

PART-II

NON-PLAN EXPENDITURE 2011-2012

Non-Plan expenditure covers 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 2011-2012 are indicated in the following paragraphs. In general, Non-Plan Capital outlays excluding Defence Services and Union Territories (without legislature) have been put together in Statement No.8.

1. INTEREST PAYMENTS AND DEBT SERVICING (₹ 267986.17 crore)

An amount of ₹ 267886.17 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, 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. An amount of ₹ 100 crore is provided towards pre-payment premium for reduction of debt.

2. DEFENCE (₹ 164415.49 crore)

This includes revenue and capital expenditure on Defence Services, net of recoveries and revenue receipts. The components are Army (₹ 64251.55 crore), Navy (₹ 10589.06 crore), Air Force (₹ 15927.95 crore), Ordnance Factories (₹ (-)1176.75 crore), Research and Development (₹ 5624.87 crore) and Capital outlay on all the above services (₹ 69198.81 crore) for modernisation of Defence forces.

3.1 MAJOR SUBSIDIES (₹ 134210.85 crore)

3.1.1 Fertiliser subsidy (₹ 49997.87 crore):- It comprises of the following:-

3.1.1.1 Imported (urea) fertilisers (₹ 6983 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.

3.1.1.2 Indigenous (urea) fertilisers (₹ 13308 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 concessional price so fixed, less distribution margin and the statutorily controlled consumer price, is allowed as subsidy. The quantum of subsidy depends on the concessional price, the consumer price and the level of production.

3.1.1.3 Sale of decontrolled fertilisers with concession to farmers (₹ 29706.87 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.

3.1.2 Food subsidy (₹ 60572.98 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, 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.

3.1.3 Petroleum subsidy (₹ 23640 crore) :- Subsidies for domestic LPG & PDS Kerosene, freight subsidy for far flung areas, under recoveries of Oil Companies and other related compensation have been provided.

3.2 Interest subsidies (₹ 6868.47 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 (₹ 63.73 crore). Provision of ₹ 199.61 crore has been made as

interest subsidies to LIC for Pension Plan for Senior Citizens. It also includes a provision of ₹ 4868 crore as interest subvention to NABARD, Regional Rural Banks, Co-operative Banks and PSBs on short term credit to farmers, ₹ 139.69 crore towards interest equalisation support to EXIM Bank of India and ₹ 500 crore towards payment of subsidy to nodal agencies viz. RBI and National Housing Bank on Housing loans. An amount of ₹ 1000 crore has also been provided towards interest subsidy to banks under export promotion. Details of interest subsidies are given in Statement No.5.

3.3 Other Subsidies (₹ 2490.35 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-(₹ 436.59 crore): The price support or market intervention measures are designed to ensure remunerative prices to farmers. Amounts provided are - NAFED (₹ 200 crore), Jute Corporation of India (₹ 36.59 crore) and Cotton Corporation of India (₹ 200 crore).

(b) Haj Subsidy (₹ 600 crore): This is in respect of the Haj operations and is intended to subsidise the air fare payable by the Haj pilgrims.

(c) Subsidy on maintenance of buffer stock of Sugar (₹ 50 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 (₹ 50 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 (₹ 80.59 crore) : The provision is for interest subvention for financing Sugar Mills.

(f) Subsidy on import of Pulses (₹ 300 crore): The provision is for subsidy on import of pulses.

(g) Subsidy on import of edible oils (₹ 366.42 crore): The provision is for payment of edible oil subsidy to be paid to various PSUs importing edible oils.

(h) Subsidy to Shipyards (₹ 542.12 crore) : The provision is for payment of subsidies to Cochin Shipyard Ltd (₹ 0.01 crore), and Non-central PSU shipyards and private sector shipyards (₹ 542.11 crore).

4. ASSISTANCE TO STATES FROM NATIONAL DISASTER RESPONSE FUND (₹ 4525 crore)

The Thirteenth Finance Commission has recommended merger of the existing National Calamity Contingency Fund (NCCF), constituted as per the recommendations of Eleventh Finance Commission, into National Disaster Response Fund (NDRF) as provided under Disaster Management Act, 2005. The amount collected from National Calamity Contingent Duty (NCCD) is transferred to the NDRF and assistance to States for calamity relief is met out of the NDRF. It is estimated that NCCD of ₹ 4525 crore will be collected and transferred to NDRF.

<http://indiabudget.nic.in>

6. DEBT WAIVER AND DEBT RELIEF SCHEME FOR FARMERS (₹ 6,000 crore)

An amount of ₹ 6,000 crore is provided for payment to lending institutions under debt waiver and debt relief scheme for farmers.

7. POSTAL DEFICIT (₹ 5017.67 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 ₹ 12535.37 crore, postal receipts are estimated at ₹ 7517.70 crore, leaving a deficit of ₹ 5017.67 crore.

