

## Chapter 2

### RESOURCES: TRENDS AND COMPOSITION

#### Resources of the Union Government: 2001-02

**2.1** Resources of the Union government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenue, non-tax revenue, grants-in-aid and contributions. Capital receipts comprise debt receipts from internal and external sources as well as accruals in the public account and non-debt receipts in the form of loans and advances recovered and proceeds from disinvestment. Table 2.1 below presents a summary of total receipts of the Union Government, which amounted to Rs 1,037,629 crore for the year 2001-02. Union Government's own receipts were Rs. 342,500 crore, constituting only 35 percent of the total receipts. The balance came from borrowings and public account receipts.

**Table 2.1: Resources of the Union Government**

		<i>(Rupees in crore)</i>
I	Revenue Receipts	318,121
II	Capital receipts	719,508
	a. Miscellaneous Receipts	3646
	b. Recovery of Loans and Advances	20733
	c. Debt receipts	436,689
III	Public Account Receipts	258,440
Total Receipts		1037,629

*Note: Revenue receipts include Rs 52842 crore, share of taxes and duties assigned to the States and not reflected in the Union Government's Finance Accounts.*

#### Trends in Resources

**2.2** During the last seventeen years extending over three Plan periods, overall resources of the Union Government increased at a trend rate of 11.68 *per cent*, from Rs 225,568 crore in 1985-86 to Rs 1,037,629 crore in 2001-02. However, the performance of various resource components was uneven and fluctuated over different periods as detailed in Table 2.2.

**2.3** Resource accrual accelerated at a growth rate of 14.87 per cent during the VIII Plan (1992-97). During 1997-2002 (IX Plan), growth decelerated to 7.02 *per cent*, showing wide annual fluctuations. The decline was largely due to a sharp deceleration in the growth of revenue and debt receipts. The rate of growth of debt receipts fluctuated during 1997-2002, particularly due to the

creation of National Small Savings Fund (NSSF) in 1999-2000, which led to a sharp acceleration in growth rate in that year and an equally sharp deceleration a year later. Revenue receipts recorded a modest growth of only 3.24 *per cent* in 2000-01 and despite the low base, it did not accelerate in 2001-02, and recorded a growth of 3.38 *per cent*. Trend rate of growth of revenue receipts remained lower than the rate of growth of GDP during VIII and IX Five-Year Plans.

**Table- 2.2: Components of Receipts: Trends**

*(Rupees in crore)*

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross Domestic product
		Non- Debt Receipts	Debt Receipts	Accruals in Public Account		
1985-1986	45314	3865	148329	28060	225568	277991
1995-1996	179845	8396	180965	113006	482212	1188012
1999-2000	298076	14274	560823	214736	1087937	1929641
2000-01	307724	18924	366461	249876	942985	2087988
2001-02	318121	24379	436689	258440	1037629	2291090
<b>Average Annual Trend Rate of Growth (<i>per cent</i>)</b>						
1985-2002	13.66	10.71	9.94	14.34	11.68	14.76
VII Plan (1985-1990)	15.70	9.35	-10.35	20.84	1.30	15.28
VIII Plan (1992-1997)	15.41	0.01	15.98	14.43	14.87	16.54
IX Plan (1997-2002)	8.58	18.24	2.22	13.76	7.02	10.51
<b>Annual Rate of Growth (<i>per cent</i>)</b>						
1999-2000	17.18	-25.12	41.87	34.36	31.31	10.84
2000-01	3.24	32.58	-34.66	16.36	-13.32	8.21
2001-02	3.38	28.83	19.16	3.43	10.04	9.73

**2.4** Table 2.3 depicts the relative share of various components of resources. The share of revenue receipts increased from an average of 25.62 percent of total receipts during 1985-90 to 36.44 *per cent* during 1992-97. This ratio declined to an average of 30.16 *per cent* during 1997-2002. There was, however, a significant acceleration in the relative share of the revenue receipts in 2000-01 to 32.63 *per cent* due to an exogenous factor, which resulted in a decline in total receipts. The relative share of revenue receipts reverted to its medium term average of a little over 30 *per cent* in 2001-02.

