

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 that is transferred to Government.

The details by major heads are: –

	(In crore of Rupees)		
	Budget 2005-2006	Revised 2005-2006	Budget 2006-2007
(A) Interest Receipts	25500.37	21244.78	19263.16
(B) Dividends and Profits	23500.00	25481.00	27500.00
Total	49000.37	46725.78	46763.16
Interest Receipts			
(i) Interest on loans to-			
(a) States	18149.03	13064.07	12669.39
(b) Union Territories (with Legislature)	873.23	125.63	125.61
(c) Interest payable by Railways	3935.26	3590.08	3868.16
(d) Other Interest receipts	2542.85	4465.00	2600.00
Total	25500.37	21244.78	19263.16

A. Interest Receipts

(a) Interest on loans to States

The interest receipts from States had declined due to the State Debt Swap Scheme which was in operation from 2002-03 to 2004-05 and enabled States to prepay high cost loans contracted from Government of India in the past, with low coupon bearing small savings transfers and additional open market borrowings. Loans amounting to Rs. 103,652 crore were swapped during this period.

Interest receipts in RE 2005-06 and in BE 2006-07 are estimated to decline further due to the Twelfth Finance Commission (TFC) Award under which all Central Loans contracted by States 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. 125.63 crore in Revised Estimate 2005-2006 and at Rs. 125.61 crore in Budget Estimate 2006-2007.

(c) Interest payable by Railways

The memorandum on rate of dividend for 2006-07 is under the consideration of the Railway Convention Committee (RCC). Thus, pending recommendations of RCC, the estimates for the year 2006-07 have been framed on the basis of arrangements adopted for 2005-06. These arrangements are :

- (i) Except for the Capital cost of residential buildings which bears dividend at 3.5 per cent, Railways pay dividend at 6.5 per cent on entire dividend-paying capital irrespective of the year of investment (inclusive of 1.5 per cent 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'.
 - (6) 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 2005-2006 and Budget Estimates 2006-2007 work out as follows:-

	(In crore of Rupees)		
	Budget 2005-2006	Revised 2005-2006	Budget 2006-2007
(i) Dividend on Capital at charge (net of subsidy payable by General Revenues)	2384.04	2190.78	2376.39
(ii) Subsidy payable by General Revenues	1476.00	985.68	1078.15
(iii) Payment by Railways in lieu of Tax on Railway Passenger Fares	23.12	23.12	23.12
Total	3883.16	3199.58	3477.66
Less-Loss on working of 'Strategic Lines'	247.90	272.50	272.50
Dividend payable by Railways taken as interest	3635.26	2927.08	3205.16
Repayment of Deferred Dividend Liability	300.00	663.00	663.00

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) Dividends from Public Sector Enterprises and on other investments	16091.74	17950.00	18969.00
(ii) Dividend/Surplus profit of Reserve Bank of India, Nationalised Banks and Financial Institutions	7408.26	7531.00	8531.00
Total	23500.00	25481.00	27500.00

OTHER NON-TAX REVENUE

Broad details of revenue are as follows :-

1. Fiscal Services	1347.43	2340.61	151.50
2. Other General Services	11232.61	9116.53	11062.65
3. Social Services	337.40	1596.12	1025.12
4. Economic Services	27325.33	25395.87	28436.51
5. Grants-in-aid and Contributions	3217.91	3018.71	2616.04
Total	43460.68	41467.84	43291.82
Less—			
Receipts of Commercial Departments	15248.44	14272.74	14604.14
other receipts*	207.78	339.44	0.01
Total	15456.22	14612.18	14604.15
Net-Other Non-Tax Revenue	28004.46	26855.66	28687.67

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

Fiscal Services	1197.53	1019.06	...
Other General Services	6023.17	4570.00	5600.01
Economic Services	8235.52	9023.12	9004.14
Total	15456.22	14612.18	14604.15

FISCAL SERVICES

The estimates are as follows:

	Budget 2005-2006	Revised 2005-2006	(In crore of Rupees) Budget 2006-2007
Fiscal Services	1347.43	2340.61	151.50
Less-Receipts of Commercial Departments	1197.53	1019.06	...
Net	149.90	1321.55	151.50

Commercial Departments :

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

(a) Currency, Coinage and Mint:			
Currency Note Press	370.00	370.00	...
Bank Note Press	350.00	300.00	...
Security Paper Mill	151.53	131.06	...
Total	871.53	801.06	...
(b) Other fiscal services:			
India Security Press	288.00	180.00	...
Security Printing Press	38.00	38.00	...
Total	326.00	218.00	...

The net receipts comprise:-

(a) Currency, Coinage and Mint:			
(i) Profits from circulation of coins	205.00	110.00	110.00
(ii) Mints	13.00	1094.38	9.00
Total	218.00	1204.38	119.00
(b) Other Fiscal Services	-68.10	117.17	32.50
Total Fiscal Services	149.90	1321.55	151.50

(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.

