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## UNIT 12 NON-TAX REVENUES

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### 12.0 OBJECTIVES

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After reading this unit, you will be able to:

- define the term non-tax revenue;
- describe the broad sources of non-tax revenue under various heads;
- outline the mechanism for division of non-tax revenue between the Centre/Union, State and Local governments in India;
- identify the specific sources of non-tax revenue under the three main heads of Economic, Social & Community and Fiscal/General services;
- discuss the trend in non-tax revenue receipts of the Union and State government in India over time; and
- explain the economic consequences of non-tax revenue imposition.

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### 12.1 INTRODUCTION

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A government needs revenue to meet its expenditure. It gets revenue from a variety of sources. In most of the countries, since substantial revenue comes from taxation, revenue is often classified as 'tax revenue' and 'non-tax revenue'. Thus, non-tax revenue is defined by exclusion (i.e. by subtraction or as a residual). Since all government receipts are not necessarily revenue, receipts are classified as 'revenue receipts' and 'capital receipts'. The term 'revenue' indicates recurring receipts. In India, we use the term 'revenue expenditure' to indicate an expenditure of current or recurring nature.

A government is constitutionally empowered to tax people and companies on their income, consumption and wealth without offering anything in return. It is a sovereign right of the State to tax people on whatever basis it chooses. Nevertheless, there exists a limit on this power as in the long term, in a democracy, the party in power fears losing popular support unless they are

careful in being fair with tax rates. Raising rates may become counter-productive for revenue yield too. Non-tax revenue, on the other hand, is relatively less constrained as each source affects a small section. But it is not a sovereign right as the government has to offer something in return, at least a right to carry out something, if not a commodity in return. A government may collect revenue as a price of the service rendered (e.g. in return to license fee one carries out business or in return to certificate fee one obtains a birth certificate or a marriage certificate). Aid from any source, foreign or domestic, is categorised under non-tax revenue (since aid need not be returned). But borrowing is classified as a capital receipt as it has to be paid back over a period of time.

There are many countries in the world, in which governments thrive on non-tax revenue. For instance, for the six nation members of the Gulf Cooperation Council, revenue from oil ranges between 50-90 percent of total revenue receipts is from non-tax revenue. With globalisation, many tax bases like capital, skilled labour and footloose industries are becoming difficult to tax. With the need to expand the scope of government spending, recourse to non-tax revenue is becoming imperative. Recent trends show that many governments in non-oil rich countries are increasingly relying on improvement in the contribution of non-tax revenues in total revenue whereas oil countries are increasingly relying on taxation sources. Some estimates place the potential of non-tax revenue to be many times more than the current extent of revenue collected. This means non-tax revenue may exceed tax revenue in some cases. Singapore, for instance, with no forest or minerals, is collecting one-third of its revenue from no-tax sources. However, as non-tax sources are quite diverse, they also raise diverse problems making negative impact on the economy. It would, therefore, be of interest to study the features of non-tax revenue.

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## **12.2 SOURCES OF NON-TAX REVENUE**

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Non-tax revenue is the recurring income earned by the government from non-tax sources. Broadly, the sources of non-tax revenue can be classified as proceeds from the sale of: (i) administrative services, (ii) economic services, (iii) income from property, (iv) revenue from fines and penalties, (v) transfer incomes and (vi) seignorage (from currency mintage).

**Sale of Administrative Services:** Governments charge fee for administrative services like issue of passport, visa, driving license, industrial and commercial license, registration of properties and vehicles, stamp duty on transactions, fee charged for the issue of birth, marriage or death certificates, etc. They also charge fee from patients at government hospitals and from students at government schools though it is a fraction of the cost. These services are often categorised as (a) General, (b) Social and (c) Economic. Under the General category, receipts from public works as rental from government buildings, providing police service to other governments, autonomous bodies and private companies, from jails on sale of goods made by prisoners, as fee collected by public service commission, etc. are included. Under Social category, realisation of tuition fee in schools and colleges, entry fee in museums, rentals from housing, etc. are covered. Under Economic category, all fees and charges from irrigation, mining and quarrying, forestry, roads and bridges, area development, etc. are covered. They are all Departmental Receipts. In addition to these, national governments render services called *fiscal services*. Under this, earnings from currency/bank note presses, security paper mills and presses,

coin mints, etc. all of which earn profit (as the face value minus the cost of making) are covered.