**Table- 2.3: Relative Shares of Different Components of Total Receipts***(per cent)*

Period	Revenue Receipts	Capital Receipts			Total Receipts
		Non- Debt Receipts	Debt Receipts	Accruals in Public Account	
1985-2002	31.35	2.16	44.82	21.67	100.00
VII Plan (1985-90)	25.62	1.97	54.43	17.98	100.00
VIII Plan (1992-97)	36.44	2.25	37.74	23.57	100.00
IX Plan (1997-2002)	30.16	1.86	45.59	22.39	100.00
<b>Relative Share in the years</b>					
1999-2000	27.40	1.31	51.55	19.74	100.00
2000-01	32.63	2.01	38.86	26.50	100.00
2001-02	30.66	2.35	42.09	24.91	100.00

**2.5** The relative share of debt, comprising market borrowings and other liabilities under the Consolidated Fund and public account accruals, was an average of 68 *per cent* during 1997-2002 (IX Plan). The share of non-debt capital receipts, comprising miscellaneous capital receipts, proceeds from disinvestment and recovery of loans and advances, averaged around 2 *per cent*.

#### **Access to Resources Relative to GDP**

**2.6** Overall access to resources by the Union Government as percentage to GDP (Table 2.4) registered an increase in the IX Plan period i.e. 1997-2002. But while there was a decline in revenue receipt/GDP ratio, market borrowings and public account accruals increased. The sharp increase in the debt receipts/GDP ratio during this period was largely due to the shift of the public account liabilities to the Consolidated Fund. Neutralisation of the impact of NSSF, which did not create any fresh receipts to the Union government, resulted in a decline in this ratio to around 20 *per cent* during 1997-2002

**Table-2.4: Receipts as percentage to GDP**

Year	Revenue Receipts	Capital Receipts			Total Receipts
		Non- Debt Receipts	Debt Receipts	Accruals in Public Account	
1985-2002	15.60	1.09	24.51	10.79	51.99
VII Plan (1985-90)	16.62	1.30	38.28	11.54	67.74
VIII Plan (1992-97)	15.30	0.95	15.94	9.93	42.12
IX Plan (1997-2002)	14.78	0.90	22.62	10.94	49.24
<b>Relative Share in the years</b>					
1999-2000	15.45	0.74	29.06	11.13	56.38
2000-01	14.74	0.91	17.55	11.97	45.16
2001-02	13.89	1.06	19.06	11.28	45.29

**2.7** In the Finance Accounts, the receipts and disbursements on account of Ways and Means Advances (WMA), 14-day Treasury Bills and public account operations by Governments appear on gross basis, inflating both receipts and disbursements. To arrive at a correct draft of resources by the Union government, these receipts need to be reckoned on net basis. Table 2.5 indicates the impact of this netting on total receipts, and the ratio of total receipts to GDP. Net draft of the Union government amounted to 24.91 *per cent* of GDP in 2001-02, an overall decline of over 4 percentage points in last five years.

**Table –2.5: Revised Receipts and its share to GDP**

*(Rupees in crore)*

	Current Receipts	Non-Debt Capital Receipts	Debt Receipts	Net Receipts of WMA	Net Receipts from Treasury Bills	Net Public Account Accruals	Total Receipts	Total Receipt/ GDP (Per cent)
1997-98	231807	10508	132466	2000	7998	59916	444695	29.21
1998-99	254369	19063	131819	1042	-880	40942	446355	25.64
1999-2000	298076	14274	132556	-2060	-4440	23345	461751	23.93
2000-01	307724	18924	152146	4413	1340	25123	509670	24.41
2001-02	318121	24379	187523	-219	-1553	42364	570615	24.91

*Note: - In computing the Revised Total Receipts in 1999-2000, issue of securities of Rs 176,221 crore in favour of NSSF has also been deducted as this did not result in accrual of any additional receipts.*