Government of India has set up a wholly owned Corporation called Security Printing and Minting Corporation of India Limited [SPMCIL] and consequently all the nine Units functioning under the administrative control of the Department of Economic Affairs, Ministry of Finance viz. Currency Note Press, Nasik, Bank Note Press, Dewas, India Security Press, Nasik, Security Printing Press, Hyderabad, Security Paper Mill, Hoshangabad, India Government Mints at Mumbai, Hyderabad, Kolkata and Noida have been taken over by the newly set up Corporation. The assets and liabilities, and the staff of all the units have also been transferred to the SPMCIL.

(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:-

Other General Services	11232.61	9116.53	11062.65
Less- Receipts of Commercial Department	5915.39	4470.00	5600.00
Other Receipts	107.78	100.00	0.01
Net	5209.44	4546.53	5462.64

The net receipts comprise:-

(i) Administrative services			
Public Service Commission	18.00	8.37	18.30
Police	1465.26	1570.26	1867.26
Supplies and Disposals	45.00	52.50	50.00
Stationery and Printing	15.27	13.01	13.96
Public Works	115.37	118.06	123.06
Other Administrative Services	1577.24	1479.12	1987.91
(ii) Contribution and recoveries towards pension and other retirement benefits	1425.95	790.00	909.98
(iii) Miscellaneous general services	547.35	515.21	492.17
Total	5209.44	4546.53	5462.64

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 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:

	Budget 2005-2006	Revised 2005-2006	(In crore of Rupees) Budget 2006-2007
Social Services	337.40	1596.12	1025.12
The estimates of receipts, other than the commercial Departments, comprise the following:-			
Education, Sports, Art and Culture	46.57	63.01	62.32
Medical and Public Health	95.50	136.82	136.94
Family Welfare	42.70	45.70	45.70
Housing	86.46	97.16	102.87
Information and Publicity	60.02	1245.33	669.16
Labour and Employment	5.20	7.33	7.34
Social Security and Welfare	0.95	0.77	0.79
Total	337.40	1596.12	1025.12

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. The receipts in RE 2005-06 include those from auction of FM radio Licences.

'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:-

Economic Services	27325.33	25395.87	28436.51
<i>Less-Commercial Departments and other receipts</i>	<i>8235.52</i>	<i>9023.12</i>	<i>9004.14</i>
Net	19089.81	16372.75	19432.37

Commercial Departments

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

<i>Agriculture and allied activities:</i>			
Delhi Milk Scheme	220.00	193.00	226.00
Other Receipts	...	16.34	...
<i>Industry and Minerals:</i>			
Opium and Alkaloid Factories	260.00	242.00	243.00
Fuel Fabrication Facilities	584.12	698.70	671.64
Other receipts in the sector	100.00	239.44	...
Total	944.12	1180.14	914.64
<i>Energy:</i>			
Badarpur Thermal Power Station	1260.85	1257.12	1419.16
Rajasthan Atomic Power Station	13.73
Fuel Inventory	659.45	831.41	931.69
Heavy Water Pool Management	341.67	406.91	419.94
Total	2275.70	2495.44	2770.79
<i>Transport:</i>			
Lighthouses and lightships	82.00	91.50	94.00
<i>Communications:</i>			
Postal Services	4713.70	5046.70	4998.71
Total-Commercial Departments	8235.52	9023.12	9004.14

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 :

	Budget 2005-2006	Revised 2005-2006	(In crore of Rupees) Budget 2006-2007
(i) Agriculture and Allied Activities	105.35	98.61	198.01
(ii) Irrigation and Flood Control	10.20	12.40	12.50
(iii) Energy	5077.59	6215.97	6613.76
(iv) Industry and Minerals	125.15	150.71	231.90
(v) Transport	135.40	143.50	243.60
(vi) Communications	7000.00	7160.48	8149.03
(vii) Science, Technology and Environment	111.90	299.84	317.88
(viii) General Economic Services	6524.22	2291.24	3665.69
Total	19089.81	16372.75	19432.37

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

(i) Agriculture and Allied Activities:

Crop Husbandry	69.30	68.70	168.45
Animal Husbandry	7.30	8.05	8.15
Dairy Development	0.14	0.20	...
Fisheries	1.48	1.48	1.48
Forestry and Wild Life	3.50	4.50	4.50
Food Storage and Warehousing	12.50	5.22	5.23
Other Agricultural Programmes	11.13	10.46	10.20
Total	105.35	98.61	198.01

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	9.00	11.00	11.00
Minor Irrigation	1.20	1.40	1.50
Total	10.20	12.40	12.50

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	11.55	11.50	12.65
Petroleum	5065.93	6204.35	6600.98
Coal and Lignite	0.02	0.02	0.02
Non-Conventional Sources of Energy	0.09	0.10	0.11
Total	5077.59	6215.97	6613.76

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.

