

PART-II

NON-PLAN EXPENDITURE 2009-2010

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 relates to essential functions of the State, e.g. defence, internal security, external affairs and revenue collection. 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 2009-2010 are indicated in the following paragraphs. In general, Non-Plan Capital outlays have been put together in Statement No.8.

1. INTEREST PAYMENTS AND DEBT SERVICING (Rs. 225510.86 crore)

An amount of Rs.225510.86 crore is provided for payment of 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 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 special securities issued to Oil companies, FCI and others. From 2004-05, the provision for interest payment on borrowings under the Market Stabilization Scheme (MSS), have been separately reflected in terms of the MOU on MSS. The provision also includes Rs.2400 crore for payment of premium on buy back of securities under proposed active debt consolidation scheme.

2. DEFENCE (Rs. 141703 crore)

This includes revenue and capital expenditure on Defence Services, net of recoveries and revenue receipts. The components are Army (Rs.58648.10 crore), Navy (Rs.8322.11 crore), Air Force (Rs.14318.18 crore), Ordnance Factories (Rs.832.94 crore), Research and Development (Rs. 4757.67 crore) and Capital outlay on all the above services (Rs. 54824 crore) for modernisation of Defence forces.

3.1 MAJOR SUBSIDIES (Rs.95578.97 crore)

3.1.1 Food subsidy (Rs. 42489.72 crore) :- Food Subsidy is provided in the budget of the Department of Food & Public Distribution to meet the difference between economic cost of foodgrains and their sales realization at Central Issue Prices fixed for Targeted Public Distribution System (TPDS) and other welfare schemes. In addition, the Central Government also procures foodgrains for meeting the requirements of buffer stock. Hence, part of the food subsidy also goes towards meeting the carrying cost of buffer stock. The subsidy is provided to Food Corporation of India, which is the main body of the Government of India for procurement and distribution of wheat and rice under TPDS and other welfare schemes and for maintaining the buffer stock of foodgrains as a measure of food security. Eleven States & UTs, namely Uttar Pradesh, Madhya Pradesh, Chhattisgarh, West Bengal, Uttarakhand, Tamil Nadu, Andaman & Nicobar Islands, Orissa, Gujarat, Kerala and Karnataka have undertaken the responsibility of not only procuring foodgrains from within the State but also distributing the same to the targeted population under TPDS and other welfare schemes. Under this scheme of Decentralized Procurement, State specific economic cost is

determined by the Government of India and the difference between the economic cost and the Central Issue Prices is passed on to the States as food subsidy. Efforts are being made to persuade other States to adopt this scheme.

3.1.2 Indigenous (urea) fertilisers (Rs.8580.25 crore):-

A retention price scheme for indigenous fertilisers is in operation since 1977. This subsidy scheme is intended to make fertilisers available to the farmers at reasonable prices and to give producers of fertilisers a reasonable return on their investment. The difference between the concession price so fixed, less distribution margin and the statutorily controlled consumers' price, is allowed as subsidy. The quantum of subsidy depends on the concession price, the consumers' price and the level of production.

3.1.3 Imported (urea) fertilisers (Rs.7800 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(DAP) 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.33600 crore) :-

The provision relates to payments 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 and contain prices of fertilizers.

3.1.5 Petroleum subsidy (Rs.3109 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.2608.56 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 raised by the CPSUs from banks for implementation of VRS in Central Public Sector undertakings (Rs. 81.01 crore). Provision of Rs.180 crore has been made as interest subsidies to LIC for Pension Plan for Senior Citizens. It also includes a provision of Rs.2,011 crore as interest subvention to NABARD, Regional Rural Banks, Co-operative Banks and PSBs on short term credit to farmers. Details of interest subsidies are given in Statement No.5.

3.3 Other Subsidies (Rs. 2744.48 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.545 crore): The price support or market intervention measures are designed to ensure remunerative prices to farmers. Amounts provided are - NAFED (Rs. 375 crore), Jute Corporation of India (Rs.30 crore) and Cotton Corporation of India (Rs.140 crore).

(b) Haj Subsidy (Rs.620 crore): This is in respect of the Haj operations in 2009 and is intended to subsidise the air fare payable by the Haj pilgrims.

