

PART-II

NON-PLAN EXPENDITURE 2001-2002

Non-Plan expenditure is a generic term, which is used to cover all expenditure of Government not included in the Plan. It includes both developmental and non-developmental expenditure. Part of the expenditure is obligatory in nature e.g. interest payments, pensionary charges and statutory transfers to States. A part of the expenditure is an essential obligation of a State, e.g. Defence and internal security. Then, there are special responsibilities of the Centre like external affairs, co-operation with other countries and currency and mint. Expenditure on maintaining the assets created in previous Plans is also treated as Non-plan expenditure. Similarly, expenditure on continuing services and activities at levels already reached in a Plan period is classified as Non-plan expenditure in the next Plan period, e.g. continuing research projects and operating expenses of power stations. Thus, as more Plans are completed, in addition to the interest on borrowings to finance the Plan, a large amount of expenditure on operation and maintenance of facilities and services created gets added to Non-plan expenditure.

Details of Non-plan expenditure by broad categories are given in Statement No.4.

Important items of Non-plan expenditure included in the Budget for 2001-2002 are indicated in the following paragraphs.

1. INTEREST PAYMENTS (Rs.112300.35 crore)

These relate to interest on Public Debt and other interest bearing liabilities of the Government. The internal debt mainly comprises market loans and other medium and long term loans; treasury bills and rupee securities issued to international institutions. Other interest bearing liabilities include Insurance and Pension funds, deposits of non-Government provident funds, reserve funds of commercial departments etc.

2. DEFENCE (Rs.62,000 crore)

This includes revenue and capital expenditure on Defence Services net of recoveries and revenue receipts. The components are Army (Rs.31,102.66 crore), Navy (Rs.4,257.92 crore), Air Force (Rs.7,713.55 crore), Ordnance factories (Rs.-)10,32.65 crore) and capital outlay on all the above services (Rs.19,958.52 crore).

3.1 MAJOR SUBSIDIES (Rs.27845 crore)

3.1.1 Food subsidy (Rs.13675 crore) :- Food Corporation of India purchases foodgrains for the central pool at procurement prices fixed by Government from time to time. These grains are issued to States for Targetted Public Distribution System (TPDS) to serve Below Poverty Line (BPL) and Above Poverty Line (APL) families at rates fixed by Government. The difference between the economic cost and the central issue price is reimbursed to the Corporation as Food Subsidy. Some States like Uttar Pradesh, Madhya Pradesh and West Bengal also procure wheat and/or rice under Decentralized Procurement Scheme and utilize it for TPDS. The difference between the economic cost of the foodgrains fixed for the State and the issue price is passed on to the States as subsidy.

The Corporation also carries buffer stock on behalf of Government and is reimbursed the cost of carrying this stock, which includes handling, storage, interest and administrative charges. The subsidy is initially paid to FCI on a provisional basis after withholding certain amounts, which are released after proper verification of actual off-take.

3.1.2 Indigenous (urea) fertilisers (Rs.7956 crore) :- A retention price scheme for indigenous fertilisers is in operation since 1977. This scheme was intended to make fertilisers available

to farmers at reasonable prices and at the same time give producers of fertilisers a reasonable return on their investment.

The retention price scheme allows a 12% post-tax return on net worth. The difference between the retention price so fixed less distribution margin and the statutorily controlled consumers' price is allowed as subsidy. The quantum of subsidy depends on the retention price, the consumers' price and the level of production.

3.1.3 Imported (urea) fertilisers (Rs.500 crore) :- As indigenous production is not adequate to meet the demand for fertilisers, imports are arranged to make up the shortfall. Mainly three varieties of fertilizers viz. Urea, Di-ammonium phosphate and Muriate of Potash are imported. As only Nitrogenous fertilisers are under price control, the estimates are based on the likely imports of urea during the year.

3.1.4 Sale of decontrolled fertilisers with concession to farmers (Rs.5714 crore) :- The provision relates to payment to manufacturers/importers of fertilizers/agencies. The scheme was introduced after the prices of phosphatic and potassic fertilizers were decontrolled with a view to enable farmers to maintain a healthy N:P:K ratio.