**Sale of Economic Services:** Governments may supply water, gas, power, transport services, postal service, collection of garbage and solid waste, drainage services, etc. For these services, governments may collect user charge for such services.

**Property Incomes:** Governments may fully or partly own properties and (natural) resources. If the right to use them is parted, rental or royalty is earned. Rental is earned on use of government buildings, tolls on use of roads and bridges, royalty on use of natural resources, including sub-soil assets like mines, and electromagnetic spectra. Governments can invest its funds in commercial enterprises and earn profits and dividends. Governments can put deposits in banks or give loans to its employees and other governments (domestic or foreign) wherefrom it can earn interest.

**Fines:** Fines are imposed on persons who violate rules of good conduct as codified in law. Such breaching includes jumping traffic lights, smoking in public spaces, not fastening seat belt by car drivers or not putting on helmet by a motorcyclists, train journey performed without ticket, etc. Legal entities like companies are fined for criminal offences like non payment of customs duty or income tax. Late fee charged by government is also a kind of fine. The purpose of imposing fine is not revenue collection but dissuading people from committing crimes or offences.

**Transfer Incomes (Revenue):** Grants from a higher level of government or a foreign government or a multilateral organisation, whether in cash or in kind, belong to the category of transfer incomes. They may be emergency aid after natural disasters. Investment grants and capital transfers are not included here as they are not considered as current, recurring or revenue transfers. Likewise, sale of property and divestiture of shares are not current non-tax revenues. In other words, they are government receipts, not revenues.

**Seignorage:** National government is bestowed with the 'right of the lord to mint money'. It creates the Central Bank and mints to issue the currency notes and coins. Historically, seignorage used to be the commission charge of converting one's metal into coins when money was in terms of metal coins. Seignorage is now the difference between the face value of the currency notes and coins and cost of their printing/minting. It is an important source of non-tax revenue but its nature is profit.

**Check Your Progress 1** [answer within the given space in about 50-100 words]

- 1) List out the broad classification of sources of non-tax revenue.  
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- 2) What are the administrative services, generally sold by the government, yielding non-tax revenue?

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3) Enumerate the economic services rendered by various ministries of the government.

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4) Distinguish between property income and business income.

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5) Differentiate between profits and dividends.

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### **12.3 NON-TAX REVENUE RECEIPTS: DIVISION MECHANISM AND TRENDS**

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Constitution of India provides for delineation of revenue sources (both tax and non-tax) both between Union and States and between the States and their local governments. All fees (including license and clearance) and fines related to violation of rules would go to the departments administering and collecting them. For instance, since traffic police belongs to a State, traffic violation fine receipts will go to the State government. States in general collect non-tax revenue under the following heads: (i) public works, (ii) education, sports, art and culture, (iii) medical and health, (iv) water supply and sanitation, (v) forestry and wild life (vi) irrigation, (vii) industries, (viii) mines and minerals, (ix) roads and bridges, etc. Sub-heads within these heads are normally assigned to local governments. For instance, transporting water from far away source (say, a river) is with the State government but its distribution within a municipality rests with the local government.

Union and States both own several corporations and authorities [or have substantial equity (including in banks)] and therefore receive profits and dividends. In all services rendered by the governments ‘user charges’ are received. For instance, Railway Board in the case of Union government and Electricity Boards in the case of State governments. Likewise, State Irrigation departments collect irrigation charges but municipalities collect user changes for supply of water and for clearing away sewage. Table 12.1 lists sources of non-tax revenues to the Union, State and the Local governments.

**Table 12.1: Sources of Non-Tax Revenue**

<b>Union</b>	<b>State</b>	<b>Local</b>
Seignorage (Currency & Mint), Profit from bank reserves.	Forests & Wild Life	Birth certificate, Death certificate
Industrial, commercial, and financial undertakings (e.g. Hindustan Shipyards, Air India, Industrial Finance Corporation, Banks, Steel Authority of India, Indian Telephone Industries).	Commercial enterprise (e.g. power), industrial (e.g. iron & steel), and financial undertakings.	
Communication electromagnetic bandwidth; spectrum charges, annual license fee from telecom operators, entry fee from new operators, etc.	Major & Medium Irrigation, Minor Irrigation.	
Profits/dividends from railways and India Post.	Profits/dividends from Road Corporations, toll (user charges) on roads & bridges.	Municipal Transportation like BEST in Mumbai.
Interest receipts on loans to States, Enterprises, and Employees. oil and gas. Royalty on offshore oil and gas.	Interest receipts from Local governments, Enterprises, Employees. Royalty on onshore oil and gas and from mines & minerals.	Rent on shops and fields.
Passport fee, Visa fee.	Driving License fee, Caste certificate fee, Marriage certificate fee.	Fee for issue of Birth certificate and Death certificate.
Fees on certain licenses for industries, registration of ships and ferries, patent filing fee.	Fees on education, sports, certain licenses like driving, ferrying, etc.	Fees like tehbazari.
Fines and penalties	Fines and penalties	Fines and Penalties.
Foreign grants, Donations.	Grants from the Union Government.	Grants from the Union and the State Governments.

