

NON-TAX REVENUE
INTEREST RECEIPTS, DIVIDENDS AND PROFITS

Apart from receipts on account of interest on loans by the Central Government, this Section comprises dividends and profits from public sector enterprises. It also includes surplus profits of the Reserve Bank of India, transferred to Government.

The details by major heads are: –

(A) Interest Receipts	36950.00	31538.42	25500.37
(B) Dividends and Profits	18875.13	20798.92	23500.00
Total	55825.13	52337.34	49000.37
Interest Receipts			
(i) Interest on loans to-			
(a) States	29438.59	24511.73	18149.03
(b) Union Territories (with Legislature)	543.54	800.07	873.23
(c) Interest payable by Railways	3650.00	3573.34	3935.26
(d) Other Interest receipts	3317.87	2653.28	2542.85
Total	36950.00	31538.42	25500.37

A. Interest Receipts

(a) Interest on loans to States

The interest receipts from States have gone down due to the State Debt Swap Scheme introduced by Government of India to supplement the efforts of States towards fiscal consolidation. The scheme enables States to prepay high cost loans contracted from Government of India in the past, with current low coupon bearing small savings transfers and additional open market borrowings. Loans amounting to Rs. 59,977 crore bearing coupon of 13 per cent and above were swapped upto 31st March, 2004 under the scheme. A further amount of Rs. 43,665 crore is estimated for swap in 2004-05. Thus, high cost loans of States amounting to Rs. 103,642 crore would have been swapped by fresh low coupon borrowing by 31st March, 2005.

Interest receipts in BE 2005-06 are estimated to decline further due to the accepted recommendations of the Twelfth Finance Commission (TFC) as all Central Loans contracted till 31.3.2004 and outstanding as on 31.3.2005 are required to be rescheduled into fresh loans for 20 years carrying 7.5% interest subject to the condition that the State Government concerned enacts Fiscal Responsibility Legislation.

(b) Interest on loans to Union Territory Governments

The interest receipts are estimated at Rs. 800.07 crore in Revised Estimate 2004-2005 and at Rs. 873.23 crore in Budget Estimate 2005-2006.

(c) Interest payable by Railways

The recommendations of Railway Convention Committee (RCC) on rate of dividend for 2004-05 are yet to be adopted by Parliament, and the memorandum on rate of dividend for 2005-06 is under the consideration of the RCC. Thus, the estimates for the year 2004-05 and 2005-06 have been framed on the basis of arrangements adopted for 2003-04. These arrangements are :

- (i) Except for the Capital cost of residential buildings which bears dividend at 3.5 per cent, Railways pay dividend at 7% on entire dividend-paying capital irrespective of the year of investment (inclusive of 1.5% on dividend bearing capital less subsidy capital invested upto 31.3.1964, for payment to States in lieu of Passenger fares tax).
- (ii) The Railways do not pay dividend on capital in respect of:
 - (1) Strategic Lines - the annual loss in respect of working of such lines is borne by General Revenues and surplus, if any, in their working is transferred to General Revenues upto the level of normal dividend.
 - (2) Unremunerative branch lines - the exemption of a particular branch line from payment of dividend on capital is based on annual review of the unremunerativeness of the line, the remunerativeness being determined on the basis of the 'marginal cost' principle.

- (3) Ferries, welfare buildings (hospitals, dispensaries, health units, clubs, institutes, schools and colleges, hostels and other welfare centres) and non-strategic portion of the Northeast Frontier Railway.
- (4) Ore lines (Kiriburu-Bimlagarh and Sambhalpur-Titlagarh lines, which involve concessional rates of freight for the carriage of ore) provided that they are not remunerative, the remunerativeness being determined on the basis of the 'marginal cost' principle.
- (5) 28 'new lines' taken up on or after 1st April, 1955 on 'other than financial' considerations, except those which become remunerative during the year adopting the 'marginal cost' principle; this arrangement applies also to Jammu-Kathua and Tirunelveli - Trivandrum - Kanyakumari lines, which are known as 'national investments'.

