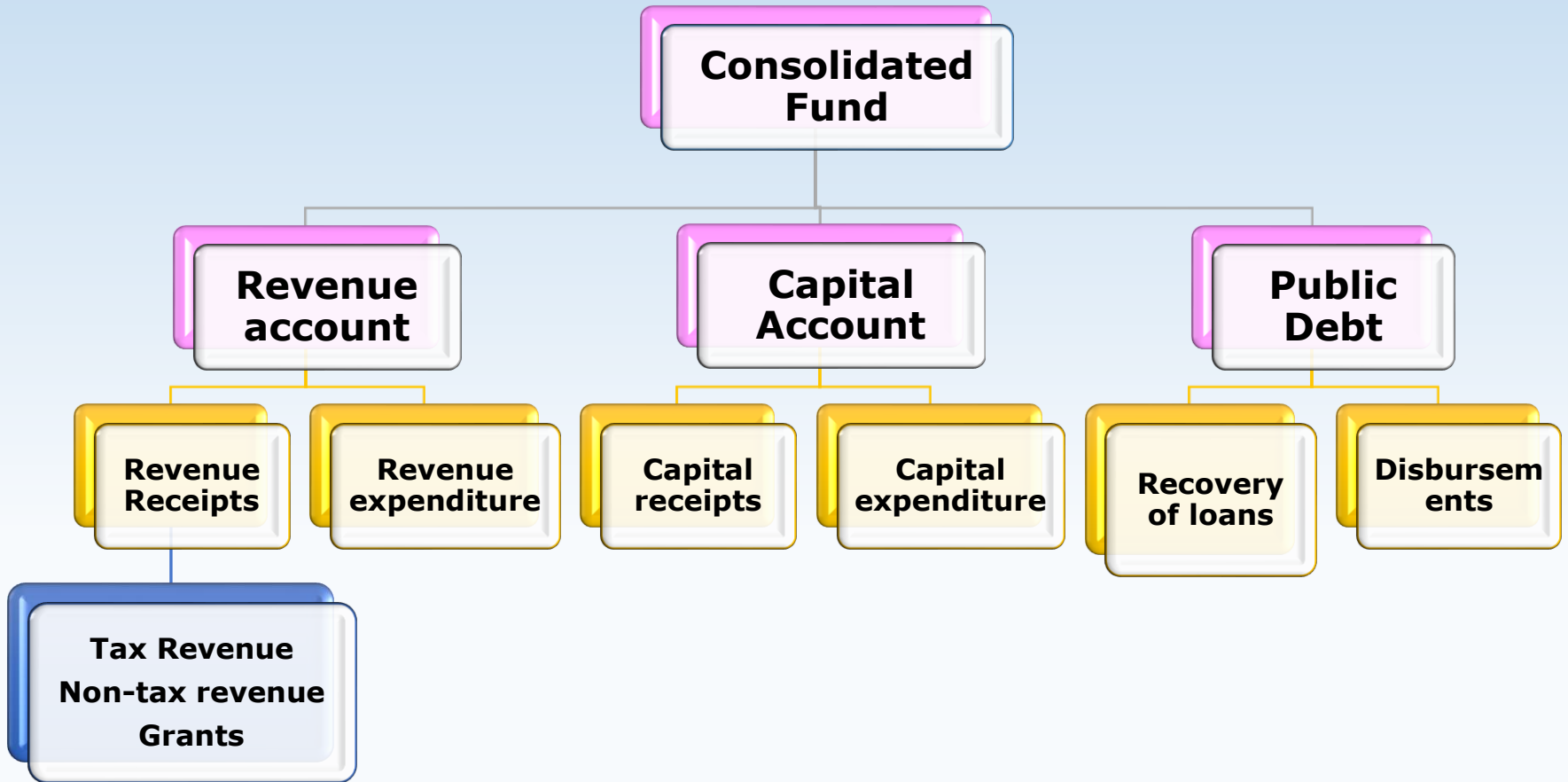


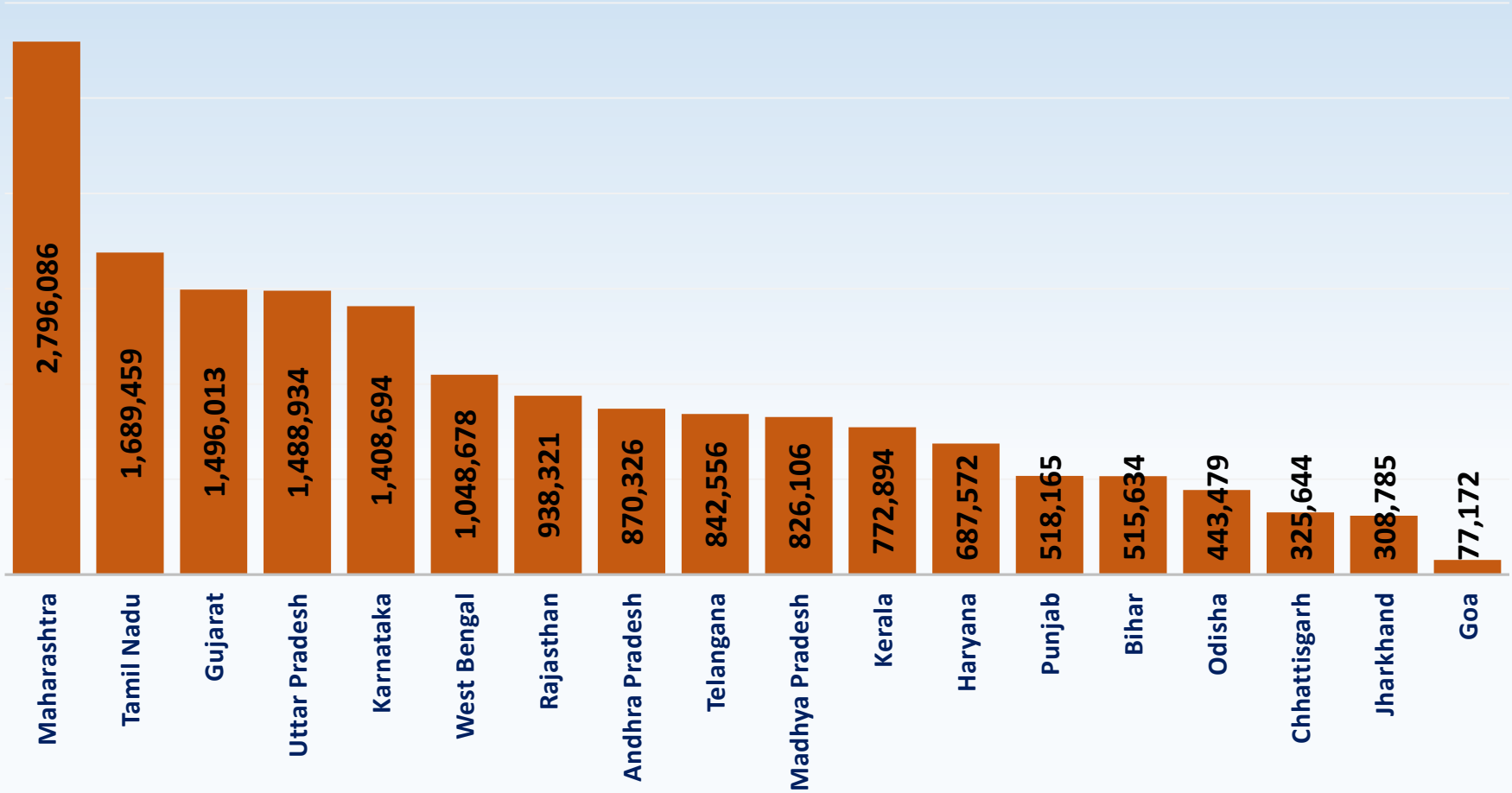
OVERVIEW OF STATE FINANCES

Consolidated Fund



GSDP at Current Prices 2018-19 (Projected)

(Rs.in crore)



Telangana State Budget 2017-18	B.E 2017-18 (Rs cr)
1	2
Opening Balance	467.54
II Revenue Receipts (1 to 4)	1,13,083.04
1 Share of Central Taxes	17,005.00
2 Tax Revenue	62,619.00
3 Non Tax Revenue	6,601.37
4 Grants-in-aid	26,857.67
III Capital Receipts (5 to 8)	36,237.17
5 Open Market Loans	26,400.00
6 Floating Debt(Gross)	100.00
7 Loans form the GOI	1,000.00
8 Other Loans	1,880.00
9 Deposit Transactions etc.(Net)	1,050.00
10 Loans and Advances	5,807.17
11 Other Receipts	
12 Contingency Fund(Net)	
IV Total Receipts(II + III)	1,49,320.21