### 12.3.1 Trends in Non-Tax Revenue Receipts in India

As stated above, services that are generally rendered by government are classified under three heads viz. (i) Economic, (ii) Social & Community and (iii) Fiscal Services. In a sense, ministries for implementation are also classified in these broad categories. Within each category, there are a good number of services. For instance, under economic services, non-tax receipts arise from (a) crop husbandry, (b) animal husbandry, (c) fisheries, (d) forestry and wild life, (e) co-operation, (f) major and medium irrigation, (g) minor irrigation, (h) plantations (i) micro, small and medium industries, (j) large industries, (k) power, (l) petroleum, (m) ports and light houses, (n) road transport, (o) tourism, etc. Under social services, non-tax receipts are collected from (a) education, sports, arts and culture, (b) medical and public health, (c) family welfare, (d) water supply and sanitation, (e) housing, (f) urban development, (g) information and publicity, (h) labour and employment, (i) social security and welfare, etc. Services rendered in running or help running issue of currency and coins and central banking services come under fiscal services.

**Trend in Non-Tax Receipts of Union and State Governments:** Table 12.2 presents figures (in absolute) of both tax and non-tax revenue receipts over the period 1951 to mid-2010s. Since figures are in current prices, for the purpose of comparison over time we need to consider the percentages to total tax receipts. Why? What happens if we do it straightaway with absolute figures themselves. You can see that in terms of absolute figures non-tax revenue for the Union has risen about 4400 times whereas GDP in constant prices has grown by only 20 times! We therefore compare percentage of non-tax revenues to total revenue. As noted above, the sources of non tax revenues are many. Some sources are associated with the use of non-renewable resources which may stop yielding revenue at some point of time. However, some new sources also emerge due to technological advancements. In fact, all natural gifts become resources to humans only when they are able to develop technologies to harness them. Notwithstanding all such imponderable factors, some conclusions which can be drawn on the relative share (%) of non-tax revenues are the following.

**Table 12.2: Tax and Non-Tax Revenue Receipts of Union Government of India**

(Rs. in Crore)

Union	1950-51	1980-81	1990-91	2000-01	2005-06	2010-11	2015-16
Total Revenue	406	12830	54990	192742	348003	783810	1136628
Tax Revenue	357	9390	43042	136659	27064	569869	919842
Non-Tax Revenue	49	3440	11948	56083	77739	213941	216786
Non-Tax Revenue as % of Total Revenue	12.0	26.8	21.7	29.1	22.3	27.3	19.1

**Source:** Indian Finance Statistics, various issues.

- From a lowest share of 12 percent in 1951, it has touched its highest share of 29 percent in 2001.

- With intermittent highs and lows, over the post-2001 years up to 2015-16, its average share has been about 23 percent.
- In more recent years (i.e. up to 2018) the trend in the share (%) of Union government's non-tax revenues has touched 25 percent.

Table 12.3 shows corresponding trends in non-tax receipts for all the state governments combined. The trends therein reveal that:

- Revenue yield of non-tax sources of all States put together has consistently declined very rapidly (though the position may be much different) to touch a low of 6 percent in 2015-16 from a high of 24 percent in 1950-51.
- Compared to the fifties of the past century when non-tax revenue of the States was almost double that of the Union, it has paled into insignificance i.e. while the Union governments' has picked up, combined state governments' share has not.