3.2 Interest subsidies (Rs.143.31 crore) :- Interest on loans sanctioned by the Government is normally payable at the rates prescribed from time to time. In specific cases where a concession is allowed in the rate of interest or where exemption is given from payment of interest on the loans, subsidies are paid and an amount equal to the subsidy is taken as interest receipt of the Government. Interest subsidy is also given to PSUs for financing interest payment on loans from banks.

Details of interest subsidies are given in Statement No.5.

3.3 Other Subsidies (Rs.1812.86 crore) :- The details of other subsidies are given in Statement No.6. Major items for which provisions have been made are explained below:-

(a) Debt Relief scheme for small borrowers in J&K (Rs.46 crore): Under this scheme Central Government has agreed to bear the liability arising out of the decision that banks and other financial institutions may write off such dues in respect of loans extended for tourism, transport, small scale industry and trade sector in the State of J&K where the original borrowings were less than or upto Rs.50,000/- as were outstanding as on June 30, 1996.

(b) Haj Subsidy (Rs.154.50 crore): This is in respect of the Haj operations in 2001 and is intended to subsidise the air fare payable by the Haj pilgrims.

4. NATIONAL CALAMITY CONTINGENCY FUND (Rs.2000 crore) :-

Government has accepted the recommendation of the Eleventh Finance Commission to set up a National Calamity Contingency Fund with a corpus of Rs.500 crore. This Fund is intended to be used as a revolving fund for providing special assistance to States affected by natural calamities of rare severity. The Finance Commission had also recommended that such extraordinary assistance should be funded by Government of India through levy of a special surcharge on Central taxes. RE 2000-01 and BE 2001-02 provide Rs.1000 crore and Rs.2000 crore respectively as assistance to States (including Gujarat which is facing calamitous consequences of a severe earthquake). The expenditure is met from surcharge on Union taxes/duties.

5. POSTAL DEFICIT (Rs.1432.54 crore)

Postal Deficit represents the shortfall in the working expenses of the Department of Posts. While the working expenses of the

Department are placed at Rs.5185.00 crore, Postal receipts are estimated at Rs.3752.46 crore based on budget proposals leaving a deficit of Rs.1432.54 crore.

6. RAILWAYS (Rs.913 crore)

In terms of the recommendations of the Railway Convention Committee, the Railways have been given concessions in payment of dividend to General Revenues on a number of items. These have been explained in the Receipts Budget. The dividend concessions, except that relating to loss in the working of strategic lines, are provided to Railways in the form of subsidy from General Revenues. The annual losses in respect of working of strategic lines are borne by General revenues.

7. GENERAL SERVICES

7.01 Organs of State (Rs.1231.77 crore) :- The main provisions are for Parliament (Rs.194.89 crore), President/Vice President (Rs.10.29 crore), Council of Ministers (Rs.91.52 crore), Administration of Justice (Rs.64.06 crore) and the Indian Audit and Accounts Department (Rs.860.28 crore).

7.02 Tax Collection (Rs.2544.07 crore) :- The provisions are for the expenditure of tax collecting agencies and relate mainly to the Income Tax department (Rs.1067.36 crore), Customs (Rs.639.82 crore) and Central Excise (Rs.785.04 crore).

7.03 Elections (Rs.280 crore) :- The provision of Rs.280 crore is mainly for purchase of electronic voting machines.

7.04 Secretariat-General Services (Rs.848.70 crore) :- The major provisions are for Ministry of Defence, including the C.G.D.A's organisation and Defence Estate Organisation (Rs.500.53 crore), External Affairs (Rs.120.31 crore), Home Affairs (Rs.60 crore) and Revenue (Rs.44.97 crore)

7.05 Police (Rs.7381.42 crore) :- The provision includes Rs.1900.00 crore for Central Reserve Police, Rs.2242.00 crore for Border Security Force, Rs.650.00 crore for Assam Rifles, Rs.755.00 crore for Central Industrial Security Force, Rs.420.00 crore for Indo-Tibetan Border Police and Rs.800.00 crore for Delhi Police.

