



A study on the finances of Kerala with Special reference to Public Revenue

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Abstract

This paper attempts to study the finances of Kerala with special emphasis on Public Revenue. The foregoing analysis shows that the finances of Kerala are in dire straits entailed by a more tolerant approach in revenue mobilization and ever increasing public expenditure and the resultant deficits and debt, leaving little for productive capital expenditure. The Government even finds it difficult to spare funds for the day-to-day operations and keep the Treasury afloat. One of the possible ways to address this fiscal debacle is to augment the revenue mobilization process along with scientific management of Public expenditure. This is however a challenging proposition. The present paper, however, sets focus on analysing the efficacy of the management of Revenue Receipts by the Government of Kerala, along with other factors impacting the finances of the State.

Key Words: Finances, Revenue, Expenditure, Deficits, Contributory, Impact, Management

1 Introduction

Revenue mobilization through taxation is one of the most important but challenging functions of governments from time immemorial. The revenue so collected is public revenue which is essential to discharge the sovereign functions and safeguard the welfare of the people by incurring public expenditure so as to maintain revenue in tandem with expenditure and keeping at bay deficits and consequent borrowings. The observation of Kalidasa is remarkable in this regard, "it is only good of the people that the king collects taxes from them just as the sun draws moisture from the earth only to give it back to a thousand" In Kerala this task has been performed more or less effectively till early eighties with a balanced budget, which thereafter slipped into a deficit budget due to sudden spurt in growth of expenditure over revenue leading to severe financial crunch and consequent fiscal crisis as is present today. The state is in dire straits as it is left with little resources to finance capital expenditure on the one hand and deteriorated cash position on the other, forcing it to resort again to the easiest but dangerous option of borrowings. Besides, GST and the new Centre-State mechanism of sharing tax revenues have emptied out the state's coffers, at least for the time being.

2 Literature Review

K.K. George (1982) examined the problem of revenue expenditure spiral in Kerala, leaving a heavy revenue deficit year after year. To resolve this problem he suggests the need for more central transfers. Das-Gupta (1990) had argued for leasing contract to provide public goods and services in order to maximise non tax revenue in the economic sector. The study by R. Ramlingom Ayer et al(1992) for the period 1974-90 revealed that the pressure on the Kerala's budget started worsening since the late 1980's, originated from its revenue account, of which the non-plan revenue expenditure is a dominant component. M. Govinda Rao (2000) has analyzed the evolution of tax system in India since the early 1990s. His paper describes and assesses the introduction of new forms of direct and indirect taxes. He has concluded that after eight years of tax reform, a number of distressing features in the tax system still remain. Rashmi Sharma (2003) brought out that the Grama Panchayats in Kerala gives little importance to revenue generation in consolidating the local government finance. A report by the World Bank (2004) has highlighted Kerala's problems with the productivity of local revenue systems, particularly with property tax. Sandhya Garg et al (2014) attempted to measure the tax capacity and tax effort of 14 major Indian states from 1992-92 to 2010-11 using Stochastic Frontier Analysis. They propounded the presence of large variation in tax effort index across states and which seems to be increasing over time.. Isaac et al (2016) found that a revenue led fiscal consolidation is the way ahead not only for sustaining and expanding the intervention in social sector, but also for stepping up capital outlay. Mohanty et al (2016) revealed that the per capita non-tax revenue has favourable effect on per capita revenue expenditure of the sub- national governments. However, the estimated coefficient is inelastic which implies the collection efficiency of revenue sector needs to be further upgraded. Sthanu et al (2017) found that all the components of revenue receipts namely own tax revenues, own non-tax revenues and central transfers have declined significantly as percentage of GSDP during the accelerated economic growth phase since 2002-03. The studies reviewed above brings out the general picture of falling revenue and rising expenditure of governments from a macro perspective which opens up new research avenues touching the micro bases of State Finances.