(a) **Royalty** : (i) Central Government is entitled to Royalty on Oil and Gas produced from the Offshore fields, whereas in case of Onshore fields, it is payable to the concerned State Government. The power of regulation and the responsibility for the development of oil fields are exclusively within the domain of the Central Government. Oil Fields (Regulation and Development) Act, 1948 and the Petroleum and Natural Gas Rules, 1959 deal with it. (ii) Royalty regimes for Oil and Gas production from nominated fields of National Oil Companies vary from that for the production from fields awarded under Production Sharing Contracts (PSCs). (iii) Royalty payable by National Oil Companies on crude oil and natural gas, being ad-valorem, depends on the prices at which crude oil and natural gas are sold by them. Pricing of natural gas is under Administered Pricing Mechanism (APM), which has been revised upwards during 2005-06 affecting the receipts from Royalty. Similarly, the international crude oil prices which are highly volatile affect these receipts. (iv) The Royalty on production from fields awarded under PSCs is governed by the provisions of the respective PSCs and the receipts in this regard depend upon the actual production from the various fields.

(b) **Profit Petroleum** : Profit Petroleum is the value of petroleum produced from a particular field after deducting the admissible cost of production, as per the contract. The Contractor and the Government share the Profit Petroleum from the contract area in accordance with the provision of the respective agreements/contracts. No profit Petroleum is payable on production by National Oil Companies from

the nominated fields. Profit Petroleum realisation also varies with the prevalent price of crude oil and gas. Directorate General of Hydrocarbons (DGH) monitors the implementation of these PSCs. Profit Petroleum is payable on a quarterly basis with final adjustment made at the end of the financial year.

(c) **Petroleum Exploration Licence (PEL) Fee:** (i) PEL fee is a payment by a licensee in consideration of the Government granting a right to carry out exclusive exploration of Oil & Gas in a particular area. License fee is generally linked to area and period of license and is payable by licensees in accordance with Petroleum and Natural Gas Rules, 1959 as amended from time to time. (ii) PEL fee in the case of onshore fields goes to the concerned State Government and in case of offshore fields is paid to the Central Government.

	Budget 2005-2006	Revised 2005-2006	(In crore of Rupees) Budget 2006-2007
(iv) Industry and Minerals :			
Village and Small Industries	23.85	27.50	27.66
Industries	81.19	102.60	181.61
Non-ferrous Mining and Metallurgical Industries	20.11	20.61	22.63
Total	125.15	150.71	231.90

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	10.00	3.00	2.50
Shipping	32.00	51.10	51.10
Civil Aviation	3.40	3.40	4.00
Roads and Bridges	90.00	86.00	186.00
Total	135.40	143.50	243.60

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	7000.00	7160.48	8149.03

Receipts under 'Other Communication Services' mainly relate to the licence fees from telecom 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, V-SAT Services, 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 collections.

Department of Telecommunications collects spectrum charges, licence fee and royalty from various telecom licencees for the spectrum allotted to them, which is a limited natural 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 licensees depending upon the quantum of spectrum assigned for network licencees such as Cellular, CDMA, Unified Access Licence, V-SAT, etc. For other licenses like PMRTS, point to point links and non-network licenses, spectrum charges are levied on a fixed formula basis.

(vii) Science, Technology and Environment:			
Atomic Energy Research	25.84	27.02	26.65
Other Scientific Services and Research	86.06	272.82	291.23
Total	111.90	299.84	317.88

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.

	Budget 2005-2006	Revised 2005-2006	(In crore of Rupees) Budget 2006-2007
(viii) General Economic Services:			
Foreign Trade and Export Promotion	198.93	212.95	314.43
Other General Economic Services	6324.48	2066.28	3350.25
Tourism	0.80	12.00	1.00
Civil Supplies	0.01	0.01	0.01
Total	6524.22	2291.24	3665.69

The receipts under the head "Foreign Trade and Export Promotion" include 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.

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	3045.29	2969.84	2558.17
(ii) Aid Material & Equipment	172.62	48.87	57.87
Total	3217.91	3018.71	2616.04

Further details are given in Statement 2 to Annex 2.

NON-TAX REVENUE OF UNION TERRITORIES :

The estimates are as follows :-

Receipts of Union Territories (without legislature)	729.17	753.52	809.68
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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.

Arrears of Non Tax Revenues.

In compliance of Rule 6 of FRBM Rules, 2004 a disclosure Statement on Arrears of Non-Tax Revenues is introduced for the first time at Annex 11.