On the 'new lines' other than those referred to above, dividend on capital invested is deferred during the period of construction as well as for the first five years after their opening. The deferred dividend is recoverable from the sixth year, provided the net income of the new lines leaves a surplus after payment of the current dividend. The account of the unliquidated deferred dividend on these lines is closed after a period of 20 years from the date of their opening, extinguishing any liability for deferred dividend not liquidated within that period.

- (iii) 50 per cent of the outlay in a year on capital works-in-progress (which would otherwise be liable to payment of dividend) is exempted from payment of dividend for a period of three years.
- (iv) The above dividend concessions (except losses in the working of strategic lines) are provided to Railways in the form of subsidy from General Revenues.
- (v) In years in which the net revenue of the Railways is not adequate to meet the current dividend liability, the shortfall in the payment of the current dividend is treated as deferred dividend liability (on which no interest is charged) to be discharged by Railways from surplus in future years.

Based on the principles mentioned above, the estimates of dividend payable by Railways for Revised Estimates 2004-2005 and Budget Estimates 2005-2006 work out as follows:-

	<i>(In crore of Rupees)</i>		
	Budget 2004-2005	Revised 2004-2005	Budget 2005-2006
(i) Dividend on Capital at charge (net of subsidy payable by General Revenues)	2180.22	2197.68	2384.04
(ii) Subsidy payable by General Revenues	1362.16	1333.00	1476.00
(iii) Payment by Railways in lieu of Tax on Railway Passenger Fares	23.12	23.12	23.12
Total	3565.50	3553.80	3883.16
Less-Loss on working of 'Strategic Lines'	263.00	280.46	247.90
Dividend payable by Railways taken as interest	3302.50	3273.34	3635.26
Repayment of Deferred Dividend Liability	300.00	300.00	300.00
Payment to General Revenue on account of the repayment liability towards MUTP external loan.	47.50

Out of the 1.5 per cent dividend paid by the Railways on the pre-1964-65 capital, an amount of Rs.23.12 crores is contributed by the Railways for being passed on to the States as grant in lieu of the repealed tax on railway passenger fares and the balance, which hitherto was contributed to the Railway Safety works fund, is from 2001-2002, credited to the newly created 'Railway Safety Works Fund' directly by the Railways with the approval of Ministry of Finance and the RCC (1999).

(d) Other Interest Receipts :

The estimates under 'Other Interest Receipts' are in respect of interests on loans advanced to Public Sector Enterprises, Port Trusts and other Statutory Bodies, Cooperatives, Government servants, etc. and capital outlay on Departmental Commercial Undertakings. The receipts also include interest from Railways against loans advanced to the Railway Development Fund.

B. Dividends and Profits:

The details are as follows:-

	<i>(In crore of Rupees)</i>		
	Budget 2004-2005	Revised 2004-2005	Budget 2005-2006
(i) Dividends from Public Sector Enterprises and on other investments	12978.57	13437.03	16091.74
(ii) Dividend/Surplus profit of Reserve Bank of India, Nationalised Banks and Financial Institutions	5896.56	7361.89	7408.26
Total	18875.13	20798.92	23500.00

OTHER NON-TAX REVENUE

Broad details of revenue are as follows :-

	(In crore of Rupees)		
	Budget 2004-2005	Revised 2004-2005	Budget 2005-2006
1. Fiscal Services	1185.02	1345.58	1347.43
2. Other General Services	10345.62	10753.09	11232.61
3. Social Services	362.80	352.38	337.40
4. Economic Services	19756.23	22168.40	27325.33
5. Grants-in-aid and Contributions	3597.93	3064.20	3217.91
Total	35247.60	37683.65	43460.68
<i>Less—</i>			
Receipts of Commercial Departments other receipts*	14490.96 1783.74	14707.84 912.10	15248.44 207.78
Total	16274.70	15619.94	15456.22
Net-Other Non-Tax Revenue	18972.90	22063.71	28004.46

