

## PART-II

### NON-PLAN EXPENDITURE 2003-2004

Non-Plan expenditure is a generic term, which is used to cover all expenditure of Government not included in the Plan. It may either be revenue expenditure or capital expenditure. Part of the expenditure is obligatory in nature e.g. interest payments, pensionary charges and statutory transfers to State and Union Territory Governments. A part of the expenditure is an essential obligation of the 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.

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 2003-2004 are indicated in the following paragraphs. In general, non-plan Capital outlays have been put together in Statement No.8.

#### 1. INTEREST PAYMENTS (Rs.123233.08 crore)

These relate to interest on Public Debt, both internal and external, 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 and special securities issued to National Small Savings Fund. Other interest bearing liabilities include Insurance and Pension funds, deposits of non-Government provident funds, reserve funds of commercial departments etc.

#### 2. DEFENCE (Rs.65,300 crore)

This includes revenue and capital expenditure on Defence Services, net of recoveries and revenue receipts. The components are Army (Rs.28,921.12 crore), Navy (Rs.4,950.54 crore), Air Force (Rs.8,324.08 crore), Ordnance factories [Rs. (-)582.61 crore], Research and Development (Rs.2734.11 crore) and capital outlay on all the above services (Rs.20,952.76 crore).

#### 3.1 MAJOR SUBSIDIES (Rs.48636.25 crore)

**3.1.1 Food subsidy (Rs.27800 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 Targeted 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, Uttaranchal, Madhya Pradesh, Chattisgarh 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. In case of schemes where food grains are issued at prices below economic costs, subsidy arising out of it, is included in food 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) fertilizers (Rs.7555 crore) :-** A retention price scheme for indigenous fertilisers is in operation since 1977. This scheme was intended to make fertilizers available

to farmers at reasonable prices and at the same time give producers of fertilizers 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) fertilizers (Rs.709.25 crore) :-** As indigenous production is not adequate to meet the demand for fertilizers, 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 fertilizers are under price control, the estimates are based on the likely imports of urea during the year.

**3.1.4 Sale of decontrolled fertilizers with concession to farmers (Rs.4456 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.

**3.1.5 Petroleum subsidy (Rs.8116 crore):** With the dismantling of the Administered Price Mechanism, subsidies for domestic LPG & PDS Kerosene, freight subsidy for far flung areas and other related compensation have been provided.

**3.2 Interest subsidies (Rs.179.33 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 for financing interest payment on loans from banks for implementation of VRS in Central Public Sector undertakings. Provision of Rs.30 crore has been made for interim subsidies to LIC for Pension Plan for Senior Citizens.

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

**3.3 Other Subsidies (Rs.1091.69 crore) :-** The details of other subsidies are given in Statement No.6. Major items for which provisions have been made are explained below:-

**(a) Support for Market Intervention/Price Support Scheme for agricultural produce-(Rs.358.02):** The price support or market intervention measures are designed to ensure remunerative prices to farmers. Amount provided are - NAFED (Rs.294.02 crore), Jute Corporation of India (Rs.30 crore) and Cotton Corporation of India (Rs.34 crore).

**(b) Haj Subsidy (Rs.200 crore):** This is in respect of the Haj operations in 2003 and is intended to subsidise the air fare payable by the Haj pilgrims.

**(c) Health Insurance subsidy (Rs.70 crore):** Rs.70 crore is being provided by subsidy to LIC for New Community based Universal Health Insurance Scheme.

**(d) Compensation for exchange losses (Rs.47.98 crore):** The provision is towards compensating Industrial Credit and Investment Corporation of India, National Housing Bank and Housing Development Finance Corporation towards compensation

for the exchange losses involved in repayment of foreign lines of credit by these organisations.

#### **4. NATIONAL CALAMITY CONTINGENCY FUND (Rs.1600 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. The expenditure is met from surcharge on Union taxes/duties.

#### **5. POSTAL DEFICIT (Rs.1287.01 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.5487.01 crore, Postal receipts are estimated at Rs.4200 crore based on budget proposals leaving a deficit of Rs.1287.01 crore.

#### **6. SUBSIDIES TO RAILWAYS FOR DIVIDEND RELIEF AND OTHER CONCESSIONS (Rs.1213.43 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 those 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. WRITE OFF OF LOANS TO STATE GOVERNMENTS (Rs.50 crore):**

The provision is in accordance with the recommendations of the Eleventh Finance Commission for continuing the existing debt relief scheme linked to improvement in the ratio of revenue receipts of a State to its total revenue expenditure.