8. REIMBURSEMENT OF LOSSES TO RAILWAYS ON OPERATING STRATEGIC LINES (₹ 657.92 crore)

An amount of ₹ 657.92 crore will be reimbursed in 2011-12 to Railways towards losses on operating strategic lines.

9. SUBSIDIES TO RAILWAYS FOR DIVIDEND RELIEF AND OTHER CONCESSIONS (₹ 3022.61 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.

10. GENERAL SERVICES

10.01 Organs of State (₹ 3311.92 crore) :- The main provisions are for Parliament (₹ 624.35 crore), President/Vice President (₹ 30.66 crore), Council of Ministers (₹ 154.52 crore), Administration of Justice (₹ 258.99 crore) and the Indian Audit and Accounts Department (₹ 2243.40 crore).

10.02 Tax Collection (₹ 7157.06 crore) :- The provisions are for expenditure of tax collecting agencies and relate mainly to the Income Tax department (₹ 2946.88 crore), Customs (₹ 1873.65 crore) and Central Excise (₹ 2262.13 crore). The expenditure relating to Customs includes provision for Coast Guards (₹ 890.94 crore).

10.03 Elections (₹ 124.73 crore) :- The provision is towards normal election expenses (₹ 83.29 crore) and issue of identity cards to voters (₹ 15.51 crore) and Election Commission of India (₹ 25.93 crore).

10.04 Secretariat-General Services (₹ 2194.15 crore) :- The major provisions are for Ministry of Defence, including the organisation of Controller General of Defence Accounts and Defence Estates Organisation (₹ 1218.90 crore); External Affairs (₹ 250.31 crore), Home Affairs (₹ 177.58 crore), Revenue (₹ 128.05 crore) and Economic Affairs (₹ 84.71 crore).

10.05 Police (₹ 30594.73 crore) :- The provision includes ₹ 7623.70 crore for Central Reserve Police, ₹ 7367.56 crore for Border Security Force, ₹ 2450.69 crore for Assam Rifles, ₹ 2908.59 crore for Central Industrial Security Force, ₹ 1796.65 crore for Indo-Tibetan Border Police, ₹ 3150.75 crore for Delhi Police, ₹ 1546.51 crore for Sashastra Seema Bal, ₹ 150 crore for

Modernisation of Police Force, ₹422.96 crore for National Security Guard ₹909.92 crore for Intelligence Bureau and ₹695.60 crore for Jammu & Kashmir Light Infantry.

10.06 External Affairs (₹3495.48 crore) :- This expenditure is mainly for the Embassies and Missions abroad and for Special Diplomatic Expenditure.

10.07 Pensions (₹54520.98 crore) :- The Provision is for pensions and other retirement benefits of retired personnel of Defence Services (₹34000 crore) and other civil departments (₹20520.98 crore) including pensionary benefits of the employees of the Department of Telecommunications together with employees absorbed in Bharat Sanchar Nigam Ltd. (₹3959 crore) and ₹604 crore for medical treatment of CGHS pensioners. Pensionary charges of Railways and Department of Posts are treated as part of operating expenses of these Departments.

10.10 Others (₹1826.89 crore) :- The major provisions included are ₹1109.84 crore for public works and ₹717.05 crore for others.

The revenue expenditure of the commercial departments included in this sector, namely the Canteen Stores Department, is estimated at ₹8563.64 crore. However, this will be more than offset by receipts of ₹9000 crore.

11. SOCIAL SERVICES

11.01 Education (₹8971.07 crore) :- The provision includes ₹1885 crore for Kendriya Vidyalayas, ₹408.80 crore for Navodaya Vidyalaya Samiti, ₹4118.89 crore for University Grants Commission, ₹6571.53 crore for technical education ₹1091.68 crore for Indian Institutes of Technology and ₹559.58 crore for National Institutes of Technology. This also includes provisions for Indian Institutes of Management (₹36.43 crore), Indian Institute of Science, Bengaluru (₹186.41 crore), Indian National Digital Library in Engineering Science & Technology (₹25 crore), National Institutes of Technical Teachers Training and Research (₹54 crore) and ISM, Dhanbad (₹38.68 crore).

11.04 Medical, Public Health and Family Welfare (₹3034.05 crore) :- The provision includes ₹585 crore for Central Government Health Scheme, ₹979.50 crore for allopathic hospitals and dispensaries, ₹1322.66 crore for medical education, training and research and ₹254.16 crore for Public Health Schemes and Indian Council of Medical Research (₹170.85 crore). This also includes ₹187.20 crore towards Ayurveda, Yoga and Naturopathy Siddha and Homoeopathy.

11.06 Information and Broadcasting (₹1735.53 crore) :- The provision includes grants to Prasar Bharati (₹1412.37 crore) to cover the gap in resources in meeting its revenue expenditure and ₹323.16 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 (₹1850.70 crore) :- The provision includes ₹1350 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 (₹3401.89 crore) :- The provision includes ₹2000 crore towards transfer to Farmers Debt Relief Fund, ₹752.09 crore for pension and other benefits to freedom fighters, ₹51.16 crore for child and women welfare and ₹37.87 crore for the welfare of handicapped, etc.