* Details of receipts of the commercial departments and other receipts by sectors/sub-sectors are as follows:—

Fiscal Services	934.60	1129.63	1197.53
Other General Services	6945.75	6287.33	6023.17
Economic Services	8394.35	8202.98	8235.52
Total	16274.70	15619.94	15456.22

FISCAL SERVICES

The estimates are as follows:

Fiscal Services	1185.02	1345.58	1347.43
Less-Receipts of Commercial Departments	934.60	1129.63	1197.53
Net	250.42	215.95	149.90

Commercial Departments :

The details of the estimates of receipts by commercial departments are as follows:-

(a) Currency, Coinage and Mint:			
Currency Note Press	328.30	360.65	370.00
Bank Note Press	300.00	350.00	350.00
Security Paper Mill	103.30	108.98	151.53
Total	731.60	819.63	871.53
(b) Other fiscal services:			
India Security Press	165.00	272.00	288.00
Security Printing Press	38.00	38.00	38.00
Total	203.00	310.00	326.00

The net receipts comprise:-

(a) Currency, Coinage and Mint:			
(i) Profits from circulation of coins	220.00	223.00	205.00
(ii) Mints	12.00	13.00	13.00
Total	232.00	236.00	218.00
(b) Other Fiscal Services	18.42	-20.05	-68.10
Total Fiscal Services	250.42	215.95	149.90

(a) **Currency, Coinage and Mint:-** Profits from circulation of coins represents the difference between the face value of coins and their metal value.

The receipts under 'Mints' relate mainly to refining and assaying charges.

(b) **Other Fiscal Services:-** The receipts mainly relate to contributions by Reserve Bank of India towards EFF charges payable to the International Monetary Fund, remunerations, etc. received from IMF and penalties, etc. realised against economic offences.

The receipts from the above commercial departments have been taken in reduction of expenditure and are dealt with in the Expenditure Budget.

OTHER GENERAL SERVICES

The estimates are as follows:-

	Budget 2004-2005	Revised 2004-2005	(In crore of Rupees) Budget 2005-2006
Other General Services	10345.62	10753.09	11232.61
Less- Receipts of Commercial Department	5162.01	6000.00	5915.39
Other Receipts	1783.74	287.33	107.78
Net	3399.87	4465.76	5209.44
The net receipts comprise:-			
(i) Administrative services			
Public Service Commission	12.30	8.40	18.00
Police	1230.75	1413.26	1465.26
Supplies and Disposals	43.25	43.30	45.00
Stationery and Printing	14.50	14.01	15.27
Public Works	79.68	115.35	115.37
Other Administrative Services	1374.31	1264.16	1577.24
(ii) Contribution and recoveries towards pension and other retirement benefits	1356.31	1213.69	1425.95
(iii) Miscellaneous general services	1072.51	393.59	547.35
Total	5183.61	4465.76	5209.44
Less Receipt from BSNL & Other Receipts	1783.74
Net	3399.87	4465.76	5209.44

The Commercial Department receipts relate to Defence Services Canteen Stores Department (CSD) which are dealt with under net expenditure of Commercial Departments in the Expenditure Budget.

The receipts of 'Public Service Commission' mainly represent examination fees, etc. of the Union Public Service Commission and Staff Selection Commission.

The receipts of 'Police' are on account of Central Police Forces supplied to State Governments and other parties. These receipts also include the receipts of Delhi Police.

The receipts under 'Supplies and Disposals' mainly relate to the fees for purchase and inspection of stores; and sale proceeds of surplus and obsolete stores disposed off through Directorate General of Supplies and Disposals.

The receipts under 'Stationery and Printing' relate to Government printing presses, sale of stationery, gazettes and Government publications etc.

'Public Works' accommodates all receipts relating to Central Public Works Department other than rent of Government residential buildings.

The receipts under the head 'Other Administrative Services' mainly relate to audit fees, passport and visa fees, etc. The increase is mainly on account of larger receipts from passport and visa fees.

