

## PART-II

### NON-PLAN EXPENDITURE 2012-2013

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 2012-2013 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 (` 319759.43 crore)

An amount of ` 319659.43 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 through dated securities; 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 marketing companies, Fertilizer 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 (` 193407.29 crore)

This includes revenue and capital expenditure on Defence Services, net of recoveries and revenue receipts. The components are Army (` 78114.36 crore), Navy (` 12548.02 crore), Air Force (` 17705.81 crore), Ordnance Factories (` (-)535.09 crore), Research and Development (` 5995.56 crore) and Capital outlay on all the above services (` 79578.63 crore) for modernisation of Defence forces.

#### 3.1 MAJOR SUBSIDIES (` 179554.10 crore)

**3.1.1 Fertiliser subsidy (` 60974.10 crore):-** It comprises of the following:-

**3.1.1.1 Imported (urea) fertilisers (` 13398 crore) :-** As indigenous production is not adequate to meet the demand for fertilisers, imports are arranged to make up for 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 (` 19000 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 (` 28576.10 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 (` 75000 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. Ten States & UTs, namely Madhya Pradesh, Chhattisgarh, West Bengal, Uttarakhand, Tamil Nadu, Andaman & Nicobar Islands, Odisha, 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 (` 43580 crore):-** Government modulates the retail selling price of Diesel, PDS Kerosene and Domestic LPG to insulate consumers from the full impact of high international crude prices. This results in incidence of under-recoveries to oil marketing companies and is being compensated by government under the sharing formula. ` 40,000 crore has been provided for this purpose. Petroleum subsidy also includes ` 3,580 crore for freight subsidy for far flung areas and supply of Natural Gas to North East region.

**3.2 Interest subsidies (` 7967.65 crore) :-** Interest subsidy includes a provision of ` 6000 crore as interest subvention to NABARD, Regional Rural Banks, Co-operative Banks and PSBs on short term credit to farmers, ` 225 crore towards interest equalisation support to EXIM Bank of India and

₹ 400 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. Provision of ₹ 182.25 crore has been made as interest subsidies to LIC for Pension Plan for Senior Citizens. 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 (₹ 62.54 crore). Details of interest subsidies are given in Statement No.5.

**3.3 Other Subsidies (₹ 2493.38 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-(₹ 365 crore):** The price support or market intervention measures are designed to ensure remunerative prices to farmers. Amounts provided are for - NAFED (₹ 110 crore), Jute Corporation of India (₹ 55 crore) and Cotton Corporation of India (₹ 200 crore).
- (b) Haj Subsidy (₹ 655 crore):** This is in respect of the Haj operations and is provided to subsidise the air fare payable by the Haj pilgrims.
- (c) Subsidy on import of Pulses (₹ 300 crore):** The provision is for subsidy on import of pulses.
- (d) Subsidy on import of edible oils (₹ 615.09 crore):** The provision is for payment of edible oil subsidy to be paid to various PSUs importing edible oils.
- (e) Subsidy to Shipyards (₹ 400.01 crore) :** The provision is for payment of subsidies to Cochin Shipyard Ltd (₹ 0.01 crore), and Non-central PSU shipyards and private sector shipyards (₹ 400 crore).

#### **4. ASSISTANCE TO STATES FROM NATIONAL DISASTER RESPONSE FUND (₹ 4620 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 ₹ 4620 crore will be collected and transferred to NDRF.

#### **7. POSTAL DEFICIT (₹ 5727.12 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 ₹ 13520.43 crore, postal receipts are estimated at ₹ 7793.31 crore, leaving a deficit of ₹ 5727.12 crore.

#### **8. REIMBURSEMENT OF LOSSES TO RAILWAYS ON OPERATING STRATEGIC LINES (₹ 600 crore)**

An amount of ₹ 600 crore is provided towards reimbursement in 2012-13 to Railways for losses on operating strategic lines.

#### **9. SUBSIDIES TO RAILWAYS FOR DIVIDEND RELIEF AND OTHER CONCESSIONS (₹ 3003.89 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 (₹ 3836.17 crore) :-** The main provisions are for Parliament (₹ 719.05 crore), President/Vice President (₹ 33.36 crore), Council of Ministers (₹ 390.69 crore), Administration of Justice (₹ 287.37 crore) and the Indian Audit and Accounts Department (₹ 2405.70 crore).