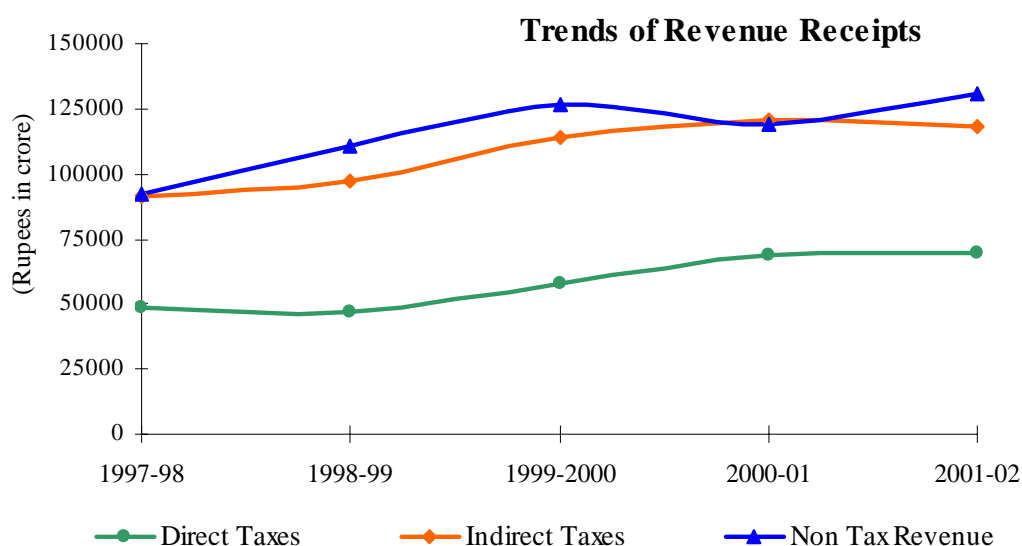
### Revenue Receipts: Movement of Major Aggregates

**2.8** Overall revenue receipts of the Union Government increased over the three Plan periods with an average annual trend rate of 13.66 *per cent* as indicated in Table 2.6.

**Table- 2.6: Composition & trends of Revenue Receipts**

(Rupees in crore)

Year	Direct Tax	Indirect Tax	Total Tax	Non-tax Revenue	Gross Revenue	States' Share	Net Revenue to the Union
1985-86	5603	23048	28651	16663	45314	7471	37843
1995-96	33564	77660	111224	68621	179845	29285	150560
1999-2000	57959	113794	171753	126323	298076	43481	254595
2000-01	68305	120298	188603	119121	307724	51688	256036
2001-02	69197	117863	187060	131061	318121	52842	265279
<b>Average Annual Trend Rate of growth (per cent)</b>							
1985-2002	18.75	10.98	12.99	14.72	13.66	13.53	13.68
VII Plan (1985-90)	16.29	15.89	15.97	15.21	15.70	14.73	15.88
VIII Plan (1992-97)	22.49	13.49	15.89	14.66	15.41	14.41	15.61
IX Plan (1997-2002)	11.66	7.59	9.00	8.00	8.58	11.05	8.12
<b>Average Annual Rate of Growth (per cent)</b>							
1999-2000	24.38	17.08	19.44	14.25	17.18	11.08	18.29
2000-01	17.85	5.72	9.81	-5.70	3.24	18.87	0.57
2001-02	1.31	-2.02	-0.82	10.02	3.38	2.23	3.61



**2.9** There has been a deceleration in the average annual rate of growth of the revenue receipts from 15.41 *per cent* during 1992-97 (VIII Plan) to 8.58 *per cent* during 1997-2002. (IX Plan). The deceleration which was more pronounced in the IX Plan, affected all segments of current revenue, viz. direct and indirect taxes and non-tax revenue.

**2.10** In case of direct taxes, trend annual growth rate declined from 22.49 *per cent* during 1992-97 to just 11.66 *per cent* during 1997-2002. The higher growth of over 24 *per cent* in direct tax collections during 1997-98 on account of VDIS and later in 1999-2000 and 2000-01 could not be maintained in the current year and growth declined to 1.31 *per cent*. In case of indirect taxes, the decline was from 13.49 *per cent* to 7.59 *per cent* during this period.

**2.11** Overall gross revenue of the Union Government had recorded its lowest growth of 3.24 *per cent* in 2000-01. However, despite a recovery in non-tax collections, decelerating growth rates in direct and indirect taxes led to only a moderate improvement in growth rate to 3.38 *per cent* in the current year. Net revenue accruing to the Union increased by 3.61 *per cent*.