Disaggregate data by the composition of non-tax receipts by States shows that the dependence of States on grants from the Union government is substantial that but for it, total non-tax revenue receipts of the States would have been negative. Many public sector undertakings have seriously under-performed with even their 'interest receipts' having proportionately fallen down. Main reason for their underperformance is the political patronage enjoyed or the governments' continued leaning towards the welfare orientation attitude in which extreme leakage of resources caused the inefficiency suffered by them. The introduction of economic reforms in 1991 and the measures initiated thereafter contributed to their turn around in the succeeding years.

**Table 12.3: Tax and Non-Tax Revenue Receipts of all State Governments of India**

(in Rs. Crore)

Items	1950-51	1980-81	1990-91	2000-01	2005-06	2010-11	2015-16
Total Revenue	370	13670	49697	182307	351039	761222	1598858
Tax Revenue	280	10400	44185	162158	316563	697741	1453597
Non-Tax Revenue	90	3270	5512	20149	34476	63481	96098
<b>Non-Tax Revenue as % of Total Revenue</b>	<b>24.3</b>	<b>23.9</b>	<b>11.1</b>	<b>11.1</b>	<b>9.8</b>	<b>8.3</b>	<b>6.0</b>

**Source:** Indian Finance Statistics, various issues.

Receipts from Mines & Minerals depend a lot on jurisdiction and regulations imposed by the Union. But, the Union government has recently reclassified the categories of around 30 minerals with new methods of realising better revenue being devised which are showing result in terms of revenue receipts. Share of administrative services in the non-tax revenue has been substantial though its share has also fallen because of the poor performance of public sector enterprises. However, since 2005-06, there has been a turn around in their contribution from negative to positive.

**Check Your Progress 2** [answer within the given space in about 50-100 words]

- 1) List out the possible property incomes for the Union and State governments in India.

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- 2) Are 'foreign aid' considered as non-tax revenue? Justify your answer.

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- 3) What is the arrangement on 'royalty' in India?

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- 4) Can profit, dividend and interest be negative? Outline your answer.

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- 5) Why should we not compare absolute figures over years?

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6) What are the major sources of non-tax revenue for the Union government?

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7) What has been the trend for non-tax revenue as a share of total revenue in the case of Union government?

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8) Why has the contribution of State Public Sector Enterprises been negative?

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## 12.4 ECONOMIC CONSEQUENCES OF NON-TAX REVENUES

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Non-tax revenue instruments do yield considerable revenue as do tax instruments. Just as taxes impact the economy in various other ways (the main purpose being to improve savings, encourage efficiency through increased public spending and discourage wasteful consumption of certain items), non-tax instruments also impact the economy in both the positive and negative directions. Let us discuss some areas in which the economic impact of non-tax revenue are felt.

**Foreign Aid:** Foreign aid, even when received on humanitarian consideration, invariably has a foreign policy element as it is rarely received without any imposition. Such aid are pointed out to delay democratic reforms in some countries as their governments may have in focusing on increasing their domestic revenue. Foreign grants for projects for infrastructure like roads, railways, schools, or hospitals, which either raise income or improve consumption, are different as they improve the well-being of the people unless when conditions for such grants are imposed. However, not all grants with conditions are bad as some of the conditions might precisely be to improve the

structural efficiency of the economy by suitable reorientation of policies and reforms. But the conditions attached to foreign grants have been so varied that at times they may shift the priorities of the government which need to be in accordance with the people's wishes rather than on that of donor's. Gifts and donations received in times of war or natural calamities clearly attenuate misery. But indemnities or tributes received from the weaker countries have adverse impacts on their economies as it amounts to their revenue outgo.

**Grants from Superior Governments:** Grants too rarely come un-attached. They are tied to certain projects or programmes which the superior government think good for the receiving government. They are often on matching basis and the receiving government has to spend a portion of its revenue ranging from 20 to 50 percent. The receiving government may not be attaching the same priority to the project proposed but has to become a willing partner. Large donations, when they support the receiving government's projects, are quite beneficial. But priority distorting grants/donations requiring diversion of resources misallocates scarce resources of recipient countries.

**Fines:** The purpose of imposing fines is not to earn revenue but to deter people to commit civil wrongs or crimes. In other words, it is a monetary punishment or pecuniary policing. In some countries, day-fine is imposed whereby one loses earning on that day. Economists explore 'optimal fine' in order that adverse economic consequences by higher rates of fine are minimised.