3 Importance of the Study

The finances of Kerala are characterized by large fiscal deficits (FD), driven by high revenue expenditure with low revenue mobilisation and revenue deficits (RD), high debt and low capital expenditure. One of the possible ways to address this fiscal debacle is to augment the revenue mobilization process along with scientific management of Public expenditure. If the state is able to generate adequate revenue to meet the expenditure requirements of varied types, the challenges entailed by the revenue expenditure mismatch and the consequent deficits and debts can be kept intact. This is however a challenging proposition particularly in the context of the ever increasing public expenditure in size and complexity. Unlike ancient rulers, who

were guided by the philosophy of a surplus budget so as to keep the treasury in full, a modern welfare democratic state like India has to stand up to the challenges posed by a multiplicity of needs of the state requiring heavy doses of public expenditure. Thus there is a shift in emphasis from a surplus budget to a deficit/balanced budget to cater to the requirements of the changing world order. Public Revenue consists of both Capital Receipts and Revenue Receipts. Since Revenue Receipts representing about 82 percent of Public revenue is the predominant component, the present paper sets major focus on analysing the efficacy of the management of Revenue Receipts by the Govt of Kerala, touching the micro foundations revenue.

4 Objectives

- 1 To analyse the general financial position of Kerala
- 2 To analyse the structure and growth of Public Revenue
- 3 To analyse the major components of Revenue Receipts

5 Source of data and methodology

The study is analytical in nature. It is based on secondary data compiled primarily from the annual studies of State Finances conducted by the Reserve Bank of India (RBI) and yearly reports of the Finance Accounts of Government of Kerala, audited by the Comptroller and Auditor General of India for the period 2000-2018. The other sources include, Economic Review published by the Government of Kerala and Budget Documents of Government of Kerala. Percentages, averages, charts, diagrams, Annual Growth Rates, Compound Annual Growth Rates and Polynomial trend graphs have been used to analyse and interpret the data.

6 Scope of the Study

The study has been designed to address the problem of Public Revenue management of Government of Kerala, undertaken within the framework of the information relating to Public Revenue as brought out in the yearly reports of the Finance Accounts of the state and other govt publications. The study seeks to analyse public revenue, public expenditure, public debt and other fiscal variables, with a view to identifying the role these factors in influencing the fiscal strain of the state. The fiscal scenario of other states was also brought to light at times.

6 Limitations

Despite the fact that all the usual precautions were taken to obtain very reliable and authentic results, the researcher would like to point out some unavoidable limitations that have crept into the study:

1. Since the data for the study are compiled from published sources, the possibility of its carrying the inherent limitations of secondary data cannot altogether be ruled out, but not to affect the validity of the study.

2. In identifying the major contributories of Public Revenue only Revenue Receipts were analyzed by excluding the capital components of revenue, which amounts to only 18 percent of the State's Total Revenue.

7 General fiscal Scenario of Kerala

The General fiscal scenario of Kerala for the period 2010 -2018 is well depicted in Table 1.1. A long run trend analysis of growth of the State economy is not possible due to the changes in the method of calculation of Gross State Domestic Product(GSDP) and revision of the base year to 2011-12. The State's Total Revenue (STR) to GSDP ratio to All States(AS) figures show a downward slide till 2016. However thanks to certain stringent measures adopted by the Government off late, the situation began to improve from 2017 onwards, with more revenue being mobilised and the growth of expenditure kept under check. As result of this improved position of total revenue, an identical trend is visible in the case of Total Revenue Receipts (TRR) as a percentage of GSDP. It gives us the impression that after the initial setbacks in revenue collection, there are promising signs for improvement in revenue mobilisation process. But the situation is bit alarming in the case of Own Tax Revenue (OTR), the predominant component of TRR, as it continues to trail behind All States average, though it shows signs of likely convergence with the former in the near future. However at present, the sluggish growth of OTR is a matter of severe concern for the State. An analysis of STR/ Public Debt ratio, however, shows that the ratio is more or less evenly poised between Kerala and AS average, with negligible variations during the period, justifying borrowings as warranted by the revenue earning capacity.