The head 'Miscellaneous General Services' pertains, to receipts relating to unclaimed balances of postal certificates/ market loans written-off to revenue, guarantee fees etc.

SOCIAL SERVICES

The estimates are as follows:

Social Services	362.80	352.38	337.40
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The estimates of receipts, other than the commercial Departments, comprise the following:-

Education, Sports, Art and Culture	32.03	47.16	46.57
Medical and Public Health	87.46	94.13	95.50
Family Welfare	19.70	28.20	42.70
Housing	65.12	86.34	86.46
Information and Publicity	153.65	90.25	60.02
Labour and Employment	3.69	5.15	5.20
Social Security and Welfare	1.15	1.15	0.95
Total	362.80	352.38	337.40

The receipts under 'Education, Sports, Art and Culture' mainly relate to tuition and other fees, and entry fees at museums and the ancient monuments.

'Medical' receipts include contributions for Central Government Health Scheme and charges realised from patients for hospital and dispensary services, etc. 'Public Health' receipts include service fees, sale proceeds of sera and vaccine etc.

'Family Welfare' receipts mainly relate to sale proceeds of materials and supplies.

'Housing' receipts mainly relate to licence fees for Government residential buildings.

'Information and Publicity' receipts include charges from advertising and visual publicity, sale of publications and film rentals.

'Labour and Employment' receipts relate mainly to fees realised under labour laws, Factories and Mines Act, etc.

The receipts under 'Social Security and Welfare' mainly relate to Central Government Employees Insurance Scheme.

ECONOMIC SERVICES

The estimates are as follows:-

	Budget 2004-2005	Revised 2004-2005	Budget 2005-2006 <i>(In crore of Rupees)</i>
Economic Services	19756.23	22168.40	27325.33
<i>Less-Commercial</i>			
<i>Departments and other receipts</i>	<i>8394.35</i>	<i>8202.98</i>	<i>8235.52</i>
Net	11361.88	13965.42	19089.81

Commercial Departments

The details of the receipt estimates by commercial departments are given below:-

<i>Agriculture and allied activities:</i>			
Delhi Milk Scheme	190.26	186.70	220.00
<i>Industry and Minerals:</i>			
Opium and Alkaloid Factories	285.00	260.00	260.00
Fuel Fabrication Facilities	601.05	536.87	584.12
Other receipts in the sector	...	624.77	100.00
Total	886.05	1421.64	944.12
<i>Energy:</i>			
Badarpur Thermal Power Station	1079.00	1430.72	1260.85
Rajasthan Atomic Power Station	178.90	68.53	13.73
Fuel Inventory	869.15	358.23	659.45
Heavy Water Pool Management	556.99	202.16	341.67
Total	2684.04	2059.64	2275.70
<i>Transport:</i>			
Lighthouses and lightships	80.00	80.00	82.00
<i>Communications:</i>			
Postal Services	4554.00	4455.00	4713.70
Total-Commercial Departments	8394.35	8202.98	8235.52

The receipts of these commercial departments have been taken in reduction of expenditure and are dealt with in the Expenditure Budget.

The estimates of the net receipts comprise the following :

(i) Agriculture and Allied Activities	99.11	103.12	105.35
(ii) Irrigation and Flood Control	9.50	12.50	10.20
(iii) Energy	3947.06	4248.90	5077.59
(iv) Industry and Minerals	119.47	-421.32	125.15
(v) Transport	126.81	136.86	135.40
(vi) Communications	6326.64	6154.14	7000.00
(vii) Science, Technology and Environment	104.96	117.34	111.90
(viii) General Economic Services	628.33	3613.88	6524.22
Total	11361.88	13965.42	19089.81

The details of these receipt estimates by major heads of account under each sub-sector are given below:-