**2.12** Gross revenue of the Union Government as a percentage to GDP also witnessed continuous deceleration as may be seen from Table 2.7 below:

**Table 2.7: Revenue Receipts/GDP Ratio**

(*per cent*)

Year	Total Revenue receipts	Total Tax	Direct Tax	Indirect Tax	Non-tax Revenue	State Share	Net Revenue to Union
1985-2002	15.60	9.60	2.51	7.10	5.99	2.53	13.07
VII Plan (1985-90)	16.62	10.53	2.01	8.52	6.09	2.67	13.95
VIII Plan (1992-97)	15.30	9.34	2.62	6.71	5.97	2.56	12.74
IX Plan (1997-02)	14.78	8.70	3.03	5.67	6.08	2.33	12.45
<b>Relative Share in the Years</b>							
1999-2000	15.45	8.90	3.00	5.90	6.55	2.25	13.19
2000-01	14.74	9.03	3.27	5.76	5.71	2.48	12.26
2001-02	13.89	8.16	3.02	5.14	5.72	2.31	11.58

**2.13** The gross revenue /GDP rate was 15.30 *per cent* during 1992-97 and declined to 14.78 *per cent* during 1997-2002. The gross revenue/GDP ratio in the current year was 13.89 *per cent*. The net revenue, after providing for the share of the States, as percentage to GDP declined to 11.58 *per cent* in the current year.

**2.14** There was a moderate acceleration in direct tax/GDP ratio to 3.03 *per cent* during the IX Plan but indirect tax/GDP ratio declined sharply from an average of 8.52 *per cent* during 1985-90 to an average of 5.67 *per cent* during 1997-2002. The decline in the indirect tax/GDP ratio was not compensated by an increase in direct tax/GDP ratio for revenue neutrality.

**2.15** The proceeds of tax revenue assigned to States as percentage to GDP declined to an average of 2.33 *per cent* during 1997-2002. In the current year, this ratio declined to 2.31 *per cent* compared to 2.48 *per cent* reached in the preceding year.

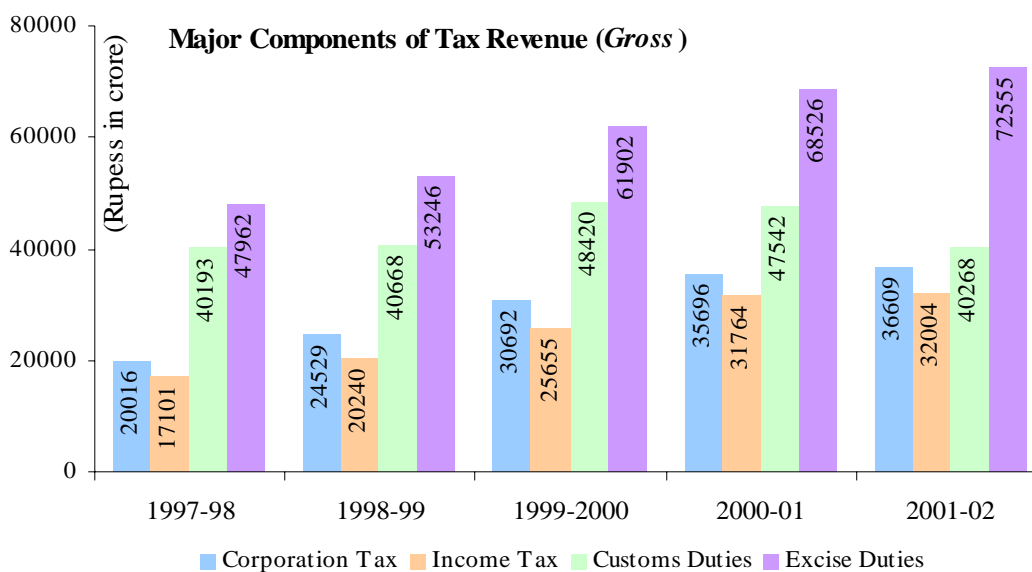
**Major Taxes: Relative Performance**

**2.16** The relative performance of different taxes changed significantly over the years (Table 2.8) with Corporation tax recording the highest trend growth of 18.87 *per cent* during 1985-2002.

**Table 2.8: Components of Tax Revenue (gross)**

(Rupees in crore)

	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Others	Total
1985-86	2865	2511	9526	12956	0	793	28651
1995-96	16487	15592	35757	40187	861	2340	111224
1999-2000	30692	25655	48420	61902	2128	2956	171753
2000-01	35696	31764	47542	68526	2613	2462	188603
2001-02	36609	32004	40268	72555	3302	2322	187060
<b>Average Annual trend Rate of Growth (per cent)</b>							
1985-2002	18.87	18.18	10.37	11.28	0.00	9.71	12.99
VII Plan (1985-90)	14.28	19.34	17.31	14.56	0.00	16.74	15.97
VIII Plan (1992-97)	21.71	24.72	18.00	10.45	0.00	-2.50	15.89
IX Plan (1997-02)	17.15	18.58	1.61	11.41	19.19	-30.18	9.00
<b>Average Annual Rate of Growth (per cent)</b>							
1999-2000	25.13	26.75	19.06	16.26	8.74	-6.37	19.44
2000-01	16.30	23.81	-1.81	10.70	22.79	-16.71	9.81
2001-02	2.56	0.76	-15.30	5.88	26.37	-5.69	-0.82



