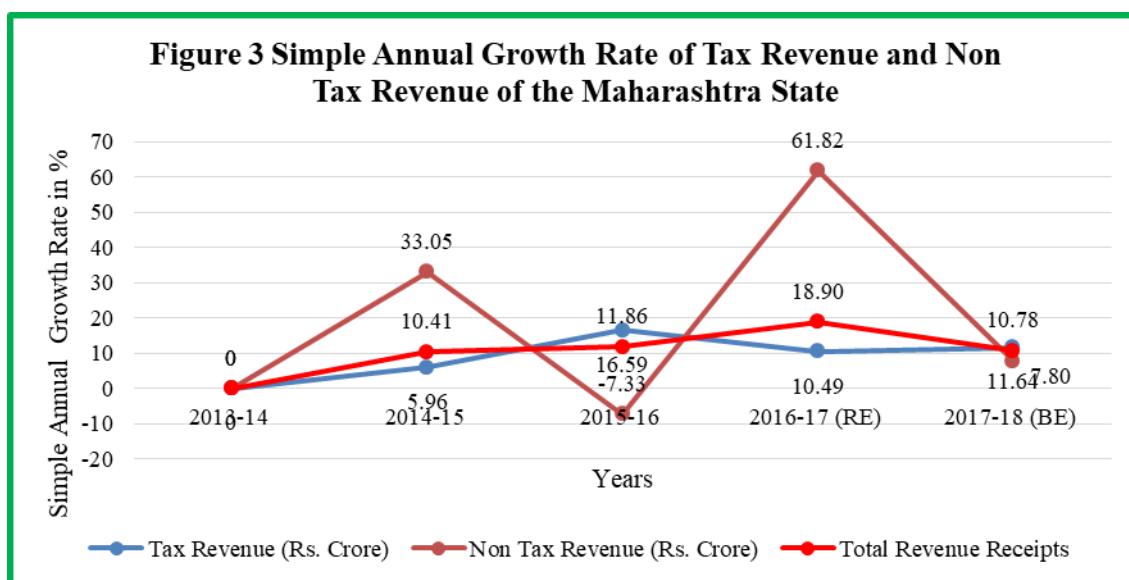
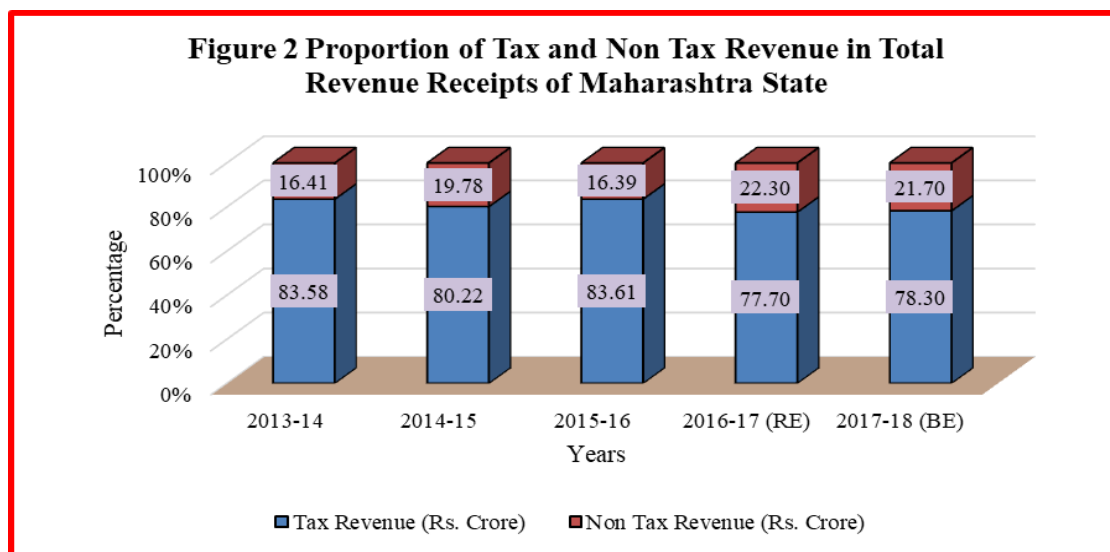
Table 1
Component wise Total Revenue Receipts and Per Capita Revenue
Receipts of the Maharashtra State