	(In crore of Rupees)		
	Budget 2004-2005	Revised 2004-2005	Budget 2005-2006
(i) Agriculture and Allied Activities:			
Crop Husbandry	71.35	67.07	69.30
Animal Husbandry	6.41	7.31	7.30
Dairy Development	0.15	...	0.14
Fisheries	1.74	1.44	1.48
Forestry and Wild Life	3.50	4.00	3.50
Food Storage and Warehousing	5.71	12.50	12.50
Other Agricultural Programmes	10.25	10.80	11.13
Total	99.11	103.12	105.35

This sub-sector accommodates receipts from agricultural farms, commercial crops, horticulture, plant protection services, fees from agricultural education, fees for quality control and grading of agricultural products etc. Sale proceeds of inputs like seeds, fertilizers, machinery, etc. received as aid from foreign countries and organisations are also accounted for under it.

(ii) Irrigation and Flood Control :			
Major and Medium Irrigation	7.50	10.50	9.00
Minor Irrigation	2.00	2.00	1.20
Total	9.50	12.50	10.20

The estimates under the head "Major and Medium Irrigation" represent mainly the receipts of Central Water Commission and Central Water Power Research Station, Pune. The estimates under "Minor Irrigation" relate to receipts of Central Ground Water Board for ground water exploration undertaken by it for State Governments, etc.

(iii) Energy :			
Power	14.00	12.45	11.55
Petroleum	3932.91	4236.36	5065.93
Coal and Lignite	0.01	0.02	0.02
Non-Conventional Sources of Energy	0.14	0.07	0.09
Total	3947.06	4248.90	5077.59

The head 'Power' records receipts of the Central Electricity Authority under the Electricity (Supply) Act, etc.

Under the head 'Petroleum' the estimates include receipts from Royalty on crude oil and gas produced off shore, Profit Petroleum and licence fee for the right to exclusive exploration of oil and gas in a particular region.

(i) **Royalty** : Royalty is payable by national oil companies on crude oil and natural gas on an ad-valorem basis depending on the price at which crude oil and natural gas are sold by them. Since pricing of natural Gas is still under Administered Pricing Mechanism (APM), the estimates of Royalty on Natural Gas do not vary much from year to year. However, the prices of crude oil are linked to the international prices of crude oil which are highly volatile, hence there is variation in the estimates of Royalty in different years;

(ii) **Profit Petroleum** : Profit Petroleum means all petroleum produced and saved from the contracted area in a particular period as reduced by Cost Petroleum. The government's share of Profit Petroleum in any financial year is calculated for the contract area on the basis of Investment Multiple/Post Tax Rate of Return (PTRR) actually achieved by the companies/contractors at the end of the preceding financial year. Profit Petroleum is payable only in respect of profit from sale proceeds of mineral oils produced from the fields awarded under PSCs and is linked to the value realized from sale proceeds. From 2005-06 sharing of the non-tax revenue of 'Profit Petroleum' arising out of contractual provisions under NELP under the States from where mineral oils and natural gas are produced is to be done on a 50:50 basis between the Centre and the States as per accepted recommendations of the Twelfth Finance Commission.

(iii) **Petroleum Exploration Licence (PEL) Fee** : PEL fee is a payment by licensee in consideration of the Government granting a right to a licensee to carry out exclusive exploration of Oil and Gas in off shore areas and is linked to the area and period of licence.

(iv) Industry and Minerals :			
Village and Small Industries	22.35	23.75	23.85
Industries	86.02	-458.17	81.19
Non-ferrous Mining and Metallurgical Industries	11.10	13.10	20.11
Total	119.47	-421.32	125.15

The head "Village and Small Industries" records receipts from industrial estates, small scale, handloom, khadi, handicraft, coir, sericulture, powerloom and other village industries.

Receipts under 'Industries' relate mainly to atomic energy industries and licence fees collected from various industries.

The head "Non-ferrous Mining and Metallurgical Industries" mainly accommodates receipts on account of specified jobs undertaken by the Geological Survey of India.

(v) Transport			
Ports and Lighthouses	7.93	10.55	10.00
Shipping	30.18	34.50	32.00
Civil Aviation	3.70	3.70	3.40
Roads and Bridges	85.00	88.11	90.00
Total	126.81	136.86	135.40

The head "Shipping" account for receipts of survey and registration fees of ships and ferry services.