**2.17** During the VIII Plan, while the overall high growth in tax revenue was maintained, a significant contribution came from corporation and income tax. In the IX Plan, however, the high growth of earlier Plans could not be maintained. Deceleration in the growth rates became quite sharp and generally universal across all major taxes with the exception of service tax. Gross Tax collections witnessed, for the first time, a negative growth of 0.82 *per cent* in the current year.

### **Tax Buoyancy**

**2.18** Three major factors that affect tax collections are the tax base, the tax rate and tax compliance, including the effectiveness of tax administration. Though the legal bases for various direct taxes differ and are too complex to be determined effectively due to exemptions and other concessions, the proxy tax base of the direct taxes, particularly the corporation and income tax is the non-agricultural GDP and for the indirect taxes of customs and excise duties imports and manufacturing value-added respectively. The collection of income tax is also related to the threshold level of income after which taxes become payable. This threshold level also decides the overall number of the tax assesseees, though their income profile would depend on the distribution of population (households) according to income. While there is no defined measure of tax compliance, it depends on the effectiveness of tax administration and three relevant proxy factors are speed of assessment, collection of arrears and enrolment of the potential taxpayers for tax assessment. Tax compliance is both voluntary and enforced. Voluntary compliance, however, is also dependent on effectiveness of the enforcement machinery and effective and deterrent penalties.

**2.19** The buoyancy coefficients indicate the percentage increase in the tax revenue following a one percent increase in the GDP or the tax base. While a buoyancy of greater than one is desirable, a buoyancy of less than one indicates that the concerned tax may in fact be regressive because as income increases, a lower part of that increase gets taxed. Table 2.9 indicates the buoyancy of major taxes during 1985-2002.

**2.20** GDP and its components are the bases for various taxes. Since the incidence of a tax falls on these specific components, these components are even more appropriate for the buoyancy estimates. In view of this, buoyancy of these taxes has been calculated with reference to GDP and also with reference to these more appropriate tax bases. For corporation and income tax, non-agricultural income has been taken as a more appropriate tax base. Similarly, for customs and excise duties, imports and GDP from the manufacturing sector have been taken as the alternate bases.



**Table 2.9: Buoyancy of Major Taxes**

	Gross Tax Revenue	Direct Taxes	Corporation Tax	Income Tax	Indirect Taxes	Customs Duties	Excise Duties
1985-2002	0.888	1.249	1.254	1.213	0.758	0.723	0.775
1985-2002#			1.181	1.142		0.572	0.777
VII Plan (1985-90)	1.039	1.085	0.946	1.251	1.028	1.111	0.955
VIII Plan (1992-97)	0.967	1.329	1.288	1.447	0.83	1.087	0.651
IX Plan (1997-2002)	0.856	1.073	1.594	1.702	0.845	0.188	1.077
<b>Annual Buoyancy</b>							
1999-2000	1.794	2.249	2.318	2.468	1.575	1.759	1.500
2000-01	1.196	2.175	1.987	2.902	0.697	-0.221	1.304
2001-02	-0.084*	0.135	0.263	0.078	-0.208*	-1.573*	0.604

# Buoyancy with alternate base.

\* Rate of growth of the tax collection was negative.

**2.21** Both the corporation and income tax had improved buoyancies over the Plan periods. Buoyancy of both corporation and income tax, however, declines with the alternate base, the non-agricultural income, which is a better proxy. Buoyancy for both customs and excise duties has remained below one. There has been a sharp fall in buoyancy of customs duties during 1997-2002, though there was hardly any change in the rates during this period. These duties had a buoyancy of greater than one during the VII and VIII Plans. Decline in the buoyancy during 1992-97 (VIII Plan) was only moderate. It is also evident that higher buoyancy in the direct taxes has not been able to offset the deceleration in buoyancy of indirect taxes, leading to an overall tax buoyancy of less than one.

**2.22** A considerable amount of revenue is forgone under various export promotion schemes, which reached 61.6 per cent of the total duties collected in 2001-02 as indicated in Table 2.10.