(c) Subsidy on maintenance of buffer stock of Sugar (Rs.300 crore): This subsidy is for meeting outstanding claims of sugar mills for maintenance of buffer stock of sugar.

(d) Reimbursement of internal transport charges to Sugar factories (Rs.300 crore): The provision is for reimbursement of internal transport and freight charges to sugar factories on export shipment of sugar.

(e) Scheme for extending financial assistance to Sugar Undertakings 2007 (Rs.300 crore): The provision is for interest subvention for financing Sugar Mills.

(f) Subsidy on import of edible Oils (Rs.200 crore): The provision is for supply of subsidized edible oils.

(g) Reimbursement of losses to STC etc. for supply of essential commodities (Rs.200.05 crore): The provision is for supply of subsidized essential commodities.

4. ASSISTANCE TO STATES FOR CALAMITY RELIEF (Rs. 2500 crore)

Based on the recommendations of the Eleventh Finance Commission, Government has set up a National Calamity Contingency Fund with a corpus of Rs.500 crore. This Fund is used as a revolving fund for providing special assistance to States affected by natural calamities of rare severity. The EFC had also recommended that such extraordinary assistance should be funded by Government of India through a special levy. The expenditure is met from National Calamity Contingent Duty. The Twelfth Finance Commission has recommended the continuation of the arrangement.

5. PAYMENT TO LENDING INSTITUTIONS AGAINST DEBT WAIVER AND DEBT RELIEF TO FARMERS (Rs. 15000 crore)

An amount of Rs.15000 crore is proposed to be released to lending institutions against debt waiver and debt relief to farmers.

6. GENERAL ELECTIONS (Rs.850 crore)

The provision is mainly for meeting the expenditure relating to holding general elections to 15th Lok Sabha.

7. POSTAL DEFICIT (Rs.5395.26 crore)

Postal Deficit represents the shortfall in the working expenses of the Department of Posts. While the working expenses of the Department is placed at Rs.11531 crore, postal receipts are estimated at Rs.6135.74 crore, leaving a deficit of Rs. 5395.26 crore.

8. SUBSIDIES TO RAILWAYS FOR DIVIDEND RELIEF AND OTHER CONCESSIONS (Rs.2026.43 crore)

In terms of the recommendations of the Railway Convention Committee, the Railways are 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 on operating of strategic lines, are provided to Railways in the form of subsidy from General Revenues.

9. REIMBURSEMENT OF LOSSES TO RAILWAYS ON OPERATING STRATEGIC LINES (Rs. 600 crore)

An amount of Rs.600 crore will be reimbursed in 2009-10 to Railways towards losses on operating strategic lines.

10. GENERAL SERVICES

10.01 Organs of State (Rs. 3353.68 crore) :- The main provisions are for Parliament (Rs.545.29 crore), President/Vice President (Rs.29.86 crore), Council of Ministers (Rs.232.12 crore), Administration of Justice (Rs.324.11 crore) and the Indian Audit and Accounts Department (Rs.2222.30 crore).

10.02 Tax Collection (Rs.6629.08 crore) :- The provisions are for expenditure of tax collecting agencies and relate mainly to the Income Tax department (Rs.2681.63 crore), Customs (Rs.1565.86 crore) and Central Excise (Rs.2126.01 crore). The expenditure relating to Customs includes provision for Coast Guards (Rs. 604.37 crore).

10.03 Elections (Rs.291 crore) :- The provision is towards normal election expenses (Rs. 227 crore) and issue of identity cards to voters (Rs.43 crore) and Election Commission of India (Rs.21 crore).

10.04 Secretariat-General Services (Rs. 1940.59 crore):- The major provisions are for Ministry of Defence, including the organisation of Controller General of Defence Accounts and Defence Estates Organisation (Rs. 1084.43 crore), External Affairs (Rs. 211.16 crore), Home Affairs (Rs.170.92 crore), Revenue (Rs.140.73 crore) and Economic Affairs (Rs.66.37 crore).

10.05 Police (Rs.25672.69 crore) :- The provision includes Rs.7026.68 crore for Central Reserve Police, Rs.6336.86 crore for Border Security Force, Rs.2138.74 crore for Assam Rifles, Rs.2453.09 crore for Central Industrial Security Force, Rs.1515.82 crore for Indo-Tibetan Border Police, Rs.2761.03 crore for Delhi Police, Rs.1467.34 crore for Sashastra Seema Bal, Rs.245 crore for Modernisation of Police Force and Rs.549.93 crore for Jammu & Kashmir Light Infantry.