Year	Tax Revenue (Rs. Crore)	Non Tax Revenue (Rs. Crore)	Total Revenue Receipts (Rs. Crore)	Per Capita Revenue Receipts (in Rs)
2013-14	1,25,228	24,593	1,49,822	12,931
2014-15	1,32,694	32,722	1,65,415	14,109
2015-16	1,54,714	30,322	1,85,036	15,596
2016-17 (RE)	1,70,945	49,067	2,20,012	18,326
2017-18 (BE)	1,90,842	52,896	2,43,738	20,063
Percentage Change in 2017-18 over 2013-14	52.40	115.09	62.69	55.15
CGR	8.79%	16.55%	10.22%	9.18%
CV	15.61%	29.15%	17.96%	16.30%

Source: Finance Department, GoM, 2018

Note: RE (Revised Estimation), BE (Budget Estimation)





CGR (Compound Growth Rate) reflects the average growth rate across the duration. The CGR of total revenue receipts was at 10.22 percent, suggesting steady fiscal expansion. The contained tax revenue of 8.79 percent CAGR with non-tax over 16.55 percent indicated reliance on other forms of revenues outside taxes. CGR on per capita revenue receipts was recorded at 9.18 percent, reflecting that the per capita revenue maintained its growth in accordance with the overall trends in the fiscal performance.

Fluctuations in Revenue Receipts, the coefficient of variation of the non-tax revenue had 29.15 percent, indicating this was the most unstable revenue in the study as tax revenue had a relatively lower CV of 15.61 percent. Total revenue receipts (17.96 per cent) exhibited moderate fluctuations in terms of

dispersion. Revenue receipts per capita had a CV of 16.30 percent—indicative of a controlled nature of growth in revenue on an individual basis. In summary, Maharashtra's revenue receipts have grown strongly and consistently over time, although non-tax revenue has been more volatile, indicating greater fiscal management efforts are needed.

Table 2 and figure 4 indicates the component wise trend in tax revenue of the Maharashtra State. Between 2013-14 and 2017-18, the tax revenue of Maharashtra grew substantially from Rs.1,25,228 crore to Rs.1,90,842 crore, which is 25 percent increase in percentage. This increase was fueled by the state's own revenue and central taxes. In 2013-14 Own tax revenue was Rs.1,08,641 crore and in 2017-18 it was Rs.1,53,437 crore it shows a growth of 41.23 percent. But the most significant growth came from the state's share of central taxes, which shot up from Rs.16,588 crore to Rs.37,405 crore, with an astounding 125.49 percent jump. This rapid increase suggests a growing reliance on central transfers that could impact fiscal independence.