- [Receipts Exp 2017 18 18042018.xlsx](#)

Table 6: Own Revenues of States

(Rs. in crores)

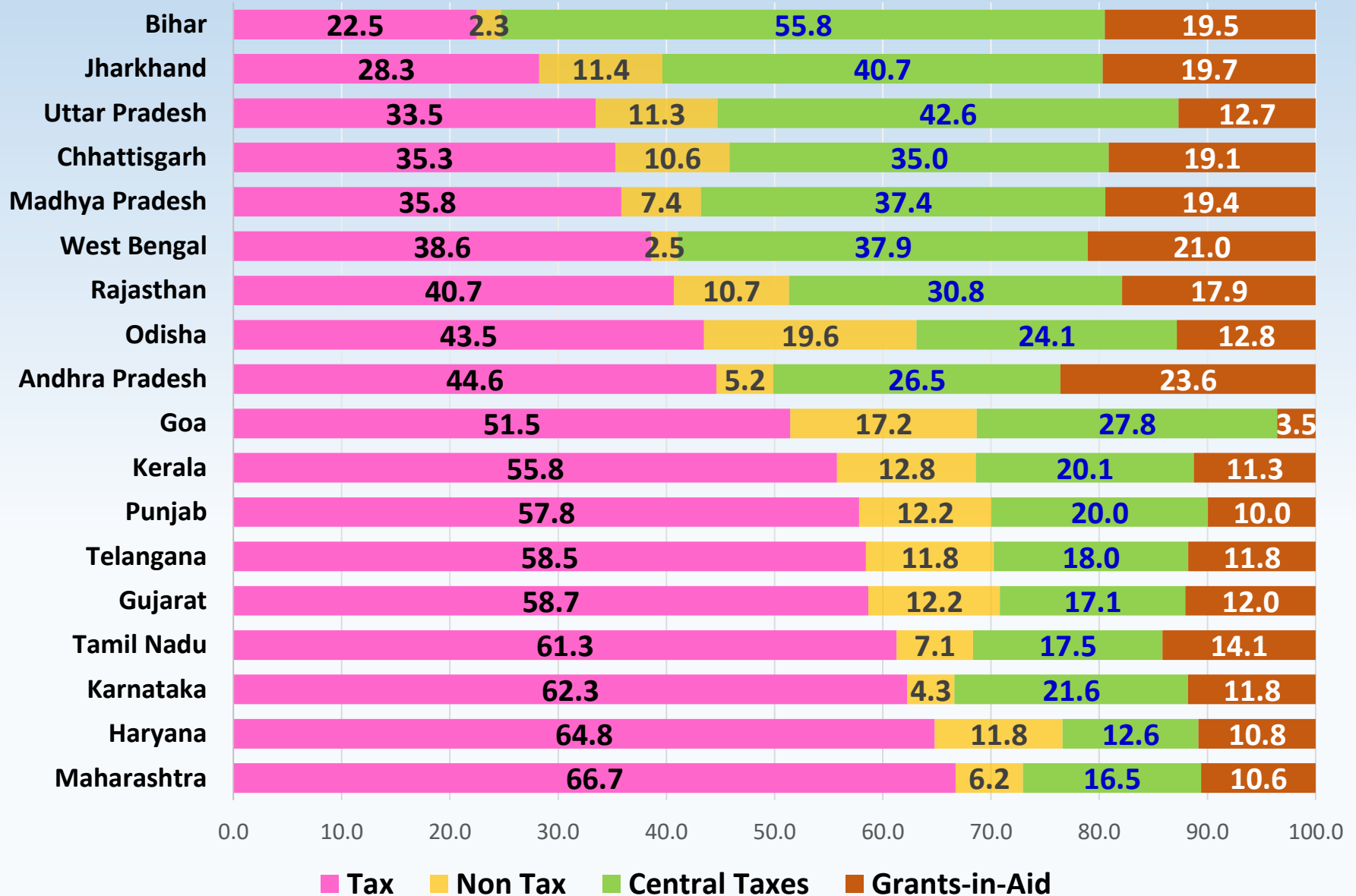
	2011-12	2012-13	2013-14	2014-15	2015-16 RE	2016-17 BE
Own Tax Revenue (OTR)	5,57,396	6,54,550	7,12,417	7,66,517	8,91,055	10,14,303
Own Non-Tax Revenue (ONTR)	99,128	1,17,262	1,32,543	1,40,926	1,63,523	1,94,926
Own Revenue Receipts (ORR)	6,56,523	7,71,811	8,44,960	9,07,443	10,54,578	12,09,230
OTR as % of GSDP	6.74	6.95	6.64	6.39	6.55	6.48
ONTR as % of GSDP	1.2	1.24	1.24	1.18	1.2	1.25
ORR as % of GSDP	7.94	8.19	7.88	7.57	7.76	7.73