The bleak picture of Kerala state finances is quite visible in the phenomenal Gross Fiscal deficit (GFD) to GSDP. It continues to rise in alarming proportions throughout the study period as it outgrows AS average significantly and rises rapidly ahead of time i.e. from 3.52

in 2010-11, it rose to 4.21 in 2017-18 while AS average almost remained stable between 2.2 to 2.4. The Revenue Deficits (RD) to GSDP is also well ahead of AS average throughout the period and more likely to maintain the upward stride for the years to come. RD accounts for about 74 percent of GFD and only Andrapradesh has a higher RD/GFD ratio of 76.19 percent. The Kerala Government enacted FRBM Act, in 2003 and later amended it in 2011 with revised targets. The revenue deficit was targeted to be eliminated and fiscal deficit restricted to 3 percent of GSDP by 2014-15. But there has been slippage in the year wise targets as can be seen from Table 1.1. The worsening fiscal situation is more likely to increase revenue components and hamper capital expenditure. The performance of Major Fiscal Indicators well signals the ongoing financial crunch sniffing an imminent financial crisis which needs to be addressed with rigorous measures aiming to revolutionize the revenue mobilization process at all costs.

Table 1.1

Major Fiscal Indicators												
Year	STR/GSDP		TRR/GSDP		OTR/GSDP		STR/PUBLIC DEBT		GFD/GSDP		RD/GSDP	
	Kerala	AS	Kerala	AS	Kerala	AS	Kerala	AS	Kerala	AS	Kerala	AS
2011-12	10.00	13.00	12.12	12.90	7.78	7.10	56.25	53.00	3.52	2.3	2.21	-0.10
2012-13	11.00	13.00	12.30	13.10	8.31	7.90	53.64	54.00	3.64	2.1	2.27	-0.40
2013-14	11.00	12.00	12.10	13.20	8.08	8.50	55.65	56.00	3.64	2.2	2.43	-0.40
2014-15	10.00	13.00	12.20	13.20	8.29	8.60	56.61	55.00	3.64	2.2	2.69	-0.40
2015-16	13.00	14.00	12.10	13.10	8.50	8.90	55.28	55.00	3.19	2.3	1.73	-0.30
2016-17	15.00	15.00	13.00	13.00	8.41	8.80	54.91	54.00	4.29	2.3	2.51	-0.35
2017-18	15.50	15.00	13.00	12.90	8.80	9.20	52.50	53.40	4.21	2.4	2.61	-0.40

Source: Finance Accounts, Budget in Brief of Government of Kerala; RBI State Finances

8 Revenue Receipts

The Revenue Receipts constitutes about 82 percent of States Total Revenue. The State's Revenue Receipts comprise Own Tax Revenues, Own Non –Tax Revenues, Share of Central Tax Grants-in-aids from center. The major components of revenue receipts as in Table 1.2 reveals that States' Own Tax Revenue is the dominant component contributing about 65 percent of the Total Revenue on an average followed by Share of central taxes and Grants –in- aids forming about 17 percent and 10 percent of the total respectively. Though Own Tax Revenue is the major contributor, with a Compound Annual Growth Rate (CAGR) of only 12.49 percent during the eighteen year period 2000-01-2017-18, it does not grow at the same rate as the other components do, slowing down the growth rate of Total Revenue Receipts which grows at a CAGR of 13.72 percent as against 17.34 percent of Non Tax Revenue and 17.26 percent of Grants-in-aids. What is particularly important to note, is that the share of tax revenue in the total revenue receipts of the state fell from 64 percent in 2006 to 58 percent in 2016 after having peaked to an all-time high of 70 percent in 2011. However, the share of Central Taxes recorded an impressive growth during the period with a CAGR of 14.05 percent. The low growth in Own Tax Revenue puts severe pressure on the finances of Kerala as it forces the State to demand more share from the central pool, which is again handicapped by various socio-economic and political variables in the reckoning for the award of these share by the Finance Commission; generally these parameters are heavily loaded in favour of other states and Kerala gets much lesser central share. For instance the states of Bihar and Utharpradesh get more than 40 percent of their total revenue as central Share while Kerala gets only 17 percent.