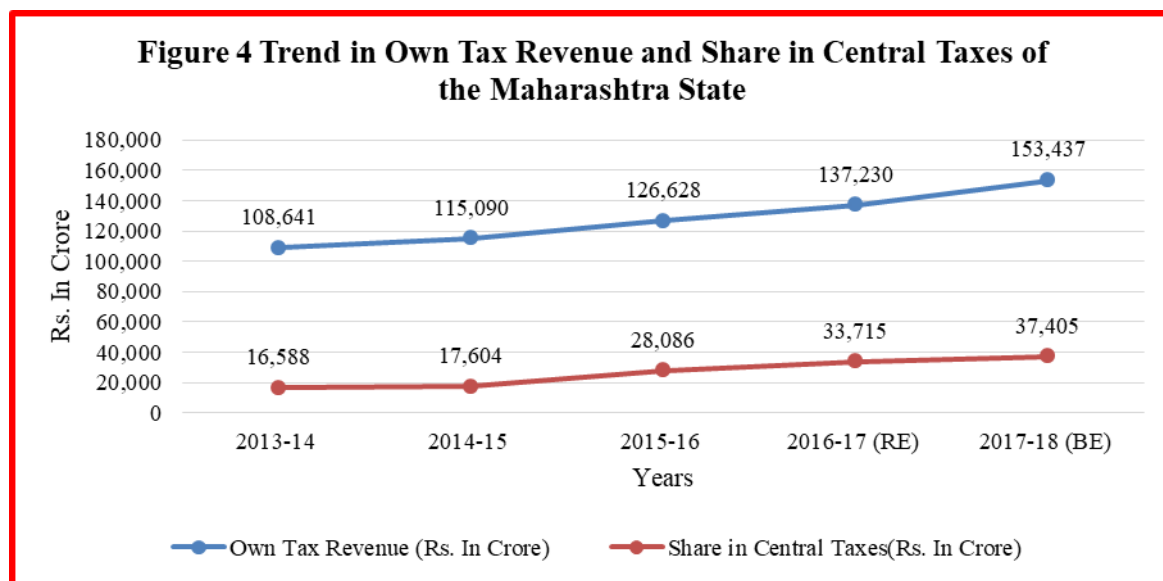
Table 2

Component wise Trend in Tax Revenue of the Maharashtra State

Year	Own Tax Revenue (Rs. In Crore)	Share in Central Taxes (Rs. In Crore)	Total Tax (Rs. In Crore)
2013-14	1,08,641	16,588	1,25,228
2014-15	1,15,090	17,604	1,32,694
2015-16	1,26,628	28,086	1,54,714
2016-17 (RE)	1,37,230	33,715	1,70,945
2017-18 (BE)	1,53,437	37,405	1,90,842
Percentage Change in 2017-18 over 2013-14	41.23	125.49	52.40
CGR	7.15%	17.66%	8.79%
CV	12.46%	31.39%	15.61%

Source: Finance Department, GoM, 2018

Note: RE (Revised Estimation), BE (Budget Estimation)



Total tax revenue recorded the Compound Growth Rate (CGR) at 8.79 percent, reflecting a steady growth. The state's own tax revenue had a CGR of 7.15 percent, while the share in central taxes surged at a much higher growth rate of 17.66 percent. This indicates that a good part of Maharashtra's revenue growth was contributed by a higher devolution of central taxes, even as its own tax revenue collection improved.

CV also emphasizes the stability of revenue drivers. The proportion of the share in central taxes was the most variable with a CV of 31.39 percent, reflecting the variations in the tax devolution from the central government. In contrast, the state's own tax revenue was more stable with a CV of 12.46 percent indicating a relatively steady growth trend. The overall tax revenue had a coefficient of variation (CV) of 15.61 percent, indicative of moderate variation throughout the time frame. With tax revenue growth robust, the state is becoming more dependent on central tax transfers, a set-up that makes it imperative to put its house in order, especially in terms of internal revenue-generation mechanisms, to prevent fiscal strain.

Table 3

Component wise Trend in Non-tax Revenue of the Maharashtra State

Year	Interest Receipts (Rs. In Crore)	Other Non-Tax Revenue (Rs. In Crore)	Central Grants (Rs. In Crore)	Total Non-Tax Revenue (Rs. In Crore)
2013-14	3,934	7,418	13,241	24,593
2014-15	3,351	9,229	20,141	32,722
2015-16	3,079	10,344	16,899	30,322
2016-17 (RE)	2,981	13,638	32,447	49,067
2017-18 (BE)	1,178	18,978	32,739	52,896
Percentage Change in 2017-18 over 2013-14	-70.06	155.84	147.25	115.09
CGR	-21.4%	20.7%	19.8%	16.6%
CV	31.84%	34.13%	34.89%	29.15%

Source: Finance Department, GoM, 2018

Note: RE (Revised Estimation), BE (Budget Estimation)

Table 3 highlights the component wise trend in non-tax revenue of the Maharashtra State. Maharashtra non-tax revenue showed impressive growth from Rs.24,593 crore in 2013-14 to Rs.52,896 crore in 2017-18, a growth of 115.09%. This rise was primarily due to rises in other non-tax revenue and central grants, while interest collections registered a steep fall. An analysis of data showed that interest receipts, one of its components, fell drastically from Rs.39,34 crore (2013-14) to Rs.1,178 crore (2017-18), which is a sharp decline of 70.06 percent with a negative Compound Growth Rate (CGR) of -21.4 percent. This decrease indicates a decrease in government loan income or deferred payment. Whereas (as pointed in other articles) non-tax revenue apart from taxes (but within the revenue frame) have grown from a whopping 7,418 crore in 2011-12 to 18,978 crore in 2017-18 with a growth rate of 155.84 percent and CGR of 20.7 percent depicting an ever-increasing dependence on fees, penalties and other service-related income. Additionally, the share of central grants rose sharply from Rs.13,241 crore to Rs.32,739 crore, with a 147.25 percent increase and a CGR of 19.8 percent, implying increased fiscal transfers from the central government.