Table 7: Composition of Own Tax Revenues of States

	(percent)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
					RE	BE
State Sales Tax/VAT	61.91	61.7	63.72	63.33	63.04	63.39
State Excise	12.88	12.62	11.42	11.7	12.05	11.77
Stamp & Registration Fees	11.55	11.55	10.85	10.96	10.86	10.73
Other State Taxes	13.67	14.13	14.01	14.01	14.06	14.11
Total	100	100	100	100	100	100
As % of GDP						
State Sales Tax/VAT	4.17	4.29	4.23	4.05	4.13	4.11
State Excise	0.87	0.88	0.76	0.75	0.79	0.76
Stamp & Registration Fees	0.78	0.8	0.72	0.7	0.71	0.7
Other State Taxes	0.92	0.98	0.93	0.9	0.92	0.91

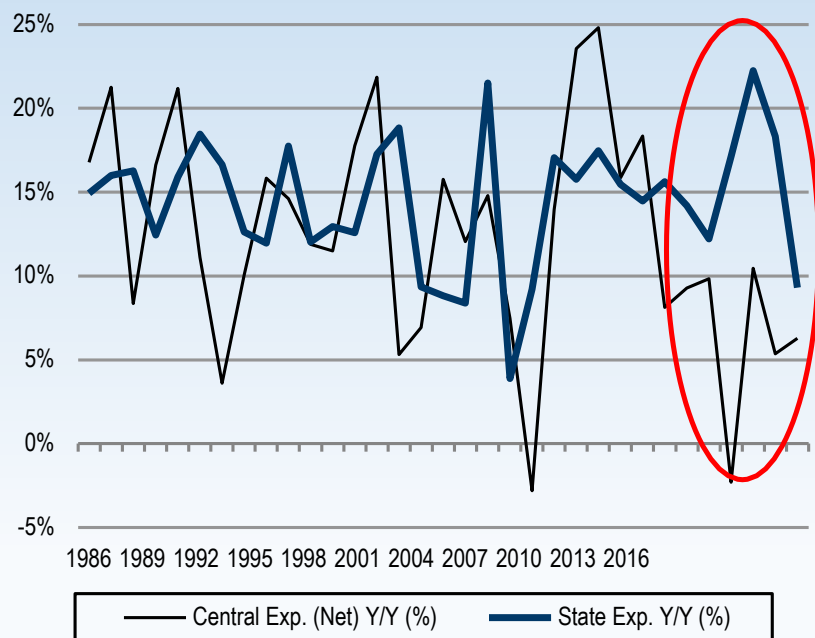
Composition of Revenue Receipts (%)

(2016-17 Actuals)