#### **8. GENERAL SERVICES**

**8.01 Organs of State (Rs.1367.26 crore) :-** The main provisions are for Parliament (Rs.265.90 crore), President/Vice President (Rs.15.03 crore), Council of Ministers (Rs.88.14 crore), Administration of Justice (Rs.70.77 crore) and the Indian Audit and Accounts Department (Rs.916.42 crore).

**8.02 Tax Collection (Rs.2697.28 crore) :-** The provisions are for the expenditure of tax collecting agencies and relate mainly to the Income Tax department (Rs.1210.84 crore), Customs (Rs.706.05 crore) and Central Excise (Rs.721.85 crore). The Expenditure relating to Customs includes provision for Coast Guards (Rs.292.00 crore).

**8.03 Elections (Rs.400 crore) :-** The provision of Rs.400 crore is towards normal election expenses and issue of identify cards to voters but does not include establishment related expenditure of the Election Commission and the Delimitation Commission.

**8.04 Secretariat-General Services (Rs.867.91 crore) :-** The major provisions are for Ministry of Defence, including the Controller General of Defence Accounts' organisation and Defence Estate Organisation (Rs.477.84 crore), External Affairs (Rs.129.40 crore), Home Affairs (Rs.72.73 crore) and Revenue (Rs.53.72 crore)

**8.05 Police (Rs.8318.48 crore) :-** The provision includes Rs.1918.08 crore for Central Reserve Police, Rs.2516.25 crore

for Border Security Force, Rs.749.70 crore for Assam Rifles, Rs.803.13 crore for Central Industrial Security Force, Rs.440.97 crore for Indo-Tibetan Border Police and Rs.820.00 crore for Delhi Police.

**8.06 External Affairs (Rs. 1892.51 crore) :-** This expenditure is mainly on the Embassies and Missions abroad and for Special Diplomatic expenditure.

**8.07 Pensions (Rs.15466.41 crore) :-** These include pensions and other retirement benefits of retired personnel of defence services (Rs.11000.00 crore) and other civil departments (Rs.4466.41 crore). Pensionary charges of Railways and Departments of Posts are treated as a part of operating expenses of these Departments.

**8.08 Others (Rs.806.98 crore) :-** The major provision included here is Rs.364.38 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.4620.93 crore. However, this will be more than offset by receipts of Rs.5340.01 crore.

#### **9. SOCIAL SERVICES**

**9.01 Education (Rs.2795.33 crore) :-** The provisions include Rs.559 crore for Kendriya Vidyalayas, Rs.1113.80 crore for University Grants Commission, Rs.844.92 crore for technical education including Rs.585.71 crore for Indian Institutes of Technology and Regional Engineering Colleges and Rs.49.73 crore for Indian Institutes of Management.

**9.04 Health and Family Welfare (Rs.1019.01 crore) :-** The provisions include Rs.276 crore for Central Government Health Scheme, Rs.133.46 crore for allopathic hospitals and dispensaries, Rs.440.01 crore for medical education, training and research and Rs.55.21 crore for Public Health Schemes.

**9.06 Information and Broadcasting (Rs.1089.14 crore) :-** The provisions include grants to Prasar Bharati (Rs.896.44 crore) to cover the gap in resources in meeting its revenue expenditure and Rs.192.70 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.

**9.07 Labour Welfare (Rs.721.04 crore) :-** The provision includes Rs.450 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.

**9.08 Social Security and Welfare (Rs.373.73 crore) :-** The provision includes Rs.235.04 crore for pension and other benefits to freedom fighters, Rs.40.95 crore for child and women's welfare and Rs. 25.53 crore for the welfare of handicapped etc.

#### **10. ECONOMIC SERVICES**

**10.01 Agriculture and Allied activities (Rs.797.57 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.734.72 crore).

**10.03 Energy (Rs.100.67 crore) :** - The provisions include Rs.(-)86.42 crore for the net expenditure on power stations/schemes. In case of the Rajasthan Atomic Power Station, the net expenditure is at Rs.(-)13 crore. The receipts of the Badarpur Thermal Power Station (Rs.1140 crore) are likely to be close to the expenditure (Rs.1141 crore). Other major provisions in this sector relate to conservation and safety in coal mines (Rs.64 crore) development of transport infrastructure in coal field areas (Rs.50.94 crore).