7.06 External Affairs (Rs.1706.34 crore) :- This expenditure is mainly on the embassies and missions abroad and for special diplomatic expenditure.

7.07 Pensions (Rs.15058.90 crore) :- These include pensions and other retirement benefits of retired personnel of defence services (Rs.10769.60 crore) and other civil departments (Rs.4289.30 crore). Pensionary charges of Railways and Departments of Posts and Telecommunications are treated as a part of operating expenses of these Departments.

7.08 Others (Rs.975.88 crore) :- The major provision included here is Rs.404.83 crore for public works.

The revenue expenditure of the commercial departments included in this sector, namely the Canteen Stores Department and the various security printing, currency note and bank note presses and Security Paper Mill, is estimated at Rs.4318.96 crore. However, this will be more than offset by receipts of Rs.4734.74 crore.

8. SOCIAL SERVICES

8.01 Education (Rs.2393.30 crore) :- The provisions include Rs.515.00 crore for Kendriya Vidyalayas, Rs.1030.68 crore for University Grants Commission, Rs.699.59 crore for technical education including Rs.436.50 crore for Indian Institutes of Technology and Regional Engineering Colleges.

8.04 Health and Family Welfare (Rs.976.67 crore) :- The provisions include Rs.262.00 crore for Central Government Health Scheme, Rs.119.23 crore for allopathic hospitals and dispensaries, Rs.436.20 crore for medical education, training and research and Rs.55.41 crore for Public Health Schemes.

8.06 Information and Broadcasting (Rs.1116.47 crore) :-

The provisions include grants to Prasar Bharti (Rs.930 crore) to cover the gap in resources in meeting its revenue expenditure and Rs.186.47 crore for the various information and publicity agencies like Films Division, Directorate of Advertising and Visual Publicity, Press Information Service, Song and Drama Division, Publications Division, etc.

8.07 Labour Welfare (Rs.907.20 crore) :- The provision includes Rs.650.00 crore for contribution to the Social Security for Employees' Pension Scheme, 1995, which has come into effect from November 16, 1995. Other schemes for which provision has been made include industrial relations, working conditions and safety, labour welfare, labour education and training of craftsmen and supervisors.

8.08 Social Security and Welfare (Rs.388.90 crore) :- The provision includes Rs.269.55 crore for pension and other benefits to freedom fighters, Rs.42.65 crore for child and women's welfare and Rs.23.31 crore for the welfare of handicapped etc.

9. ECONOMIC SERVICES

9.01 Agriculture and Allied activities (Rs.1073.73 crore) :- The provisions are for various schemes relating to crop husbandry, plantations, soil and water conservation, animal husbandry, dairy development, fisheries, forestry and wild life, food, storage, warehousing etc. Major provisions are for agricultural research and education (Rs.704.05 crore).

9.03 Energy (Rs.94.95 crore) :- The provisions include Rs.22.28 crore for the net expenditure on power stations/schemes. In case of the Rajasthan Atomic Power Station, the net expenditure is at Rs.73.64 crore. The receipts of the Badarpur Thermal Power Station (Rs.970 crore) are likely to be close to the expenditure (Rs.971 crore). Other major provisions in this sector relate to conservation and safety in coal mines (Rs.75.00 crore) development of transport infrastructure in coal field areas (Rs.40 crore).

9.04 Industry and Minerals (Rs.427.59 crore) :- The main provisions are for village and small industries, the Geological Survey of India, Bhopal gas disaster-related transactions, the industrial projects of Department of Atomic Energy including nuclear fuel projects and for organisations and schemes relating to textiles and jute. The provision for projects of Department of Atomic Energy takes into account Rs.221.71 crore as net receipts on Fuel fabrication facilities, which is treated as a commercial service.

9.05 Transport (Rs.1371.03 crore) :- The provisions mainly relate to maintenance of roads and bridges (Rs.910.69 crore, including national highways Rs.749.04 crore) and Dredging and Survey organisations (Rs.344.33 crore). Lighthouses and Lightships department is treated as a commercial undertaking and the net receipt is estimated at Rs.8.16 crore.