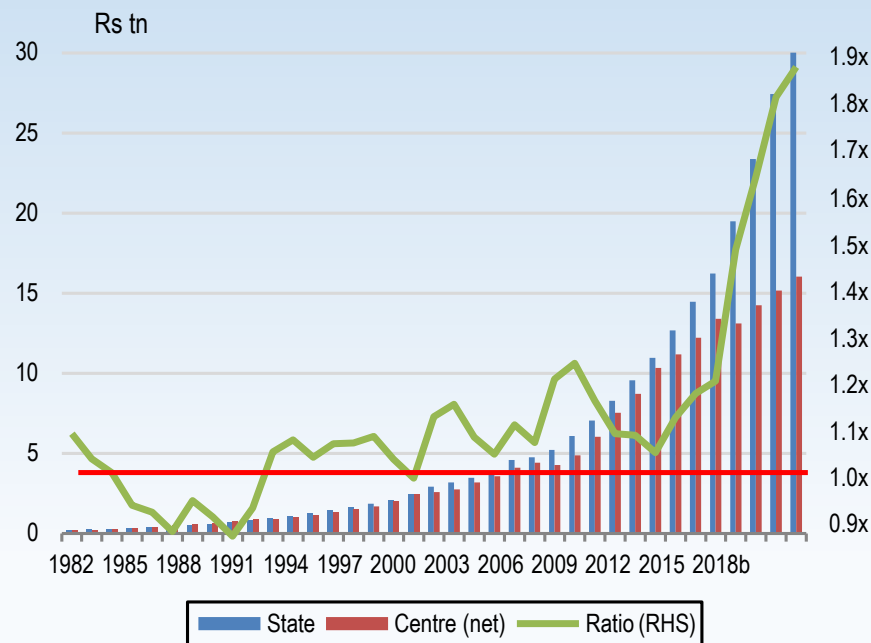


States share of general government spending now 65%

State expenditure growing faster than Centre's



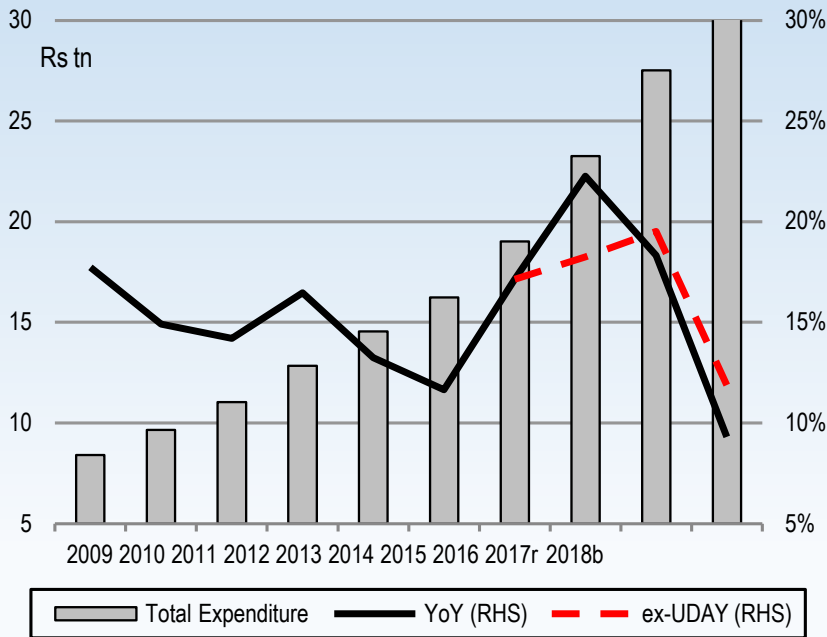
States now spend 1.87x the Centre's net spend



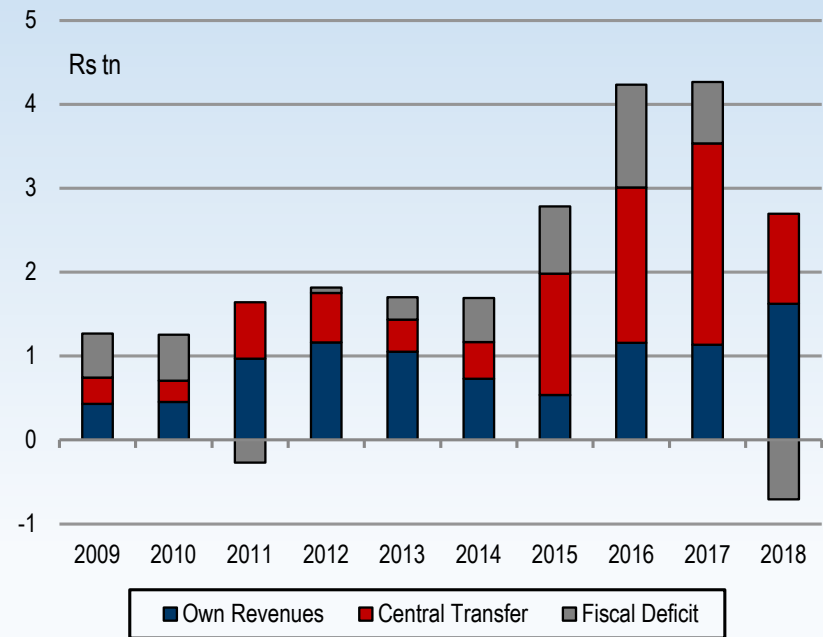
- Growth in aggregate expenditure of state governments has outpaced that of the central government for each of the last seven years
- From spending 6% more than the centre in FY2011, states are budgeted to spend 87% more than the Centre in FY2018b

