

PART-II

NON-PLAN EXPENDITURE 2004-2005

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 2004-2005 are indicated in the following paragraphs. In general, non-plan Capital outlays have been put together in Statement No.8.

1. INTEREST PAYMENTS (Rs.129499.86 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.66000.00 crore)

This includes revenue and capital expenditure on Defence Services, net of recoveries and revenue receipts. The components are Army (Rs.27628.99 crore), Navy (Rs.5343.82 crore), Air Force (Rs.8618.40 crore), Ordnance factories [Rs.-417.22 crore], Research and Development (Rs.2343.16 crore) and Capital outlay on all the above services (Rs.22482.85 crore).

3.1 MAJOR SUBSIDIES (Rs.44022.15 crore)

3.1.1 Food subsidy (Rs.27800.00 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 cost, 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) fertilisers (Rs.8143.15 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.473.00 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 fertilisers 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.4046.00 crore) :- The provision relates to payment to manufacturers/importers of fertilisers/agencies. The scheme was introduced after the prices of phosphatic and potassic fertilisers were decontrolled with a view to enable farmers to maintain a healthy N:P:K ratio.

3.1.5 Petroleum subsidy (Rs.3560.00 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.439.74 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 (Rs.82.37 crore). Provision of Rs.150 crore has been made as interest subsidies to LIC for Pension Plan for Senior Citizens.

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

3.3 Other Subsidies (Rs.713.46 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.242.53 crore): The price support or market intervention measures are designed to ensure remunerative prices to farmers. Amounts provided are - NAFED (Rs.192.53 crore), Jute Corporation of India (Rs.30 crore) and Cotton Corporation of India (Rs.20 crore).

(b) Haj Subsidy (Rs.200.00 crore): This is in respect of the Haj operations in 2004 and is intended to subsidise the air fare payable by the Haj pilgrims.

(c) Compensation for exchange losses (Rs.8.72 crore):

The provision is towards compensating, Industrial Development Bank of India, Industrial Credit and Investment Corporation of India and National Housing Bank towards compensation for the exchange losses involved in repayment of foreign lines of credit by these organisations and exchange loss under NRI bond scheme.

(d) Subsidy on maintenance of buffer stock of Sugar (Rs.112.00 crore): This subsidy is for meeting outstanding claims of sugar mills for maintenance of buffer stock of sugar.

(e) Reimbursement of internal transport charges to Sugar factories (Rs.100.00 crore): The provision is for reimbursement of internal transport and freight charges to sugar factories on export shipment of sugar.

4. NATIONAL CALAMITY CONTINGENCY FUND (Rs.1600.00 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.1354.50 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.5908.50 crore, Postal receipts are estimated at Rs.4554.00 crore leaving a deficit of Rs.1354.50 crore.

6. SUBSIDIES TO RAILWAYS FOR DIVIDEND RELIEF AND OTHER CONCESSIONS (Rs.1359.46 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. GENERAL ELECTIONS (Rs.818.38 crore)

The provision is for the General Elections to the 14th Lok Sabha.

8. GENERAL SERVICES

8.01 Organs of State (Rs.1463.37 crore) :- The main provisions are for Parliament (Rs.293.31 crore), President/Vice President (Rs.16.40 crore), Council of Ministers (Rs.81.82 crore), Administration of Justice (Rs.70.56 crore) and the Indian Audit and Accounts Department (Rs.1001.28 crore).

8.02 Tax Collection (Rs.2668.97 crore) :- The provisions are for expenditure of tax collecting agencies and relate mainly to the Income Tax department (Rs.1091.47 crore), Customs (Rs.760.50 crore) and Central Excise (Rs.780 crore). The expenditure relating to Customs includes provision for Coast Guards (Rs.283.00 crore).

8.03 Elections (Rs.343.12 crore) :- The provision is mainly towards normal election expenses (Rs.231.62 crore) and issue of identity cards (Rs.100 crore) to voters.

8.04 Secretariat-General Services (Rs.920.64 crore) :-

The major provisions are for Ministry of Defence, including the organisation of Controller General of Defence Accounts and Defence Estates Organisation (Rs.518.17 crore), External Affairs (Rs.130.18 crore), Home Affairs (Rs.81.80 crore), Revenue (Rs.42.91 crore) and Economic Affairs (Rs.39.97 crore).

8.05 Police (Rs.9629.23 crore) :- The provision includes Rs.2328.08 crore for Central Reserve Police, Rs.2975.79 crore for Border Security Force, Rs.838.82 crore for Assam Rifles, Rs.872.55 crore for Central Industrial Security Force, Rs.533.76 crore for Indo-Tibetan Border Police and Rs.950.36 crore for Delhi Police.

8.06 External Affairs (Rs.1972.48 crore) :- This expenditure is mainly on the Embassies and Missions abroad and for Special Diplomatic expenditure.

8.07 Pensions (Rs.15928.21 crore) :- These include pensions and other retirement benefits of retired personnel of defence services (Rs.11250 crore) and other civil departments (Rs.4678.21 crore). Pensionary charges of Railways and Department of Posts are treated as a part of operating expenses of these Departments.

8.08 Others (Rs.1027.67 crore) :- The major provisions included here are Rs.464.66 crore for public works and Intelligence Bureau (Rs.390.50 crore).

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.5586.29 crore. However, this will be more than offset by receipts of Rs.6096.61 crore.

9. SOCIAL SERVICES

9.01 Education (Rs.2794.63 crore) :- The provision includes Rs.559.49 crore for Kendriya Vidyalayas, Rs.131 crore for Navodaya Vidyalaya Samiti, Rs.1113.80 crore for University Grants Commission, Rs.844.90 crore for technical education including Rs.605.44 crore for Indian Institutes of Technology and Regional Engineering Colleges, Rs.30 crore for Indian Institutes of Management and Rs.82 crore for Indian Institute of Science, Bangalore.