10.06 External Affairs (Rs.3233.99 crore) :- This expenditure is mainly for the Embassies and Missions abroad and for Special Diplomatic Expenditure.

10.07 Pensions (Rs.34980.35 crore) :- These include pensions and other retirement benefits of retired personnel of Defence Services (Rs.21790 crore) and other civil departments (Rs. 13190.35 crore). This also includes pensionary benefits of the employees of the Department of Telecommunications including employees absorbed in Bharat Sanchar Nigam Ltd. (Rs.1925 crore). Pensionary charges of Railways and Department of Posts are treated as part of operating expenses of these Departments.

10.10 Others (Rs. 2206.69 crore) :- The major provisions included are Rs.1048.32 crore for public works and Rs.684.19 crore for Intelligence Bureau.

The revenue expenditure of the commercial departments included in this sector, namely the Canteen Stores Department, is estimated at Rs.7570.88 crore. However, this will be more than offset by receipts of Rs.8200 crore.

11. SOCIAL SERVICES

11.01 Education (Rs. 7478.60 crore) :- The provision includes Rs.1512.83 crore for Kendriya Vidyalayas, Rs.341.29 crore for Navodaya Vidyalaya Samiti, Rs.3449.61 crore for University Grants Commission, Rs.1890.02 crore for technical education including Rs.919.57 crore for Indian Institutes of Technology, and Rs.523.90 crore for National Institutes of Technology. This also includes provisions for Indian Institutes of Management (Rs.42.71 crore) and Indian Institute of Science, Bangalore (Rs.149 crore) and Indian National Digital Library in Engineering Science & Technology (Rs.25 crore). National Institutes of Technical Teachers Training and Research (Rs.48.52 crore) and ISM, Dhanbad (Rs.43 crore).

11.04 Medical, Public Health and Family Welfare (Rs.2228.05 crore) :- The provision includes Rs.457 crore for Central Government Health Scheme, Rs.293.20 crore for allopathic hospitals and dispensaries, Rs.802.55 crore for medical education, training and research and Rs.179.49 crore for Public Health Schemes and Indian Council of Medical Research (Rs.184 crore).

11.06 Information and Broadcasting (Rs.1722.71 crore):- The provision includes grants to Prasar Bharati (Rs.1422.16 crore) to cover the gap in resources in meeting its revenue expenditure and Rs.300.55 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.

11.07 Labour Welfare (Rs. 1551.41 crore) :- The provision includes Rs.994 crore for contribution to the Social Security for Employees' Pension Scheme, 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.

11.08 Social Security and Welfare (Rs. 15766.55 crore):- The provision includes Rs. 15000 crore towards transfer to Farmers Debt Relief Fund, Rs.585.06 crore for pension and other benefits to freedom fighters, Rs.48.48 crore for child and women welfare and Rs.45.86 crore for the welfare of handicapped, etc.

11.09 Secretarial Social Services (Rs.278.62 crore):- This includes a provisions of Rs.38.15 crore for Health and Family Welfare Secretariat, Rs.73.25 crore for Higher Education, Labour & Employment (Rs.35 crore) and Information & Broadcasting (Rs.39.49 crore).

12. ECONOMIC SERVICES

12.01 Agriculture and Allied Activities (Rs.2364.02 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 provision is for agricultural research and education (Rs.1477.66 crore).

12.03 Energy (Rs.779 crore) :- The provision includes Rs.769 crore for the net expenditure on power stations/schemes. In case of the Rajasthan Atomic Power Station, the net expenditure is Rs.70.90 crore. The estimated receipts of Badarpur Thermal Power Station (Rs.304.73 crore) are against the estimated expenditure of Rs.149.59 crore.

12.04 Industry and Minerals (Rs.1559.71 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.298.25 crore as net receipts on Fuel Fabrication Facilities, which is treated as a departmentally run commercial undertaking. This includes provision for Bhabha Atomic Research Centre (Rs.416.84 crore).