Surge in transfers now over, growth slowing

Total state spend to grow 9% over FY17r



Sources of increase in expenditure

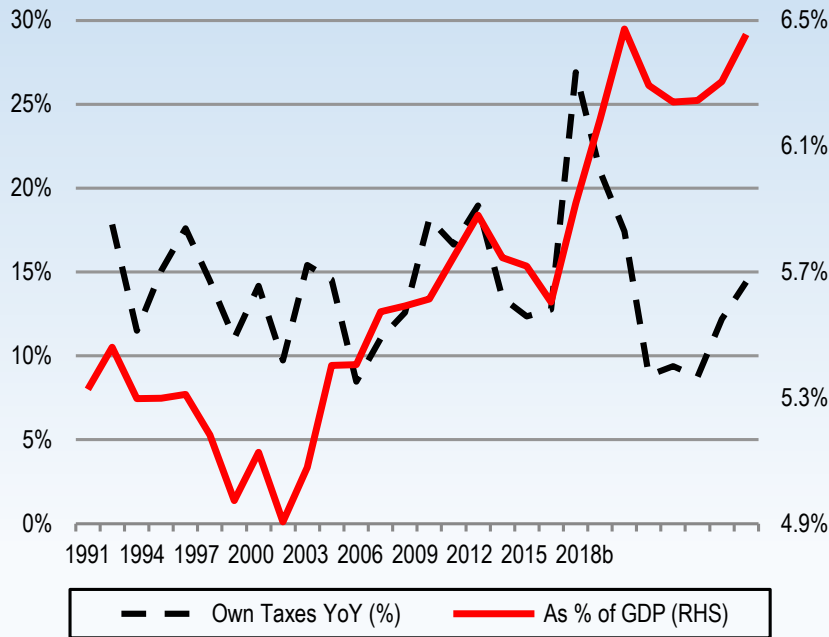


- Spending is budgeted to grow just 9.3% in FY2018
- Smaller increase in central transfers (due to slower tax growth at the centre, slower growth in grants) and a drop in the fiscal deficit
- Slowdown worse for states more dependent on central transfers

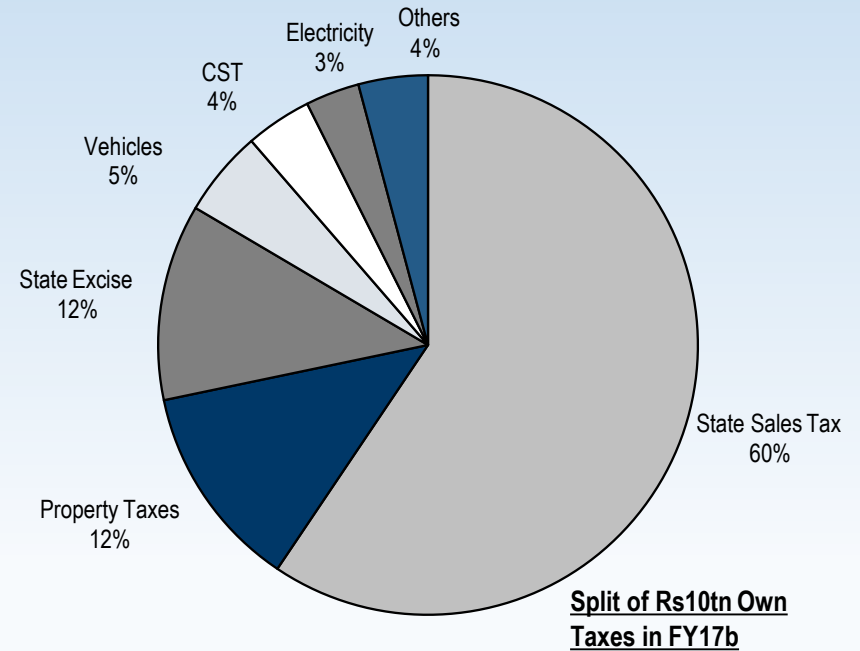
Source: RBI, Budget Documents, Credit Suisse Research