11.09 Secretariat Social Services (₹299.36 crore) :- This includes a provision of ₹48 crore for Health and Family Welfare Secretariat, ₹78.21 crore for Higher Education, Labour & Employment (₹33.60 crore) and Information & Broadcasting (₹40.61 crore).

12. ECONOMIC SERVICES

12.01 Agriculture and Allied Activities (₹3819.37 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 (₹2154.23 crore).

12.02 Foreign Trade & Export Promotion (₹3346.25 crore) :- The provision is mainly towards assistance for Export Promotion and Market Development (₹3050 crore) for deemed export benefits. This provision also includes payment of Grants to Export Promotion and other institutions for specific export promotion schemes.

12.04 Industry and Minerals (₹1858.43 crore) :- The main provisions are for village and small industries, the Geological Survey of India, 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 ₹184.34 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 (₹411.95 crore).

12.05 Transport (₹2490.24 crore) :- The provisions mainly relate to maintenance of roads and bridges (₹1831.91 crore), including National Highways (₹1029.31 crore) and Dredging and Survey Organisations (₹425.86 crore). Lighthouses and Lightships Department is treated as a commercial undertaking and the net receipt is estimated at ₹22.75 crore.

12.06 Science, Technology and Environment (₹5171.46 crore) :- The provisions include ₹2331.78 crore for Atomic Energy Research, ₹889.17 crore for Space Research, ₹336.55 crore for the Schemes of the Department of Science and Technology, ₹1445.18 crore for the Council of Scientific and Industrial Research, ₹68.11 crore for Ecology and Environment and ₹39.88 crore for Oceanographic Research.

12.09 Census, Surveys of Statistics (₹1687.39 crore) :- The provision is mainly for census and enumeration function at District level, training and printing of schedules relating to population census for 2011.

13. NON-PLAN GRANTS TO STATE GOVERNMENTS (₹ 65465.69 crore)

The estimates for grants to State Governments are based on the recommendations of the Thirteenth Finance Commission and other grants. The Non-Plan grants based upon 13th Finance Commission recommendations are for the Non-Plan revenue deficit of States, education, environment, improving outcomes, road maintenance, local bodies, calamity relief 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 (₹ 845.28 crore)

The provision is mainly for Puducherry to cover its non-Plan revenue gap (₹ 493 crore) and Grants in lieu of share in Central taxes & duties to NCT of Delhi (₹ 325 crore). Details are given in Statement No.10.

15. GRANTS TO FOREIGN GOVERNMENTS (₹ 2301.01 crore)

The major provisions are ₹ 1000 crore for Bhutan, ₹ 150 crore for Nepal, ₹ 150 crore for African Countries, ₹ 3 crore for Bangladesh, ₹ 290 crore for Sri Lanka, ₹ 130 crore for Myanmar, ₹ 250 crore for Afghanistan, ₹ 328.01 crore for other developing countries and other programmes, etc. Details are given in Statement No.11.

16. NON-PLAN CAPITAL OUTLAY (EXCLUDING DEFENCE) (₹ 13211.90 crore)

The major provisions are for Capital outlay on Research activities related to Police (₹ 1885 crore), Capital outlay of Atomic Energy Department (₹ 758.91 crore), acquisition of ships, vessels and aircrafts for Coast Guard Organisation

(₹ 1600 crore), construction of National Highways by Border Roads Development Board (₹ 1993.97 crore), purchase of ready-built accommodation for CBDT (₹ 904.70 crore), construction of office buildings by CPWD (₹ 284.80 crore), acquisition/construction of residential and non-residential buildings for Indian Missions abroad (₹ 350 crore), Investment in International Financial Institutions (₹ 3424.34 crore), Capital Outlay on Police (₹ 2976.54 crore) and investment in Security Printing and Minting Corporation of India Ltd. (₹ 400 crore). Details are given in Statement No.8.

18. NON-PLAN LOANS TO UNION TERRITORY GOVERNMENTS (₹ 70 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 (₹ 513.68 crore)

The provision includes ₹ 95.69 crore for meeting shortfall in resources of Public Sector Enterprises. A lump sum provision of ₹ 150 crore has been provided for revival schemes of Public Sector Enterprises. Another lump sum provision of ₹ 250 crore has been made for Voluntary Separation Scheme and statutory dues. An amount of ₹ 17.99 crore is also provided to Public Sector Undertakings as grants. Details are given in Statement No.9.

21. NON-PLAN EXPENDITURE OF UNION TERRITORIES WITHOUT LEGISLATURE (₹ 3408.89 crore)

The provisions include ₹ 1173.90 crore for Andaman and Nicobar Islands, ₹ 97.30 crore for Dadra and Nagar Haveli, ₹ 385.76 crore for Lakshadweep, ₹ 1646.53 crore for Chandigarh and ₹ 105.40 crore for Daman and Diu. Details are given in Statement No.3.