**Table 2.10: Customs duty forgone**

*(Rupees in crore)*

Year	Customs duty collected	Total duty forgone under export promotion schemes	Duty forgone as percent of customs receipts	Exports
1997-98	40193	13157	32.7	132703
1998-99	40668	15492	38.1	144436
1999-2000	48420	18166	37.5	162753
2000-01	47542	21658	45.6	205287
2001-02	40268	24799	61.6	214351

**2.23** While exports have increased, the ratio of the rate of growth of exports to the rate of growth of duty foregone during this period was only 0.742 indicating that for each one *per cent* increase in revenue forgone, rate of growth of exports was only 0.74 *per cent*. During 2001-02, this ratio declined to 0.304 indicating that for each one *per cent* increase in duty forgone, exports increased by 0.30 *per cent* only.

**2.24** The other indicator of adequacy and effectiveness of government's resource mobilisation efforts and its extent of realisation of the tax potential is the tax- GDP ratio. Table 2.11 gives the trends of this ratio over the Plans and on an annual basis for the most recent three years.

**Table 2.11: Tax/GDP Ratio of Major Taxes**

	<i>(per cent)</i>					
	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Other Taxes
1985-2002	1.251	1.131	3.032	3.863		0.281
VII Plan (1985-90)	1.007	0.953	3.688	4.605		0.278
VIII Plan (1992-97)	1.294	1.190	2.909	3.634	0.038	0.270
IX Plan (1997-2002)	1.524	1.307	2.304	3.173	0.119	0.273
<b>Annual Tax/GDP Ratios</b>						
1999-2000	1.591	1.330	2.509	3.208	0.110	0.153
2000-01	1.710	1.521	2.277	3.282	0.125	0.118
2001-02	1.598	1.397	1.758	3.167	0.144	0.101

**2.25** The tax/GDP ratio for both customs and excise duties has been declining. Average customs duties/GDP ratio, declined to 1.758 *per cent* by 2001-02. Similarly, the ratio for excise duties was 3.167 in 2001-02.

**2.26** Efforts have been made by the government to broaden and widen the tax base of direct taxes. The total number of direct tax assesseees increased from 13.17 million in 1997-98 to 26.38 million in 2001-02, at an average annual rate of 18.96 *per cent*. However, 92.3 *per cent* of these assesseees were non-corporate assesseees in the income group of less than Rs 2 lakh. As has been indicated in CAG's Report No 12 of 2003, not only were the number of assesseees in higher income brackets less, their rate of growth was only half of the increase in the number of such households as indicated by an independent survey conducted by NCAER. Further the increase in the number of assesseees in the lower income group was because of a reduction in the threshold level of income from 5.48 times of per capita income in 1985-86 to 2.51 times of per capita income in 2001-02. No significant improvement was observed in speed

of assessment, proportion of tax collected at post assessment levels, volume of arrears and its ratio to tax actually collected, etc. which are important parameters of the effectiveness of tax collection machinery.

**2.27** The ratio of tax and overall revenue Receipts to GDP in India has remained lower compared to the averages of the Asian countries, which as a group are also considered to have relatively lower tax/revenue-GDP ratios. As against an unweighted non-OECD Asian countries average central government revenue-GDP ratio of 18.1 *per cent* during 1990-94, the revenue GDP ratio in India was 12.9 *per cent*. Similarly, compared to an average tax GDP ratio of 13.2 *per cent* during this period, the ratio was 9.7 *per cent* in India. During 1995-99, both the revenue and tax GDP ratio for Asian countries declined with a similar experience in India. The revenue and tax-GDP ratios of some of the major non-OECD Asian countries are indicated in Table 2.12 below:

**Table 2.12: Revenue and Tax-GDP Ratio of Selected Non-OECD Asian Countries**

	1990-1994			1995-1999		
	Revenue	Total tax	Direct taxes	Revenue	Total tax	Direct Taxes
China	5.1	3.9	1.5	5.8	5.4	0.6
India	12.9	9.7	2.3	12.5	9.1	2.8
Indonesia	17.8	16.0	9.6	17.6	15.7	9.6
Malaysia	27.4	20.0	9.0	24.0	19.5	8.8
Philippines	17.8	15.2	5.0	18.1	16.0	6.4
Singapore	33.8	16.7	7.5	36.1	16.0	6.9
Sri Lanka	20.1	18.0	2.6	18.6	16.0	2.4
Thailand	18.4	16.7	5.0	17.6	15.7	5.4
Unweighted Average of Non-OECD Asian Countries	18.1	13.2	4.5	17.5	12.7	4.4

Source: IMF India Country Report 2002

**2.28** Compared to Indonesia, Malaysia, Philippines, Singapore, Sri Lanka and Thailand, the revenue and tax GDP ratio in India has been significantly low. In the last three years, there has been a further decline in revenue and tax-GDP ratio in India.