**10.02 Tax Collection (₹ 7565.42 crore) :-** The provisions are for expenditure of tax collecting agencies and relate mainly to the Income Tax department (₹ 3043.05 crore), Customs (₹ 2026.24 crore) and Central Excise (₹ 2419.35 crore). The expenditure relating to Customs includes provision for Coast Guards (₹ 971.21 crore).

**10.03 Elections (₹ 299.24 crore) :-** The provision is towards normal election expenses (₹ 105.57 crore), issue of identity cards to voters (₹ 30 crore) General elections (₹ 91.50 crore) and Election Commission of India (₹ 72.17 crore).

**10.04 Secretariat-General Services (₹ 2401.77 crore):-** The major provisions are for Ministry of Defence, including the organisation of Controller General of Defence Accounts and Defence Estates Organisation (₹ 1342.82 crore); External Affairs (₹ 227.57 crore), Home Affairs (₹ 206.50 crore), Revenue (₹ 161.76 crore) and Economic Affairs (₹ 81.03 crore).

**10.05 Police (₹ 35611.28 crore) :-** The provision includes ₹ 8967.04 crore for Central Reserve Police, ₹ 8395.58 crore for Border Security Force, ₹ 2868.55 crore for Assam Rifles, ₹ 3536.27 crore for Central Industrial Security Force, ₹ 2318.75 crore for Indo-Tibetan Border Police, ₹ 3480.33 crore for Delhi Police, ₹ 1843.28 crore for Sashastra Seema Bal, ₹ 250 crore for Modernisation of Police Force, ₹ 455.70 crore for National Security Guard, ₹ 1028.50 crore for Intelligence Bureau and ₹ 805.44 crore for Jammu & Kashmir Light Infantry.

**10.06 External Affairs (₹ 4024.85 crore) :-** This expenditure is mainly for the Embassies and Missions abroad and for Special Diplomatic Expenditure.

**10.07 Pensions (₹ 63183.41 crore) :-** The Provision is for pensions and other retirement benefits of retired personnel of Defence Services (₹ 39000 crore) and other civil departments (₹ 24183.41 crore) including pensionary benefits of the employees of the Department of Telecommunications together with employees absorbed in Bharat Sanchar Nigam Ltd. (₹ 4806 crore) and ₹ 630 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 ( ` 3255.44 crore) :-** The major provisions included are ` 1315.69 crore for public works, ` 700 crore for working expenses of Canteen Stores Department, ` 300 crore for transfer to Guarantee Redemption Fund 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 ` 11500 crore. However, this will be offset by receipts of ` 10800 crore.

## 11. SOCIAL SERVICES

**11.01 Education ( ` 10307.18 crore) :-** The provision includes ` 2086.24 crore for Kendriya Vidyalayas, ` 451.05 crore for Navodaya Vidyalaya Samiti, ` 4794.17 crore for University Grants Commission, ` 2471.60 crore for technical education including ` 1198.01 crore for Indian Institutes of Technology and ` 699.26 crore for National Institutes of Technology. This also includes provisions for Indian Institutes of Management ( ` 38.52 crore), Indian Institute of Science, Bengaluru ( ` 218.53 crore), North Eastern Regional Institute of Science & Technology, Itanagar ( ` 36.40 crore), National Institute for Industrial Engineering, Mumbai ( ` 30.67 crore), National Institutes of Technical Teachers Training and Research ( ` 60.81 crore) and ISM, Dhanbad ( ` 46.60 crore).

**11.04 Medical, Public Health and Family Welfare ( ` 3309.69 crore) :-** The provision includes ` 605 crore for Central Government Health Scheme, ` 1048 crore for allopathic hospitals and dispensaries, ` 1460.22 crore for medical education, training and research and ` 265.13 crore for Public Health Schemes and Indian Council of Medical Research ( ` 240 crore). This also includes ` 187.19 crore towards Ayurveda, Yoga and Naturopathy Siddha and Homoeopathy.