**Fee:** A fee is for availing a service. For instance, parking fees is for parking in the right place whereas fine is for parking at a wrong place. There may be entry fee at a museum, an admission fee in a hospital, a tuition fee in a school, a license fee for obtaining a license or permit to do some positive, beneficial activity, fee for professional service, etc. Since without fee, people may overindulge, most of the fees are regulatory in nature so that one does not unnecessarily encroach upon the time and energy of public offices and functionaries. For instance, without fee, I may seek more copies than I need or the registration fee at times may exceed the cost of registration suggesting that at times governments too may have revenue motive and take advantage of their monopoly power.

**User Charges:** User charges on the other hand are charges for availing service which should be in proportion to the cost of utilities. Public utilities provide services such as rail transport, electricity, post offices, etc. where the primary purpose is to provide services. Sound principle is therefore to recover the cost from identified users. Services are to be economically provided by a utility monopolist, which may be a government or an agency regulated by government for quality, quantity and price. For instance, to supply power in the desired quantity, uninterrupted (quality) and at reasonable price, slab rates may be prescribed. In the case of power, slab rates rise with usage while in that of telecom, it declines. There also may be the idea of cross-subsidisation across consumer groups. In many cases, charges are written as revenues on one side and costs as expenditure on the other side while in many others net revenue (minus cost) is written on revenue side. Since the goods are largely private in nature, where user can be identified with ease, one can apply economic principles of pricing. The economic rationale for user charges should, therefore, be to promote economic efficiency rather than to earn revenue. User charges achieve this goal by ensuring that citizens value what the government supplies. Government cannot leave out the poor from certain essential services like water or certain strategic railway lines. They can devise mechanism of

cross-subsidisation to an extent. The principle of recovering the cost from the users is economically sound for goods and services which are eminently private in nature. In other words, the issues of efficiency and justifiable distribution needs suitably juxtaposed.

**Seignorage:** Seignorage refers to the difference between the value of currency and the cost of producing it. It is essentially a profit for the government or a source of revenue for national government as it owns the Central Bank of the country. The Central Bank makes huge profit (which is largely appropriated by the national government) as the printing cost of a piece of currency note of Rs. 2000 could be only Rs. 4. Seignorage is largely known to finance the deficit in the government's fiscal budget. It is often said to be a silent tax as the national government need not go to the Parliament. While tax reduces the power of people to purchase, seignorage does not and therefore it can be a cause for inflation.

**Interest and Profit:** Interest are earned on loans extended and profits are earned by running undertakings as enterprises. Likewise, while dividends are received for investments made. There are limits on each of these. Government is not in the business of extending loans as moneylender does but helps other government(s) or its employees by giving loans for certain well defined purposes. Repayment conditions make the recipient responsible to judiciously investment the money. These revenues may be good supplements to tax revenues but are not substitutes.

**Check Your Progress 3** [answer within the given space in about 50-100 words]

1) What are the economic consequences of receiving foreign aid?

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2) Is collection of larger amount of fines good? Briefly, explain.

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3) State the proper role of fees?

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- 4) What reasons would you assign for the declining share of ‘interest receipts’ in recent years?

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- 5) Should government utilise its monopoly power to collect more money as user charges for utility service provided by it? Briefly outline your stand.

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- 6) Why were public sector enterprises running in losses for long and how has the turn-around been brought about?

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- 7) Should public sector corporations make profit? Outline your stand in brief.

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## **12.5 LET US SUM UP**

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Besides taxes which they levy as a sovereign right, governments collect revenues from a variety of sources which are collectively called non-tax revenue (receipts). Under globalisation, many governments are exercising restraint on taxation and therefore resorting to increasing use of non-tax bases. As subsidisation is suggested to be inefficient, governments are increasingly ‘righting’ the user prices or user charges. With reforms, public sectors enterprises are also earning reasonable profits.

Non-tax revenue come from various sources and in many from. As governments own several assets, they are entitled for rents and royalties. They loan out to governments and employees and, as a result, receive interest. They run business corporations or invest in them and therefore receive profits and dividends. There is a rough demarcation of sources between the Union, States and Local governments. For instance, Visa can be issued only the Union government, driving license only by State government and birth certificates only by local government. Non-tax revenues constitute around 1/4<sup>th</sup> of total revenue for the Union government. In case of States, contribution of non-tax revenue has been coming down but that of commercial enterprises, including irrigation, is improving.