### Non-Tax Revenue

**2.29** Non-tax revenues of the Union Government consist mainly of returns on past investment including loans and advances and recovery of user charges

from the services provided. Non-tax revenue constituted a little over one third of the current revenue of the Union Government This ratio witnessed a gradual acceleration over the last three Plans (Table 2.13).

**Table 2.13: Non Tax Revenue- Relative Shares**

(per cent)

	Total Non-Tax Revenue	Interest Receipts	Dividends and Profits	Railways	Telecommunication	Posts	Others
1985-2002	38.51	27.87	6.63	33.75	10.68	2.31	18.76
VII Plan (1985-90)	36.63	27.08	3.07	38.50	8.20	2.81	20.34
VIII Plan (1992-97)	39.01	27.36	7.83	32.86	12.90	1.92	17.13
IX Plan (1997-2002)	41.14	29.58	9.85	28.30	10.96	2.09	19.23
<b>Annual Values</b>							
1999-2000	42.38	30.27	7.56	26.00	14.45	1.60	20.12
2000-01	38.71	30.83	11.40	29.20	8.54	2.77	17.27
2001-02	41.20	32.24	13.19	28.78	0.00	2.82	22.97

**2.30** Relative shares of the various components of non-tax revenue witnessed significant changes over the Plans. The share of interest receipts and dividends put together increased to an average of 39 per cent during 1997-2002. The share of Railways was only an average of 28.3 per cent during 1997-2002. There was a sharp increase in the relative share of dividends and profits to 13.19 per cent during 2001-02. Revenue from telecommunication ceased with the corporatisation of this sector.

**2.31** Major components of non-tax revenues and the observed growth rates over the sub periods of the Three Plans are indicated in Table 2.14. Interest receipts, dividends and revenue from railways constituted nearly three fourths of the overall non-tax revenue. Average annual trend rates of growth of various components of non-tax revenue varied across Plan periods. Though overall growth decelerated over plans and quite significantly during the IX Plan (1997-2002), interest receipts (except for a negative growth during 2000-01) had a better track record. Rate of growth of revenue from postal services also witnessed significant acceleration during 1997-2002.

**Table 2.14: Composition of Non-Tax Revenue- Trends**

*(Rupees in crore)*

	Total Non-Tax Revenue	Interest Receipts	Dividends and Profits	Railways	Telecommunication	Posts	Others
1985-1986	16663	4595	515	6591	1309	477	3176
1995-1996	68621	18429	5306	22374	9761	1150	11601
1999-2000	126323	38239	9553	32843	18257	2020	25411
2000-01	119121	36721	13575	34780	10175	3298	20572
2001-02	131061	42250	17290	37723	0	3697	30101
<b>Average Annual Trend Rate of Growth (per cent)</b>							
1985-2002	14.72	15.60	26.92	11.79	0.00	11.58	14.28
VII Plan (1985-90)	15.21	13.84	23.00	12.15	24.62	11.21	17.34
VIII Plan (1992-97)	14.66	14.32	30.01	11.62	26.68	2.91	8.88
IX Plan (1997-2002)	8.00	13.00	21.19	7.50	0.00	26.69	14.70
<b>Annual Rate of Growth (per cent)</b>							
1999-2000	14.25	27.14	1.51	11.25	2.89	17.24	15.00
2000-01	-5.70	-3.97	42.10	5.90	-44.27	63.27	-19.04
2001-02	10.02	15.06	27.37	8.46		12.10	46.32

**2.32** Revenues from dividends and profits recorded a healthy growth of 27.37 per cent in 2001-02 and a long-term trend growth of 26.92 per cent. Non-tax revenue from other sources also recorded a healthy growth of 46.32 per cent in 2001-02 and a trend growth of 14.28 per cent. The sharp increase in revenue from miscellaneous sources was due to receipt of Rs 6404 crore from licence fee from Bharat Sanchar Nigam Limited and other telecom operators in 2001-02.

