

**Vivekanand College, Kolhapur (Autonomous)**

**Department of Economics**


**Subject- Business Economics (Macro)**

***Topic- Public Revenue***

**Mr. Ashish Bhasme**

# Public Revenue -

- Government needs to perform various functions in the field of political, social and economic activities to maximize social and economic welfare. In order to perform these duties and functions government require large amount of resources. This resources are all **Public Revenue**.
- The term public revenue can be used in two senses-
  - 1) **Narrow sense-** it includes only those sources of income of the government which are described as revenue resources. And these sources are not subject to repayment. Eg.- tax, fees, fines etc.



**2) Wider sense-** it includes all the income and receipts of the government irrespective of the other sources. Eg.- Loans raised by the government which is to be repaid.

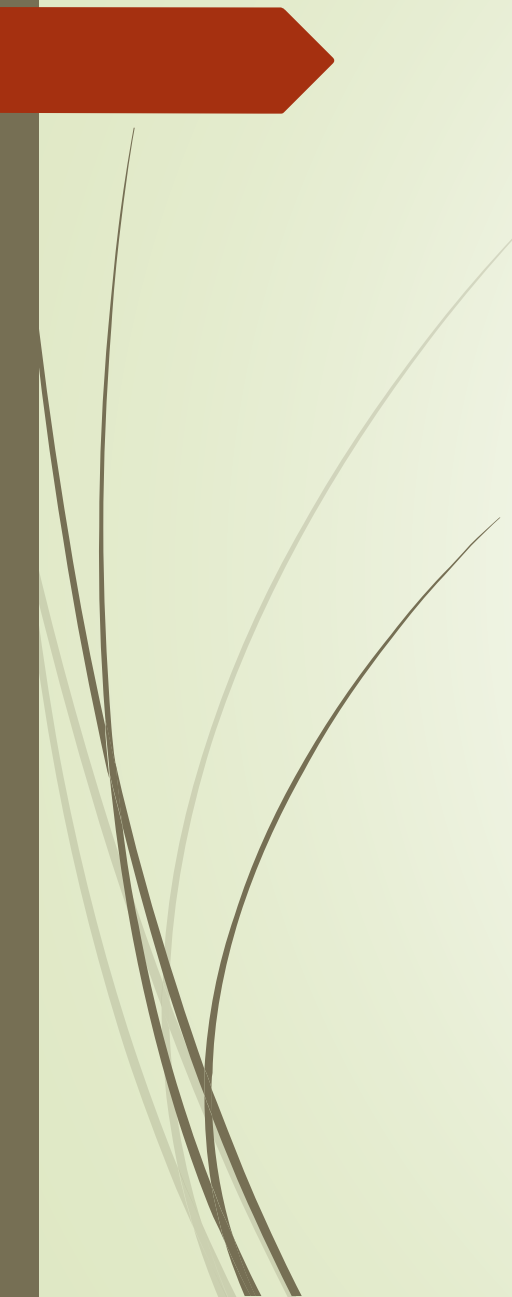
In aggregate public income or the public revenue is the income of the government through all the sources.

**Sources of Public Revenue-**

- 1) Tax Revenue
- 2) Non-Tax Revenue

- Tax revenue is the income that is gained by governments through taxation.
- Taxes are compulsory contribution levied by the state for meeting expenses in the common interests of all citizens.
- Tax revenue can be classified into



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- The government gets revenue from other sources as well. They are collectively called non tax revenues.
  - Non-Tax Revenue is the recurring income earned by the government from sources other than taxes. (Fees, Fines, Penalties etc.)
  - The most important receipts under this head are interest receipts (received on loans given by the government to states, railways etc.) and dividends and profits received from public sector companies.
  - Non-tax revenue is charged against services provided by the government.
  - However, non-tax revenue becomes payable only when services offered by the government are availed.