Own taxes continue to rise: 60% is VAT

States' own taxes have risen as % of GDP



VAT is 60% of States' Own Tax

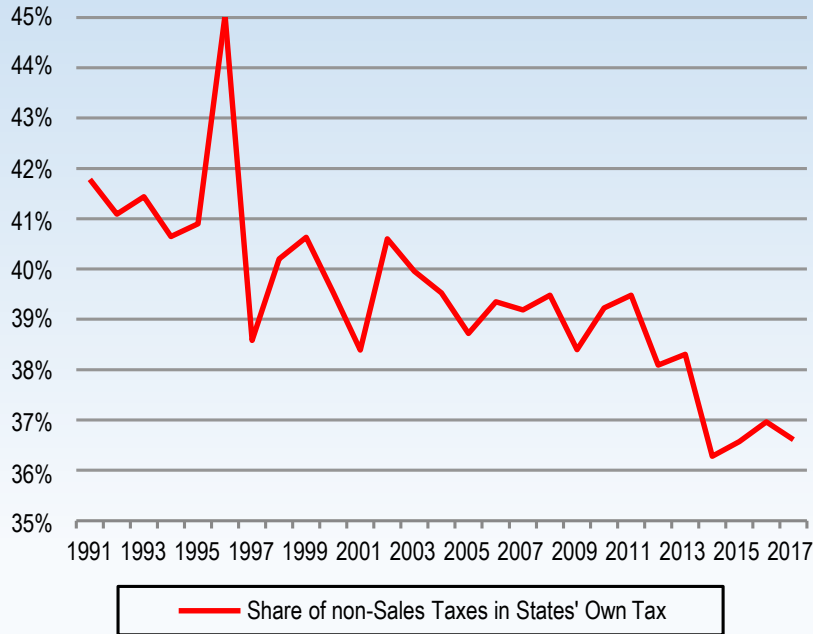


- A third of spending increase FY2011 to FY2018b came from own taxes
 - Own taxes as % of GDP up from 5.9% in FY2011 to 6.5% now; improvements in JH and TL
- VAT is 60% of own taxes; 40% of all VAT is from alcohol and petroleum products
- 40% of states' own taxes subsumed by GST

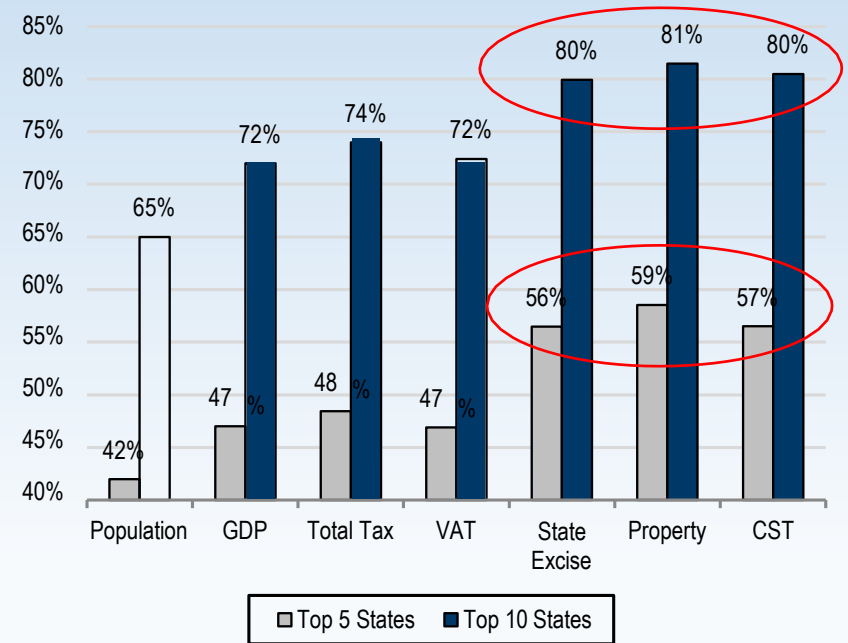
Source: RBI, Budget Documents, Credit Suisse Research