**2.33** Overall trends, performance over the Plans and annual non-tax revenue/GDP ratios are indicated in Table 2.15 below:

**Table 2.15: Non-Tax Revenue/GDP Ratio**

*(Per cent)*

	Total Non-Tax Revenue	Interest Receipts	Dividends and Profits	Railways	Telecommunication	Posts	Others
1985-2002	5.99	1.67	0.40	2.02	0.64	0.14	1.13
VII Plan (1985-90)	6.09	1.65	0.19	2.34	0.50	0.17	1.24
VIII Plan (1992-97)	5.97	1.63	0.47	1.96	0.77	0.12	1.02
IX Plan (1997-2002)	6.08	1.80	0.59	1.72	0.68	0.13	1.17
<b>Annual Tax/GDP Ratios</b>							
1999-2000	6.55	1.98	0.50	1.70	0.95	0.10	1.32
2000-01	5.71	1.76	0.65	1.67	0.49	0.16	0.99
2001-02	5.72	1.84	0.75	1.65	0.00	0.16	1.31

**2.34** Non-tax revenue as percentage to GDP increased to a level of 6.55 *per cent* in 1999-2000 due to increased revenue from telecommunication and petroleum. A decline in these revenues later led to a sharp fall in this ratio to around 5.7 *per cent* in 2000-01 and 2001-02.

### Non-Debt Capital Receipts

**2.35** Non-debt capital receipts consist of miscellaneous capital receipts (disinvestment) and recovery of loans and advances. Table 2.16 gives the details of non debt capital receipts from disinvestment and recovery of loans and advances given by the Union Government to State and Union Territory governments, foreign governments, government corporations, non-government institutions and government servants. This table also indicates the budget estimates and actual realisation of the proceeds from disinvestment along with actual recovery of loans and advances of the Union Government. The Government over a decade, was able to realise only 35.7 *per cent* of its cumulative budget estimates in this regard. (disinvestment)

**Table 2.16: Realisation from Disinvestment & Recovery of Loans**

Year	Disinvestment			Recovery of Loans		
	Budget Estimates	Actual Realisation	Per cent Realisation	Budget Estimates	Actual Realisation	Per cent Realisation
	(Rupees in crore)			(Rupees in crore)		
1991-92	2500	3038	121.52	6778	7001	103.29
1996-97	5000	380	7.60	8184	8696	106.26
1998-99	5000	5369	107.38	11560	13189	114.09
1999-2000	10000	1723	17.23	13337	12551	94.11
2000-01	10000	1870	18.70	15839	16799	106.06
2001-02	12000	3028	25.23	17488	20733	118.56
1991-2002	66300	23671	35.70	114476	117360	102.56

**2.36** Other capital receipts consisted of market borrowing and accruals in the public accounts, which are debt creating in nature and are discussed in later chapters.

### Inadequate Returns on Investments

**2.37** **Appendix I** presents the details of investments by government in statutory corporations, government companies, other joint stock companies, co-operative banks and societies, international bodies, etc. along with dividend received during the year 2001-02. The progressive total investment (excluding the RBI) of the government in statutory corporations, government companies, other joint stock companies, co-operative banks and societies, international bodies etc. stood at Rs. 123566 crore as on 31 March 2002.

**2.38** The Union government received a dividend of Rs 7007.16 crore during 2001-02 on an investment of Rs 72921 crore (as on 31 March 2001) in 246 government companies and corporations, which was only 9.61 *per cent* of investment as against average interest of 10.48 *per cent* paid on its internal loans. This indicated implicit subsidy of 0.87 *per cent*. Out of 246 PSUs, 71 paid dividend to the Union government in 2001-02. The major contributors of dividend were Oil and Natural Gas Corporation (Rs 1319 crore), Indian Oil (Rs 607 crore), Gas Authority of India (Rs 228 crore), Hindustan Petroleum (Rs 173 crore), Bharat Petroleum (Rs 149 crore), Power Finance Corporation (Rs 150 crore), Mahanagar Telephone Nigam (Rs 159 crore), Oil India (Rs 140 crore), National Aluminium Company (Rs 225 crore), NTPC (Rs 747 crore), Neyveli Lignite Corporation (Rs 157 crore) and Videsh Sanchar Nigam Limited (Rs.1887 crore). In most of these cases, product prices were regulated/administered to a varying degree.