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## 12.6 KEY WORDS

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- Dividend** : It is a portion of company's profit distributed to its shareholders in proportion to their respective shareholdings.
- Fee** : Charges levied by the government on legitimate activities to regulate so that the quantum of an activity is in right measure.
- Fine** : Is a pecuniary penalty imposed when some rule is violated by a person or a company.
- Foreign Aid** : They are financial assistance provided by better developed foreign countries or multilateral organisations. It has two components: grants and loans. Loans are generally concessional in terms of interest rates charged and longer repayment period.
- Grants** : Grants are two varieties: grant-in-aid and grant-in-lieu of. In case a tax is withdrawn from a sub-national government for an administrative reason, revenue loss is compensated by a grant by the national government. Grant-in-aid, on the other hand, is a proper grant given in aid.
- Interest Receipt** : Interest is earned on loans extended. Governments extend loans to other governments, government companies and its employees, besides making deposits in banks (or Central Bank) and receive interest on such loans.
- Non-Tax Revenue** : This is the revenue earned by a government through non-tax sources like profits from its enterprises, dividends from its investments, interests on loans extended by it, user charges levied for use of utility services, rents earned from lease of its property, royalty earned from giving rights to use of natural assets like forest, mines and oil fields, fee charged for granting permit or issuing certificate, fines imposed on people for violating law, etc.

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## 12.7 SOME USEFUL BOOKS

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- 1) Non-Tax Revenue Report of District of Columbia (US) for 2015. See the website  
[https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Non-Tax%20Revenue%20Report%20\\_September%202015.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Non-Tax%20Revenue%20Report%20_September%202015.pdf)
- 2) Arindam Dasgupta (2015). Non-Tax Revenues in Indian States: Principles and Case Studies, See [https://www.researchgate.net/publication/242162400\\_Non-Tax\\_Revenues\\_in\\_Indian\\_States\\_Principles\\_and\\_Case\\_Studies](https://www.researchgate.net/publication/242162400_Non-Tax_Revenues_in_Indian_States_Principles_and_Case_Studies)

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## 12.8 ANSWERS OR HINTS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress 1

- 1) Fees, Fines. Interest receipts, profits, dividends, user charges, royalty and grants.
- 2) Currency & Coinage, police services, services of public works department, public service commission, etc.
- 3) Agriculture, Cooperation, Mining, Forestry, Industry, Communication, Shipping, Aviation, Space, Energy, etc.
- 4) When mine is leased, it is property income. When Railways or Roadways or Waterworks are run as enterprises, they yield business income.
- 5) When a government owns the whole enterprise (like irrigation), it earns profit or incurs loss. When a government is a shareholder in an enterprise along with other entities, it earns dividends if the enterprise earns profit.

### Check Your Progress 2

- 1) Union: Space, Atomic minerals, Offshore oil and gas fields, CPWD Quarters. States: Minefields, Onshore oil and gas fields, Forests, PWD Quarters.
- 2) One has to find whether aid has an element of loan. Only grant part is non-tax revenue.
- 3) Royalty on mines of major minerals is decided by the Union government but revenue is received by respective State government. In case of minor minerals, States are fully empowered.
- 4) Yes. No. No. Elaborate on your own.
- 5) Revenue figures are invariably in current prices and therefore they do not reflect real change in quantum of resources.
- 6) Public Sector Enterprises and Administrative services and within the latter, economic services.
- 7) Of late, fluctuating around 25 percent.
- 8) State enterprises in certain States were run politically and were too much driven by 'welfare' orientation and their Governments were supportive of the leakage of resources making their functioning grossly inefficient.

**Check Your Progress 3**

- 1) Normally positive, but usually only the grant part. Tied aid, with conditions unsuited to the required priorities of the recipient country, might distort priorities and misallocate resources.
- 2) Fine should only be for its dissuading and discouraging effect.
- 3) Proper role of fees is to regulate activity by making proper use of scarce resources.
- 4) Savings rates have improved, financialisation of savings has gone up and banks have liquidity. Therefore, interest rates have come down. Further, less loaning by governments coupled with low interest rates charged also leads to low interest receipts by governments.
- 5) No. Utilities should recover the cost but not maximise monopoly profit.
- 6) Lack of proper message that they are commercial enterprises, mismanagement and political patronage. Neo-liberal policies are against such practices and turn-around in most enterprise has taken place (post-1991 reforms in general but particularly around the year 2005 for many undertakings).
- 7) They should not profiteer. They should contribute a little to the exchequer and save some resources for development in future.



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