The head "Roads and Bridges" includes receipts on account of national highways, including fees for use of National highways permanent bridges and also departmental charges recovered from State Governments and other bodies for services rendered by the Border Roads Development Board.

(vi) Communications:			
Other Communication Services	6326.64	6154.14	7000.00

Receipts under 'Other Communication Services' mainly relate to the licence fees from fellow operators and receipts of the Wireless Planning and Coordination Organisation .

Department of Telecom collects recurring licence fees from various telecom operators licensed by it. It also collects one time Entry fees from new operators. The main service categories include Cellular Mobile Service, Basic Service, Unified Access Service, VSAT Service, International and National Long Distance Services, Infrastructure Providers and Public Mobile Radio Trunk Services.

Barring a few services, the licence fee is determined as a percentage share of the operator's Adjusted Gross Revenue (AGR), specified from time to time and includes a component of Universal Access Levy. The AGR in turn is influenced by factors like tariff, customer base, competition etc. Entry of new operators, mergers and acquisitions, changes in licence fee rates and movement from segmental to consolidated (e.g. Unified Access Service) licenses also have an impact on licence fee collection.

Department of Telecommunications collects spectrum charges, licence fee and royalty from various telecom licencees for the spectrum allotted to them, which is a national resource. There are two types of charges (i) on the basis of revenue share, and (ii) on fixed formula basis. For service providers, this is levied on the principle of "revenue share" as a percentage of Adjusted Gross Revenues of licencees depending upon the quantum of spectrum assigned for network licencees such as Cellular, CDMA, Unified Access License, VSAT etc. For other licenses like PMRTS, point to point links and non-network licenses, spectrum charges are levied on a fixed basis.

(vii) Science, Technology and Environment:			
Atomic Energy Research	26.57	25.74	25.84
Other Scientific Services and Research	78.39	91.60	86.06
Total	104.96	117.34	111.90

The receipts under 'Atomic Energy Research' relate to sales and services rendered by various divisions/units of Bhabha Atomic Research Centre.

"Other Scientific Services and Research" receipts mainly relate to the Survey of India, National Atlas and Thematic Mapping Organisation, etc.

(viii) General Economic Services:			
Foreign Trade and Export Promotion	169.70	190.63	198.93
Other General Economic Services	457.82	3422.44	6324.48
Tourism	0.80	0.80	0.80
Civil Supplies	0.01	0.01	0.01
Total	628.33	3613.88	6524.22

One of the main receipts under the head "Foreign Trade and Export Promotion" relates to receipts on revaluation of foreign currency in favour of India in respect of balances under Trade and Payment Agreements.

The head "Other General Economic Services" mainly accommodates receipts on account of regulation of joint stock companies and fees realised under the Insurance Act. It also includes receipts of the Indian Meteorological Department, fees realised by National Informatics Centre for services rendered by it to non-Government bodies and Risk Insurance Fund receipts. RE 2004-05 includes transfer of surplus from Specified Undertaking of UTI (SUUTI) and repurchase of units of Special Unit Scheme' 99.

GRANTS-IN-AID AND CONTRIBUTIONS

The estimates are in respect of Grant assistance, in cash and kind, from external sources. The details are :

(i) External Grant Assistance	3437.94	2896.70	3045.29
(ii) Aid Material & Equipment	159.99	167.50	172.62
Total	3597.93	3064.20	3217.91

Further details are given in Statement 2 to Annexure 2 of this document.

NON-TAX REVENUE OF UNION TERRITORIES :

The estimates are as follows :-

Receipts of Union Territories (without legislature)	617.68	698.95	729.17
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The receipts of the Union Territories (without legislature) mainly relate to administrative services; sale of timber and forest produce mainly in Andaman and Nicobar Islands; receipts from Chandigarh Transport Undertaking and receipts from shipping, tourism and power.