**10.04 Industry and Minerals (Rs.472.66 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.384.25 crore as net receipts on Fuel Fabrication Facilities, which is treated as a commercial service.

**10.05 Transport (Rs.1251.11 crore) :-** The provisions mainly relate to maintenance of roads and bridges (Rs.959.24 crore, including National Highways Rs.702.77 crore) and Dredging and Survey Organisations (Rs.264.66 crore). Lighthouses and Lightships Department is treated as a commercial undertaking and the net receipt is estimated at Rs.8.19 crore.

**10.06 Science, Technology and Environment (Rs.2111.68 crore) :-** The provisions include Rs.828.86 crore for Atomic Energy Research, Rs.304.74 crore for Space Research, Rs.250.69 crore for the Schemes of the Department of Science and Technology, Rs.611.91 crore for the Council of Scientific and Industrial Research Rs.76.50 crore for Ecology and Environment and Rs.19.56 crore for Oceanographic Research.

**11. NON-PLAN GRANTS TO STATES (Rs.17682.02 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.

**12. NON-PLAN GRANTS TO UNION TERRITORY GOVERNMENTS (Rs.686.49 crore)**

The provision is mainly for Pondicherry to cover its non-Plan revenue gap (Rs.361 crore). Details are given in Statement No.10.

**13. GRANTS TO FOREIGN GOVERNMENTS (Rs.722.07crore)**

The major provisions are Rs.242 crore for Bhutan, Rs.92.16 crore for Nepal, Rs.245.91 crore for other developing countries, etc. Details are given in Statement No.11.

**14. OTHER NON-PLAN CAPITAL OUTLAY (Rs.3756.86crore)**

The major provisions are for capital outlay of Atomic Energy Department (Rs.409.09 crore), acquisition of ships vessels and aircrafts for Coast Guard Organisation (Rs.350 crore), construction of National Highways by Border Roads Development Board (Rs.208.70 crore), construction of buildings for Police (Rs.273.90 crore), construction of office buildings by CPWD (Rs.140 crore) and acquisition/construction of residential and non-residential buildings for Indian Missions abroad (Rs.103 crore). Details are given in statement No.8.

**15. NON-PLAN LOANS TO STATES (Rs.353 crore)**

Details are given in Statement No.10.

**16. NON-PLAN LOANS TO UNION TERRITORY GOVERNMENTS (Rs.68 crore)**

The provision is for Pondicherry for covering its Non plan gap in resources. Details are given in Statement No. 10.

**17. NON-PLAN GRANTS AND LOANS TO PUBLIC ENTERPRISES (Rs.1494.69 crore)**

The provision includes Rs.853.67 crore for meeting shortfall in resources of a number of Public Sector Enterprises. A lump sum provision of Rs.150 crore has been provided for revival schemes of Public Sector Enterprises. Another lump sum provision of Rs.250 crore has been made for Voluntary Separation Scheme. A further amount of Rs.33 crore has been provided as lump sum provision to sick PSUs for terminal payments. An amount of Rs.203.01 crore has been provided as grants to PSUs for implementation of VRS. Details are given in Statement No. 9.

**18. LOANS TO FOREIGN GOVERNMENTS (Rs.277.03crore)**

Rs.20 crore for Bangladesh, Rs.63.54 crore for Mauritius, Rs.56.21 crore for Sri Lanka, Rs.21.38 crore for Vietnam and Rs.100 crore for Development Assistance. Details are given in Statement No.11.

**19. OTHER NON PLAN LOANS (Rs.1790.88 crore)**

This includes Rs.175 crore as loans to Government servants, etc. for house building purposes, purchase of motor car, scooter and bicycles etc.

**20. NON-PLAN EXPENDITURE OF UNION TERRITORIES WITHOUT LEGISLATURE (Rs.1537.75 crore)**

The provisions are: Rs.582.23 crore for Andaman and Nicobar Islands, Rs.45 crore for Dadra and Nagar Haveli, Rs.163.64 crore for Lakshadweep, Rs.696.95 crore for Chandigarh and Rs.49.93 crore for Daman and Diu. Details are given in Statement No.3.