Share of Non-VAT taxes steadily declining

Share of non-VAT taxes steadily declining



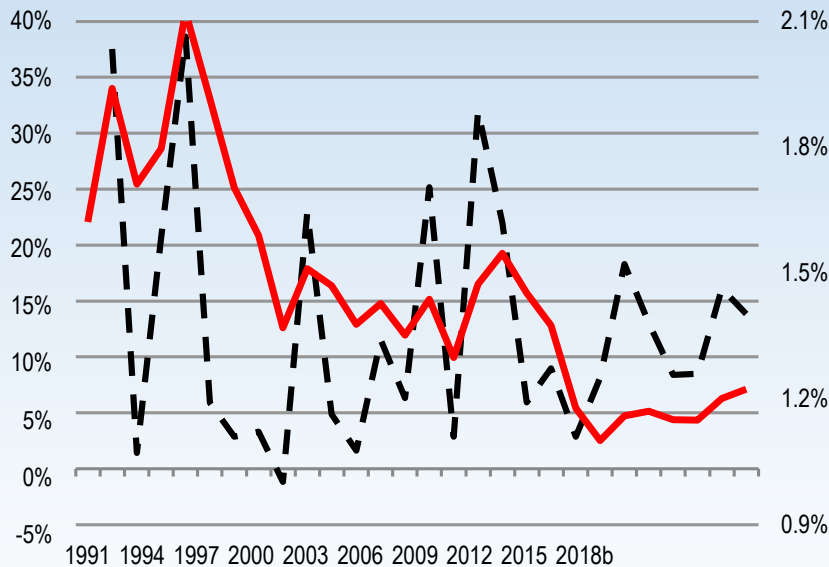
Non-VAT taxes are more concentrated



- Some non-VAT taxes are more cyclical (e.g. property), but decline has been steady
- Non-VAT taxes are also more concentrated than population/GDP/VAT
 - The top 5 for each of the non-VAT taxes are also different
- The perceived loss of freedom with GST may drive more innovation and hard work

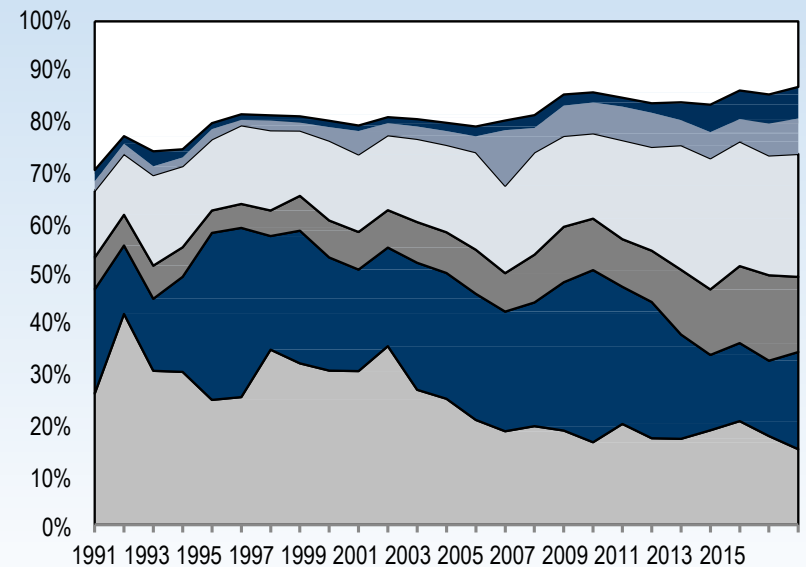
Share of non-tax revenues also stagnating

Non-tax receipts have declined in importance



Non Tax Revenue Receipts YoY (%)
 As % of GDP (RHS)

Share of non-tax receipts over time



Interest
 General
 Social
 Industries
 Power
 Petroleum
 Others

- States' non-tax revenues fell from 18% of all revenue receipts in 1995 to 8% now.
 - From being 2.1% of GDP in 1995, they just add up to 1.2% of GDP in FY2018b
- Some of this trend is healthy: Interest income used to be a dominant source of non-tax income, but has come down significantly; industries, power and petroleum are up

thank you...