8.1 Buoyancy of Own Tax Revenue

Tax buoyancy is an indicator to measure efficiency and responsiveness of revenue mobilization in response to growth in the Gross domestic product. A tax is said to be buoyant if the tax revenues increase more than proportionately in response to a rise in GSDP. Buoyancy of Own Tax Revenue is calculated as the ratio of growth rate of Own Tax Revenue and that of GSDP at current prices. Own Tax Revenue buoyancy showed a declining trend during 2011-12 to 2015-16 when compared to 2006-07-

2010-11; from 1.26 percent it dwindled to 0.86 percent during the period. The ratio started decreasing in ominous proportions from 2013-14 onwards.

Table 1.2

Composition of Total Revenue Receipts, Revenue Expenditure and Revenue Deficits(Rs Crores)

year	State's Own Tax Revenue (Rs.)	Non Tax Revenue	Share of Central Tax (Rs.)	Grants-in-aids	Total Revenue Receipts	Total Revenue Expenditure	Revenue Deficits
2000-01	5870	659	1586	616	8731	11878	-3147
2001-02	5923	543	1614	975	9056	11662	-2606
2002-03	7303	678	1715	938	10634	14756	-4122
2003-04	8089	807	2012	908	11815	15496	-3680
2004-05	8964	819	2405	1313	13500	17169	-3669
2005-06	9779	937	2518	2061	15295	18424	-3129
2006-07	11942	938	3212	2095	18187	20825	-2638
2007-08	14221	1210	3500	2177	21107	24894	-3787
2008-09	17265	1409	3585	2253	24512	28224	-3712
2009-10	19079	1852	4399	2233	27563	31132	-5023
2010-11	21722	1931	5142	2197	30991	34665	-3675
2011-12	25719	2592	5990	3709	38010	46045	-8034
2012-13	30077	4199	6841	3022	44137	53489	-9351
2013-14	31995	5575	7469	4138	49177	60485	-11309
2014-15	35233	7285	7926	7507	57950	71746	-13796
2015-16	38995	8425	12691	8921	69033	78689	-9657
2016-17	42176	9700	15225	8510	75612	91096	-15485
2017-18	48823	11729	16892	10823	88267	101346	-13080
CAGR	12.49%	17.34%	14.05%	17.26%	13.72%	12.65%	
Share in Total Revenue	0.65	0.08	0.17	0.10	100		

source :Finance Accounts ,Budget in Brief of Government of Kerala;RBI State Finances

9 The Revenue Deficits

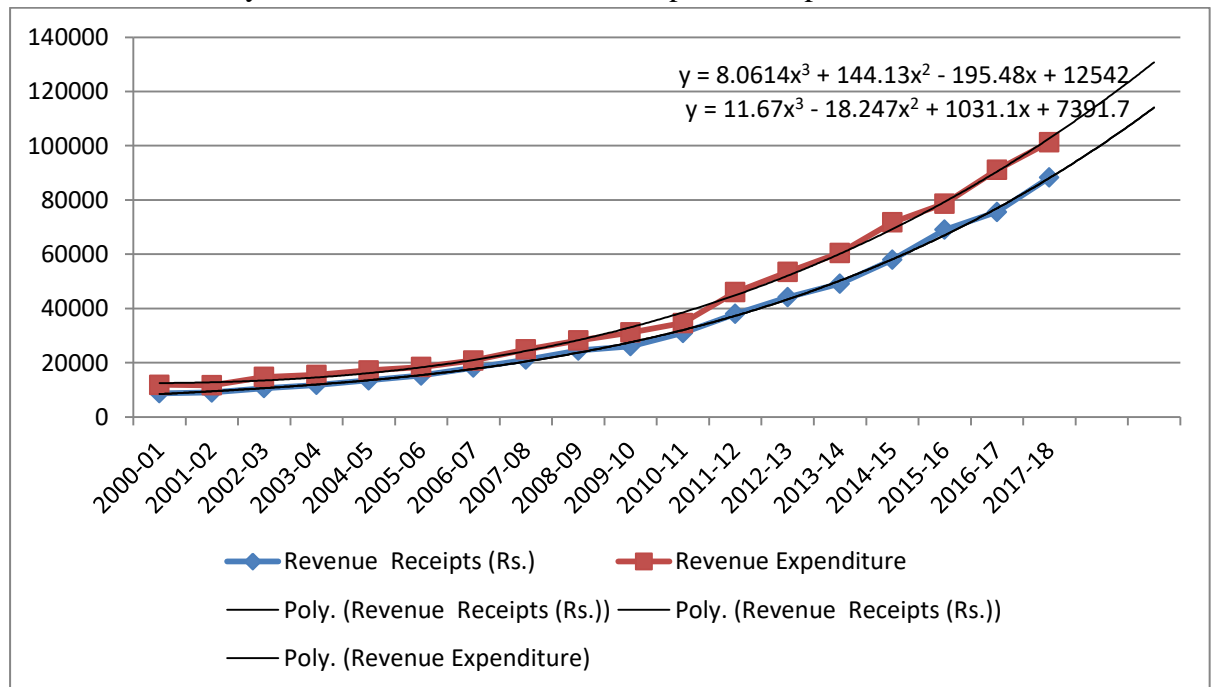
Revenue deficits are a common feature of kerala, emerging out of the mismatch between Revenue Receipts and Revenue Expenditure, right from the late 1980s.The situation is getting worsened due to widening the gap between revenue and expenditure as the deficits rose from Rs 3147crores in 2000-01 to Rs13080 crores in 2017-18, recording a fourfold increase during the period under study Table 1.2). Though revenue, with a CAGR of 13.72 percent, grows at a relatively higher rate than expenditure which grows at a CAGR of 12.65 percent, it is not enough to weather the size and complexity of expenditure growth. The ever rising revenue deficits are the root cause of the fiscal strain of the State.As a result the State lagged behind in