9.04 Health and Family Welfare (Rs.950.22 crore) :- The provision includes Rs.187 crore for Central Government Health Scheme, Rs.137.25 crore for allopathic hospitals and dispensaries, Rs.445.42 crore for medical education, training and research and Rs.56.60 crore for Public Health Schemes.

9.06 Information and Broadcasting (Rs.1016.33 crore) :- The provision includes grants to Prasar Bharati (Rs.821.29 crore) to cover the gap in resources in meeting its revenue expenditure and Rs.195.04 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.770.73 crore) :- The provision includes Rs.500 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.462.50 crore) :- The provision includes Rs.314 crore for pension and other benefits to freedom fighters, Rs.40.41 crore for child and women's welfare and Rs. 29.98 crore for the welfare of handicapped, etc.

10. ECONOMIC SERVICES

10.01 Agriculture and Allied Activities (Rs.2096.02 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.752.06 crore) and grants through NABARD for providing incentives to States and co-operative institutions to adopt reform measures for strengthening co-operative credit structure (Rs.800 crore).

10.03 Energy [Rs.(-)73.40 crore] :- The provision includes Rs.(-)278.94 crore for the net expenditure on power stations/schemes. In case of the Rajasthan Atomic Power Station, the net expenditure is at Rs.(-)7.65 crore. The receipts of Badarpur Thermal Power Station (Rs.1079 crore) are likely to be close to the expenditure (Rs.1080 crore). Other major provisions in this sector relate to conservation and safety in coal mines (Rs.90 crore) and development of transport infrastructure in coal field areas (Rs.69.12 crore).

10.04 Industry and Minerals (Rs.1543.61 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.144.44 crore as net receipts on Fuel Fabrication Facilities, which is treated as a commercial service. This also include Rs.574.14 crore to Industrial Development Bank of India and Rs.226 crore to Industrial Finance Corporation of India as Government's support for restructuring of these financial institutions.

10.05 Transport (Rs.1254.02 crore) :- The provisions mainly relate to maintenance of roads and bridges (Rs.899.58 crore), including National Highways (Rs.746.79 crore) and Dredging and Survey Organisations (Rs.247.04 crore), Lighthouses and Lightships Department is treated as a commercial undertaking and the net receipt is estimated at Rs.8.72 crore.

10.06 Science, Technology and Environment (Rs.2258.07 crore) :- The provisions include Rs.883.86 crore for Atomic Energy Research, Rs.319.28 crore for Space Research, Rs.255.20 crore for the Schemes of the Department of Science and Technology, Rs.645.19 crore for the Council of Scientific and Industrial Research, Rs.110.12 crore for Ecology and Environment and Rs.24.63 crore for Oceanographic Research.

11. NON-PLAN GRANTS TO STATES (Rs.19088.71 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.686.74 crore)

The provision is mainly for Pondicherry to cover its non-Plan revenue gap (Rs.361 crore) and Grants in lieu of share in Central taxes & duties to NCT of Delhi (Rs.325 crore). Details are given in Statement No.10.

13. GRANTS TO FOREIGN GOVERNMENTS (Rs.714.13 crore)

The major provisions are Rs.244.80 crore for Bhutan, Rs.59.20 crore for Nepal, Rs.64.54 crore for African Countries, Rs.220.16 crore for other developing countries, etc. Details are given in Statement No.11.

14. OTHER NON-PLAN CAPITAL OUTLAY (Rs.3321.03 crore)

The major provisions are for capital outlay of Atomic Energy Department (Rs.289.21 crore), acquisition of ships, vessels and aircrafts for Coast Guard Organisation (Rs.400 crore), construction of National Highways by Border Roads Development Board (Rs.198.95 crore), construction of office buildings for Police (Rs.360.17 crore), construction of police residential building (Rs.218.20 crore), construction of office buildings by CPWD (Rs.139.60 crore), acquisition/construction of residential and non-residential buildings for Indian Missions abroad (Rs.95 crore), Indo-Bangladesh border works (Rs.441.08 crore) and Purchase of metal for coins (Rs.141.30 crore). Details are given in Statement No.8.

16. NON-PLAN LOANS TO STATES (Rs.38.00 crore)

Details are given in Statement No.10.

17. NON-PLAN LOANS TO UNION TERRITORY GOVERNMENTS (Rs.68.00 crore)

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

18. NON-PLAN GRANTS AND LOANS TO PUBLIC ENTERPRISES (Rs.981.26 crore)

The provision includes Rs.515.25 crore for meeting shortfall in resources 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. An amount of Rs.65 crore has been provided as grants to PSUs for implementation of VRS. Details are given in Statement No. 9.

19. LOANS TO FOREIGN GOVERNMENTS (Rs.144.39 crore)

Rs.40 crore for Mauritius, Rs.50 crore for Sri Lanka, Rs.14.13 crore for Surinam and Rs.10 crore for Laos. Details are given in Statement No.11.

20. OTHER NON PLAN LOANS (Rs.92.41 crore)

This includes Rs.75 crore as loans to Government servants, etc. for house building purposes, purchase of motor car, scooter and bicycles, etc.

21. NON-PLAN EXPENDITURE OF UNION TERRITORIES WITHOUT LEGISLATURE (Rs.1599.90 crore)

The provisions are; Rs.617 crore for Andaman and Nicobar Islands, Rs.47.26 crore for Dadra and Nagar Haveli, Rs.156.24 crore for Lakshadweep, Rs.725 crore for Chandigarh and Rs.54.40 crore for Daman and Diu. Details are given in Statement No.3.