12.05 Transport (Rs.1948.95 crore) :- The provisions mainly relate to maintenance of roads and bridges (Rs. 1283.13 crore), including National Highways (Rs.1062.50 crore) and Dredging and Survey Organisations (Rs.489.87 crore). Lighthouses and Lightships Department is treated as a commercial undertaking and the net receipt is estimated at Rs.19.43 crore.

12.06 Science, Technology and Environment (Rs. 4668.50 crore) :- The provisions include Rs. 1968 crore for Atomic Energy Research, Rs.832.63 crore for Space Research, Rs.305.37 crore for the Schemes of the Department of Science and Technology, Rs.1332.50 crore for the Council of Scientific and Industrial Research, Rs.136.86 crore for Ecology and Environment and Rs.38.25 crore for Oceanographic Research.

13. NON-PLAN GRANTS TO STATES (Rs. 45576.39 crore)

The estimates for grants to States are based on the recommendations of the Twelfth Finance Commission. The non-Plan grants based upon Twelfth Finance Commission recommendations are intended to cover the non-Plan revenue

deficit of States on education, health, public buildings, forests, heritage conservation and for the State specific problems. In addition, grants are being given for modernisation of State police force, roads, improvement in salary scales of university and college teachers, etc. Details are given in Statement 10.

14. NON-PLAN GRANTS TO UNION TERRITORY GOVERNMENTS (Rs.1050.29 crore)

The provision is mainly for Puducherry to cover its non-Plan revenue gap (Rs.683 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.

15. GRANTS TO FOREIGN GOVERNMENTS (Rs.1558.36 crore)

The major provisions are Rs.560 crore for Bhutan, Rs.120 crore for Nepal, Rs.100 crore for African Countries, Rs.8 crore for Bangladesh, Rs.25 crore for Sri Lanka, Rs.20 crore for Myanmar, Rs.419.50 crore for Afghanistan, Rs.305.86 crore for other developing countries, etc. Details are given in Statement No.11.

16. OTHER NON-PLAN CAPITAL OUTLAY (Rs.12777.75 crore)

The major provisions are for Capital outlay on Police Research (Rs.3182 crore), Capital outlay of Atomic Energy Department (Rs.515.70 crore), acquisition of ships, vessels and aircrafts for Coast Guard Organisation (Rs.1300.01 crore), construction of National Highways by Border Roads Development Board (Rs.322.46 crore), purchase of ready-built accommodation for CBDT (Rs.617 crore), equity support to India Infrastructure Finance Company Limited (Rs.500 crore), construction of office buildings for Police (Rs.584.16 crore), construction of police residential building (Rs.289.07 crore), construction of office buildings by CPWD (Rs.290.20 crore), acquisition/construction of residential and non-residential buildings for Indian Missions abroad (Rs.400 crore), Indo-Bangladesh Border Works (Rs.511.23 crore) and Indo-Pak Border Works (Rs.149.84 crore). Government has constituted the National Investment Fund (NIF) to house the proceeds from disinvestment of Government equity in Central Public Sector Enterprises. The NIF would be maintained outside the Consolidated Fund of India and managed by selected Public Sector Mutual Funds to provide sustainable returns without depleting the corpus. Transfer of disinvestment proceeds relating to CPSUs to NIF are treated as non-plan capital expenditure (Rs.1120 crore). This also includes a provision of Rs. 625 crore towards Security Redemption Fund. Details are given in Statement No.8.

17. NON-PLAN LOANS TO STATES (Rs.17 crore)

Details are given in Statement No.10.

18. NON-PLAN LOANS TO UNION TERRITORY GOVERNMENTS (Rs.72 crore)

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

19. NON-PLAN GRANTS AND LOANS TO PUBLIC ENTERPRISES (Rs.635.08 crore)

The provision includes Rs.235.08 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 and statutory dues.

22. NON-PLAN EXPENDITURE OF UNION TERRITORIES WITHOUT LEGISLATURE (Rs.3151.97 crore)

The provisions include Rs.1148.37 crore for Andaman and Nicobar Islands, Rs.91.42 crore for Dadra and Nagar Haveli, Rs.379.97 crore for Lakshadweep, Rs.1449 crore for Chandigarh and Rs.83.21 crore for Daman and Diu. Details are given in Statement No.3.