infrastructure investment and increasing Capital Expenditure, with the State's estimated loss of capital expenditure is approximately Rs.2516 cr. over the five years (2011-16) on this single measure. The State also lost out on achieving the incentives mentioned in the award of the Fourteenth Finance Commission for good public financial management by availing of the extra additional borrowing given as the award of 0.5 percent of GSDP. This issue needs to be addressed with due deliberations and scientific management of revenue and expenditure.

The polynomial projections as shown in Figure 1.1 give solid indications for the widening gap between Revenue Receipts and Revenue Expenditure as expenditure is projected to touch the massive figure of Rs 130000 crores as against the projected revenue of Rs 116000 crores in 2020.

Figure 1.1

Polynomial Trend of Revenue Receipts and Expenditure



10 Components of Revenue

10.1 Own Tax Revenue

Own Tax Revenue consists of a) Sales Tax/Value Added Tax (VAT) (General Sales Tax is levied on petroleum products and alcoholic liquor for human consumption and since 2005-06, on all other commodities VAT is levied), b) Excise Duty on Alcoholic Liquor for Human Consumption, c) Motor Vehicle Tax d) Stamp Duty and Registration Fees, and e) Other Taxes. From 2017-18 onwards Goods and Services Tax also came into picture with vital contributions to the total Own Tax Revenue. It is quite apparent from Table 1.3 that Sales Tax and VAT figure out in the composition of Own Tax Revenue, contributing about 77 percent on an average. This is inclusive of GST in 2018. Stamps & Registration, Vehicle Tax and State Excise are the other major components in the total.

Table 1.3

		Trend in state own Tax Revenue					Rs Crores			
SL No	Item	2000-01	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	
1	Central GST								1	
2	State GST								16200	
	Percentage to total								33	
3	Stamps &Registration	341	2987	2938	2593	2659	2878	3007	3331	
	Percentage to total	6	12	10	8	8	7	7	7	
4	State Excise Duties	689	1883	2314	1942	1777	1964	2019	2254	
	Percentage to total	12	7	8	6	5	5	5	5	
5	Sales Tax & VAT	4344	18939	22511	24885	27908	30737	33453	22742	
	Percentage to total	74	74	75	78	79	79	79	47	
6	Taxes on vehicles	395	1587	1925	2161	2365	2814	3107	3757	
	Percentage to total	7	6	6	7	7	7	7	8	
7	Other taxes	101	323	389	414	523	602	590	539	
8	Total (1 to 7)	5870	25719	30077	31995	35233	38995	42176	48823	
	INDEX	100	438	512	545	600	664	719	832	