9.06 Science, Technology and Environment (Rs.1967.51 crore) :- The provisions include Rs.664.22 crore for Atomic energy research, Rs.307.65 crore for Space research, Rs.278.84 crore for the schemes of the Department of Science and Technology, Rs.600.22 crore for the Council of Scientific and Industrial Research Rs.74.10 crore for Ecology and Environment and Rs.25.06 crore for oceanographic research.

10. NON-PLAN GRANTS TO STATES (Rs.17923.31 crore)

The estimates for grants to States are based on the recommendations of the Eleventh Finance Commission. The non-Plan grants from the Ministry of Finance and other Ministries are intended to cover the non-Plan revenue deficit of States, modernization of police forces, maintenance of roads etc.

Details are given in Statement 10.

11. NON-PLAN GRANTS TO UNION TERRITORY GOVERNMENTS (Rs.614.77 crore)

The provision is mainly for Pondicherry to cover its non-Plan revenue gap (Rs.289.00 crore). Details are given in Statement No.10.

12. GRANTS TO FOREIGN GOVERNMENTS (Rs.474.17crore)

The major provisions are Rs.210 crore for Bhutan, Rs.109 crore for Nepal, Rs.56.10 crore for other developing countries, etc. Details are given in Statement No.11.

13. OTHER NON-PLAN CAPITAL OUTLAY (Rs.2289.53crore)

The major provisions are for capital outlay of Atomic Energy Department (Rs.311.35 crore), acquisition of ships vessels and aircrafts for Coast Guard Organisation (Rs.245.00 crore), construction of national highways by Border Roads Development Board (Rs.254.94 crore), construction of buildings for Police (Rs.276.08 crore), construction of office buildings by CPWD (Rs.120.00 crore) and acquisition/construction of residential and non-residential buildings for Indian missions abroad (Rs.94.20 crore).

Details are given in statement No.8.

14. NON-PLAN LOANS TO STATES (Rs.528.18 crore)

Details are given in Statement No.10.

15. NON-PLAN LOANS TO UNION TERRITORY GOVERNMENTS (Rs.61.00 crore)

The provision is for Pondicherry for covering its Non plan gaps in resources.

16. NON-PLAN GRANTS AND LOANS TO PUBLIC ENTERPRISES (Rs.1373.92 crore)

The provision includes Rs.978.30 crore for meeting cash losses and working expenses of a number of public sector enterprises, Rs.2.00 crore for renewal of past loans given to Khadi and Village Industries Commission and Rs.10.00 crore for loans to HUDCO from Central Government Employees' Group Insurance Scheme Fund. A lump sum provision of Rs.150.00 crore has been provided for revival schemes of Public Sector Enterprises. Another lump sum provision of Rs.150.00 crore has been made for Voluntary Separation Scheme and Statutory dues.

Details are given in Statement No. 9.

17. LOANS TO FOREIGN GOVERNMENTS (Rs.218.46 crore)

The major provisions are Rs.3.00 crore for Iraq, Rs.10.00 crore for Myanmar, Rs.10.00 crore for Central Asian Republics, Rs.35.00 crore for Vietnam, Rs.46.00 crore for Sri Lanka, Rs.105.45 crore for Bangladesh and Rs.1.00 crore for Seychelles.

Details are given in Statement No.11.

18. OTHER NON PLAN LOANS (Rs.497.13 crore)

This includes Rs.475 crore as loans to Government servants, etc. for house building purposes, purchase of motor car, scooter and bicycles etc.

19. NON-PLAN EXPENDITURE OF UNION TERRITORIES WITHOUT LEGISLATURE (Rs.1237.84 crore)

The provisions are: Rs.442.23 crore for Andaman and Nicobar Islands, Rs.38.18 crore for Dadra and Nagar Haveli, Rs.160.58 crore for Lakshadweep, Rs.554.50 crore for Chandigarh and Rs.42.35 crore for Daman and Diu.

Details are given in Statement No.3.