Coefficient of variation over 40 percent volatility in the components of revenue. Central grants showed the highest variation with a 34.89 percent CV, followed by other non-tax revenue that had a CV of 34.13 percent, indicating extreme volatility in inflows from such sources. The interest receipts had a CV of 31.84 percent, which also helps to confirm its reversing trend. At the aggregate level, total non-tax revenue recorded a CV of 29.15 percent implying a volatile growth pattern. This shows Maharashtra's over-reliance on central grants and non-tax revenue sources that are volatile over the medium to long term, which underscores the need for sustainable measures to generate revenue and achieve fiscal stability.

4.2 Trend in Total Expenditure of the Maharashtra State

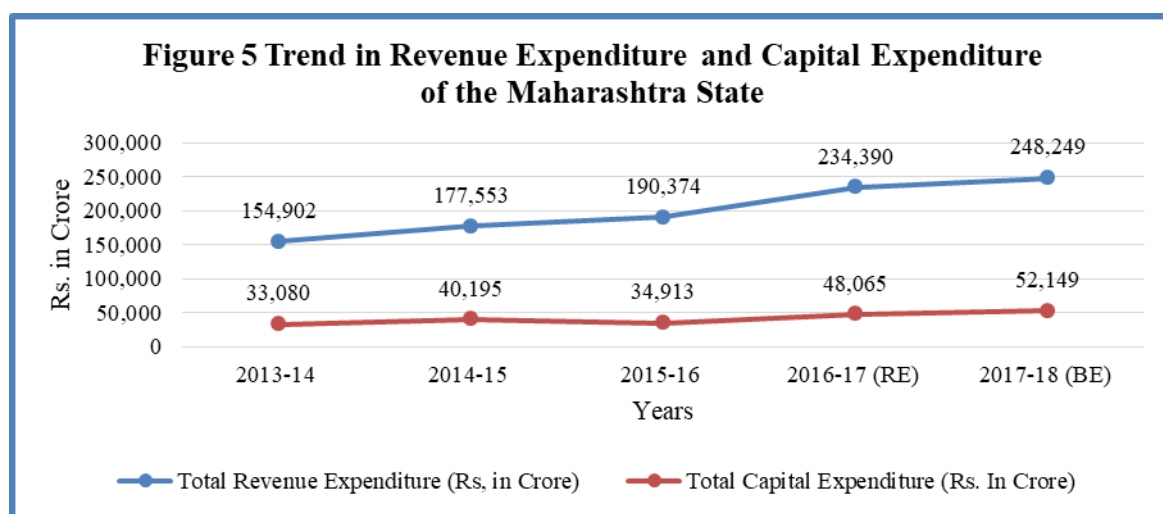
Table 4 and figure 5 indicates trend in total expenditure of the Maharashtra State. Maharashtra's overall expenditure increased from Rs.1,87,982 crore in 2013-14 to Rs.3,00,398 crore in 2017-18, an increase of 59.80 percent. The growth in expenditure was mainly due to revenue expenditure (which increased from Rs.1,54,902 crore to Rs.2,48,249 crore (60.26 percent) and capital expenditure (which increased from Rs.33,080 crore to Rs.52,149 crore (57.65 percent)). Growth was quite balanced between both components, suggesting the state is focusing on keeping operational spending sustainable while simultaneously spending on long-term infrastructure and development projects. The Compound Growth Rate (CGR) of total spending was 9.8 percent, also on a solid increase. Whereas the revenue expenditure was with a 9.9 percent CGR, largely due to higher expenditure on salaries, subsidies and social sector schemes. The next in line was capital expenditure with a CGR of 9.5 percent signalling resilient sectoral capital creation and investment in infrastructure. The near-equal growth rates indicate that though operational expenses are spiralling up, the government has also not lost sight of capital investment.