Source :Finance Accounts ,Budget in Brief of Government of Kerala;RBI State Finances

There was a conspicuous declining trend in growth rates in Sales Tax/VAT, Excise Duty and Stamp Duty and Registration Fees during 2011-12 to 2015-16 when compared with the previous five-year period of 2006-07 to 2010-11. For instance, from 17.75 percent in 2007-11 Sales Tax and VAT came down to 14.26 percent in 2012-16. It is worth noting that these three taxes together contribute 92 percent of the Own Tax Revenue. Taxes on Vehicles on the other hand were on the higher ebb with a decent growth rate. Ever since its introduction in 2005-06, VAT was a major constituent of revenue of Kerala. Despite the state tops in private consumption expenditure and registers steep increase in the number of registered dealers; the downfall in the pace of growth of VAT revenue is quite embarrassing.

It is seen from the analysis that the growth rate of Own Tax Revenue and its buoyancy, are on the downward slide. To have a better understanding of this decreasing momentum it is worthwhile to examine the trends in VAT Revenue and, Sales Tax Revenue from petroleum products and alcoholic liquor for human consumption. As mentioned, revenue from VAT/Sales Tax comprised more than three-fourths of the Own Tax Revenue.

Table 1.4

Revenue trends of Petroleum products and Indian Made Foreign Liquor						
year	Petroleum Products-(Rs Crores)	Growth Rate	Percentage Share in Sales Tax/VAT	Indian Made Foreign Liquor (Rs Crores)	Growth Rate	Percentage Share in Sales Tax/VAT
2011-12	4109	16	22	4741	26	25
2012-13	4528	10	20	5391	14	24
2013-14	5159	14	21	5830	8	23
2014-15	5594	9	20	6686	15	24
2015-16	6100	9	20	8122	22	27

Source :Finance Accounts ,Budget in Brief of Government of Kerala;RBI State Finances

Sales tax revenue from petroleum products accounted for over one-fifth of the Sales Tax/VAT revenue of the State. There was a decline in growth of revenue from petroleum products, especially since 2013-14 (Table 1.4). The price of petroleum products has been deregulated and also petroleum price is subdued in recent years. Though the government of Kerala has adopted a Revenue Neutral Tax Rate to changes in prices of petroleum products, the revenue growth was not buoyant. The decline in revenue from petroleum products was also associated with the slowdown in purchase of Motor Vehicles as can be seen from the decline in VAT revenue from motor vehicles sale.

It is to be noted that, Indian Made Foreign Liquor is a major source of revenue for Kerala, accounting for about a quarter of the revenue from Sales tax/VAT. Tax revenue from this source was seriously affected by the policy changes in 2013-14(Table 1.4). This policy was aimed to reduce consumption of IMFL by closing down bars below five star rating, progressively reducing outlets of Kerala State Beverages Corporation (KSBC), reducing their working time etc., from March 2014.As a result of the arbitrary liquor policy of Kerala Government, Excise Duty on Alcoholic Liquor for Human Consumption levied by the State also showed a sharp decline.

However, the growth rate of revenue picked up modestly to 15 percent during 2014-15 and further to 22 percent during 2015-16. This was due to the rise in tax rates from 105 to125 percent for low cost IMFL, 115 to 135 percent for other brands of IMFL, and 50 to70 percent for beer, with effect from 1st January 2015. The fall in the growth rate of Sales tax revenue from petroleum products and Indian Made Foreign Liquor has slowed down the pace of growth of Sales tax/VAT and consequently fall in the growth rate of Own Tax Revenue leading ultimately to the fall in growth of Total Revenue Receipts.