Table 4
Trend in Total Expenditure of the Maharashtra State

Year	Total Revenue Expenditure (Rs, in Crore)	Total Capital Expenditure (Rs. In Crore)	Total Expenditure (Rs. In Crore)
2013-14	1,54,902	33,080	1,87,982
2014-15	1,77,553	40,195	2,17,748
2015-16	1,90,374	34,913	2,25,287
2016-17 (RE)	2,34,390	48,065	2,82,455
2017-18 (BE)	2,48,249	52,149	3,00,398
Percentage Change in 2017-18 over 2013-14	60.26	57.65	59.80
CGR	9.9%	9.5%	9.8%
CV	17.42%	17.71%	17.31%

Source: Finance Department, GoM, 2018

Note: RE (Revised Estimation), BE (Budget Estimation)



All expenditure components showed relatively stable growth, as one can see from the Coefficient of Variation (CV). The CV for revenue expenditure was 17.42 percent, as opposed to 17.71 percent for capital expenditure, suggesting occasional variations in development spending. In general, total spending had a coefficient of variation (CV) of 17.31 percent, signalling moderate stability in the fiscal management of the state. Maharashtra's focus on economic development is evident from the steady rise in expenditure, but a healthy balance between

revenue and capital expenditure will be essential for ensuring fiscal sustainability over the longer term.

Table 5

Component wise Trend in Revenue Expenditure of the Maharashtra State

Year	Salary & Wages (Rs. In Crore)	Pension (Rs. In Crore)	Interest (Rs. In Crore)	Other (expenditure includes expenditure on subsidies, grants-in-aid, maintenance, purchase of goods and services, etc.) (Rs. In Crore)	Total Revenue Expenditure (Rs. In Crore)
2013-14	59,735 (38.6)	15,186 (9.8)	21,207 (13.7)	58,774 (37.9)	1,54,902 (100.0)
2014-15	62,123 (35.0)	17,385 (9.8)	23,965 (13.5)	74,080 (41.7)	1,77,553 (100.0)
2015-16	68,451 (36.0)	18,643 (9.8)	25,771 (13.5)	77,509 (40.7)	1,90,374 (100)
2016-17 (RE)	75,749 (32.3)	23,290 (9.9)	28,830 (12.3)	1,06,521 (45.5)	2,34,390 (100.0)
2017-18 (BE)	87,147 (35.1)	25,567 (10.3)	31,027 (12.5)	1,04,508 (42.1)	2,48,249 (100.0)

Source: Finance Department, GoM, 2018

Note: Figures in bracket show percentage to total revenue expenditure

Table 5 indicates component wise trend in revenue expenditure of the Maharashtra State. Maharashtra's overall revenue expenditure grew from Rs.1,54,902 crore in 2013-14 to Rs.2,48,249 crore in 2017-18, a jump of around 60.26 percent. This jump was due to an increase in outlay from a salary and wage increase, pension payments, interest payments and an increase in 'other expenditure', like subsidies and grants-in-aid.

Salary & Wages:

The first step is to note the enormous growth in expenditures over time—salaries and wage spending rose from Rs.59,735 crore in 2013-14 to Rs.87,147 crore in 2017-18. However, as a share of total revenue expenditure, it showed fluctuations, declining from 38.6 percent in 2013-14 to 32.3 percent in 2016-17 and then rising once more to 35.1 percent in 2017-18. Such fluctuations suggest

seasonal revisions to compensation policies, which may be impacted by pay commission recommendations or growth in the total workforce.

Pension Payments:

Expenditure on pensions was steadily increasing from Rs.15,186 crore in 2013-14 to Rs.25,567 crore in 2017-18, and its share to total revenue expenditure was around 9.8 percent to 10.3 percent. The continuous growth of pension liabilities highlights how expensive it is for a state to support pension schemes, but this is a concern widespread across states with a growing, ageing wage force and defined benefit pension schemes.

Interest Payments:

Interest expenditure also kept climbing, from Rs.21,207 crore in 2013-14 to Rs.31,027 crore in 2017-18. But, its proportion of total revenue expenditure, too, had fallen from 13.7 per cent to 12.5 per cent over the years. This means the debt-service ratio remains stable because while absolute interest payments are going up on account of growing debt obligations, the state's revenue expenditure is also growing at a similar pace.

Other Expenses (Subsidies, Grants-in-Aid, Maintenance, etc.)