It can be observed that there was a decline in Own Tax Revenue /GSDP ratio since 2013-Kerala's tax to GSDP ratio was above all States average previously. In recent

years, the tax effort of Kerala is coming closer to the all States average. The GST regime which has come into being since 1st July, 2017, is expected to expand the base of Own Tax Revenue by including the services sector and also due to the application of destination based principle of taxation fully. The new tax reforms are expected to result in improved tax collection. It is also to be noted that there has been a general decline in the tax rate, particularly for goods earlier exclusively taxed by states at 14.5 percent. The reason is that the center and the state equally share the GST revenue. For instance, Cement and Electrical Goods were taxed at 14.5 percent under VAT while they are taxed at 28 percent under GST of which 50 percent i.e. 14 is CGST and 50 percent (14) as SGST goes to the State. Thus the state tends to lose 0.5 percent tax under this process. Because of this there will be considerable drop in the revenue earned by the state. The liquidity crunch faced by Kerala in the recent period is owing to issues in GST implementation at the national level.

10.2 Own Non-Tax Revenue

Non-Tax Revenue consists of income from Forests, Dividends, Interest Receipts, State Lotteries and Miscellaneous. State Lotteries is the most dominant component, representing about 64 percent of the total, Non Tax Revenue. Gross receipts from Lotteries showed a substantial increase in the recent years, showing an Average Annual Growth Rate of 19.6 percent. However, this is misleading as about 75-80 percent of the gross receipts from lotteries are spent on prize money and commission. Efforts shall be initiated to analyse the legality of outside Lottery Agencies operating in Kerala and check their illegal inroads into the State as far as possible to enhance more revenue on this account. In this context, it is also imperative to tap income from Forest more effectively and keep the miscellaneous sources more vibrant. Such steps shall increase the share of Own Non-Tax Revenue in the total Revenue Receipts which at present represents only 8 percent of the total.

Table 1.5

Non Tax Revenue						
SL No	Item	2011-12	2012-13	2013-14	2014-15	2015-16
		Rs	Rs	Rs	Rs	Rs
1	Forest	221	237	330	300	283
2	Dividends etc.	67	48	101	74	90
3	Interest Receipts	136	172	149	102	105
4	state Lotteries	1283	2674	3796	5445	6271
5	Miscellaneous	885	1067	1199	1363	1677
	Total	2592	4198	5575	7284	8426

source :Finance Accounts ,Budget in Brief of Government of Kerala;RBI State Finances

Findings and Conclusion

In the context of the performance of most of the fiscal indicators like Revenue, GFD and RD as a ratio of GSDP, Kerala lags much behind All States average, manifesting solid indication about the deteriorating financial position of the State, originating mainly from the revenue-expenditure mismatch. Though revenue, with a CAGR of 13.72 percent, grows at a relatively higher rate than expenditure which grows at a CAGR of 12.65 percent, it is not enough to weather the size and complexity of expenditure growth culminating in huge Revenue Deficits year after year. States Own Tax Revenue, contributing about 65 percent of TRR, does not grow at the same rate as the other components do; which slows down the growth rate of TRR. The growth of Sales Tax/VAT, a major component of Own Tax Revenue, has declined recently so as to slow down the revenue mobilization process. The revenue from Petroleum products and Indian Made Foreign Liquor are the two major items of Sales Tax/VAT accounting for about 45 percent. They have also started showing a declining trend recently so as to seriously affect Sales Tax and VAT collection. As against popular expectations, the rollout of GST at national level has resulted in a general decline in tax rate in the State as items taxed at 14.5 percent earlier are taxed at 14 percent under GST, causing considerable drop in the revenue earned by the state, at least for the time being. As far as Own Non-Tax Revenue is concerned it is mainly composed of income from lotteries which grows quite appreciably. However the income from lottery is equally matched by the cost of prizes, commission etc, leaving only a meager amount as surplus.

The overall fiscal scenario of the state is bleak as it is characterized by large fiscal deficits, driven by high revenue expenditure with low revenue mobilisation and revenue deficits, high debt and low capital expenditure. There is urgent need for strengthening the bases of Own Tax Revenue and its components in Sales Tax/VAT, revenue from Petroleum products and Indian Made Foreign Liquor. Efforts shall be initiated to analyse the legality of outside Lottery Agencies operating in Kerala and check their illegal inroads into the State as far as possible to enhance more revenue on this account. The issues in the GST regime need to be settled between Centre and States so as to make good the revenue loss to the State due to lower tax rates. In short, there cannot be any disagreement on the need for fiscal correction and reforms aiming to contain expenditure and enhance revenue.

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