This category saw the sharpest rise, increasing from Rs.58,774 crore for 2013-14 to Rs.1,04,508 crore for 2017-18, a trend reflecting an increasing emphasis on welfare spending, subsidies, and grants. Its proportion in overall revenue expenditure grew too, peaking at 45.5 percent in 2016-17 and down to 42.1 in 2017-18. This reflects the state's focus on social and economic support measures that could include agricultural subsidies, social welfare schemes and development grants.

Salaries and pensions continue to be one of the major components of expenditure, making up an estimated 45 per cent of total revenue expenditure. Interest payments continue to rise reflecting increasing debt obligations, but have been stable in relation to revenue expenditure. Welfare and developmental spending are indications of a growing focus as indicated by the steep jump in other expenditures, including subsidies and grants. Maharashtra's rising revenue expenditure points to the difficulty of reconciling fiscal sustainability

with expanding fiscal obligations of salaries, pensions, debt servicing and welfare spending. In the long run, to keep the deficit in check, the state may have to emphasize revenue enhancement as well as expenditure pruning.

Table 6

Component wise Trend in Capital Expenditure of the Maharashtra State

Years	Outside Revenue Account (Rs. In Crore)	Repayment of Public Debt (Rs. In Crore)	Other Expenditure	Total Capital Expenditure (Rs. In Crore)
2013-14	20,020	11,414	1,646	33,080
2014-15	19,523	19,531	1,141	40,195
2015-16	22,793	11,005	1,115	34,913
2016-17 (RE)	30,410	11,006	6,649	48,065
2017-18 (BE)	33,809	16,645	1,695	52,149
Percentage Change in 2017-18 over 2013-14	68.88	45.83	2.98	57.65
CGR	11.0%	7.8%	0.6%	9.5%
CV	22.77%	25.33%	86.31%	17.71%

Source: Finance Department, GoM, 2018

Table 6 presents the component wise trend in capital expenditure of the Maharashtra State. Maharashtra's overall capital expenditure rose sharply from Rs.33,080 crore in 2013-14 to Rs.52,149 crore in 2017-18, a jump of 57.65 per cent. It was mainly due to spending outside the revenue account and repayment of public debt as other expenditure remained more or less flat.

Outside the Revenue Account:

This part, which involves infrastructure development and asset creation, surged from Rs.20,020 crore in 2013-14 to Rs.33,809 crore in 2017-18 at a rate of 68.88 percent. The Capital Growth Rates (CGR) of 11.0 percent per annum also points to the continued investments in capital projects, underlining Maharashtra's push for infrastructure in roads, irrigation, and public sector projects. The 22.77 percent Coefficient of Variation (CV) indicates moderate variation in annual expenditure.

Repayment of Public Debt:

Public debt repayment stood at Rs.11,414 crore in 2013-14 and increased to Rs.16,645 crore in 2017-18, registering a growth of 45.83 percent. An

annualised growth rate of 7.8 percent CGR indicates steady growth in the debt servicing, which shows that Maharashtra has been managing its liabilities in an orderly manner. This implies that while the CV of 25.33 percent for debt repayment is higher than the CV of 22.05 percent for asset-creating expenditure, fluctuations were much higher while repaying debt by the constituent over the spectrum of time, perhaps owing to a pre-defined pattern of borrowing with respect to schedule for repayments.

Other Expenditure:

Encompassing a range of discretionary capital investments, this category barely moved the needle, growing at only 2.98 percent over five years from Rs.1,646 crore in 2013-14 to Rs.1,695 crore in 2017-18. A CGR of 0.6 percent indicates minimal growth, while a CV of 86.31 percent suggests high volatility, likely from sporadic, project-based expenditure.

Maharashtra's capital expenditure strategy reflects a healthy balance between infrastructure investing and debt management. But consistency on discretionary capital outlays could support the state's long-term financial health and growth potential.

5. Findings and Policy Implications

Fiscal indicators (Revenue and Expenditure trend) for Maharashtra reflect healthy revenue growth, while expenditures are increasing. But volatility in non-tax revenue, and increasing expenditure, require prudent planning. Recommendations include: 1. Improving revenue collection and widening the tax base, with reduced dependence on federal transfers. 2. Ensuring long-term fiscal sustainability by managing revenue expenditures, especially salaries and pensions. 3. As you boost infrastructure investments for more growth, whilst reducing debt burdens, is it just in capital outflows?

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