**11.06 Information and Broadcasting ( ` 1784.73 crore):-** The provision includes grants to Prasar Bharati ( ` 1462.37 crore) to cover the gap in resources in meeting its revenue expenditure and ` 322.36 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 ( ` 1916.43 crore) :-** The provision includes ` 1400 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 ( ` 1314.68 crore):-**The provision includes ` 757.17 crore for pension and other benefits to freedom fighters, ` 49.06 crore for child and women welfare and ` 47.10 crore for the welfare of handicapped, etc.

**11.09 Secretariat Social Services ( ` 329.05 crore):-** This includes a provision of ` 52 crore for Health and Family Welfare Secretariat, ` 84.10 crore for Higher Education, ` 33.67 crore for Labour & Employment and ` 40.92 crore for Information & Broadcasting.

## 12. ECONOMIC SERVICES

**12.01 Agriculture and Allied Activities ( ` 3557.97 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 ( ` 2168.18 crore) and also towards revival of long term co-operative credit structure ( ` 500 crore).

**12.02 Foreign Trade & Export Promotion ( ` 1658.49 crore) :-** The provision is mainly towards assistance for Export Promotion and Market Development ( ` 1350 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 ( ` 1498.21 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 ` 655.22 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 ( ` 461.59 crore).

**12.05 Transport ( ` 3504.45 crore) :-** The provisions mainly relate to maintenance of roads and bridges ( ` 2888.27 crore), including National Highways ( ` 2000.09 crore), Border Roads Organisation ( ` 813.74 crore) and Dredging and Survey Organisations ( ` 337.70 crore). Lighthouses and Lightships Department is treated as a commercial undertaking and the net receipt is estimated at ` 26.74 crore.

**12.06 Science, Technology and Environment ( ` 5386.50 crore) :-** The provisions include ` 2335.95 crore for Atomic Energy Research, ` 1059.31 crore for Space Research, ` 347.87 crore for the Schemes of the Department of Science and Technology, ` 1462 crore for the Council of Scientific and Industrial Research, ` 69.63 crore for Ecology and Environment and ` 56.70 crore for Oceanographic Research.

**12.09 Census, Surveys of Statistics ( ` 626.28 crore) :** The provision is mainly for National Sample Survey Organisation.

### **13. NON-PLAN GRANTS TO STATE GOVERNMENTS (` 63352.48 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 13<sup>th</sup> 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 No.10.

### **14. NON-PLAN GRANTS TO UNION TERRITORY GOVERNMENTS (` 858.28 crore)**

The provision is mainly for Puducherry to cover its non-Plan revenue gap (` 513 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 (` 3113.61 crore)**

The major provisions are ` 1200 crore for Bhutan, ` 270 crore for Nepal, ` 250 crore for African Countries, ` 30 crore for Bangladesh, ` 290 crore for Sri Lanka, ` 82.21 crore for Myanmar, ` 580 crore for Afghanistan, ` 36 crore for Maldives, ` 375.40 crore for other developing countries and other programmes, etc. Details are given in Statement No.11.

### **16. NON-PLAN CAPITAL OUTLAY (EXCLUDING DEFENCE) (` 23970.74 crore)**

The major provisions are for Capital outlay on Research activities related to Police (` 1400 crore), Capital outlay of Atomic Energy Department (` 601.65 crore), acquisition of ships, vessels and aircrafts for Coast Guard Organisation (` 1800 crore), construction of National Highways by Border Roads Development Board (` 2142.21 crore), purchase of ready-built accommodation for CBDT (` 807.48 crore), construction of office buildings by

CPWD (` 326.05 crore), acquisition/construction of residential and non-residential buildings for Indian Missions abroad (` 350 crore), Investment in International Financial Institutions (` 14345.56 crore), Capital Outlay on Police (` 2632.37 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 (` 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 (` 487.15 crore)**

The provision includes ` 65.36 crore for meeting shortfall in resources of Public Sector Enterprises. A lumpsum provision of ` 150 crore has been provided for revival schemes of Public Sector Enterprises. Another lumpsum provision of ` 250 crore has been made for Voluntary Separation Scheme and statutory dues. An amount of ` 21.79 crore is also provided to Public Sector Undertakings as grants. Details are given in Statement No.9.

### **20. NON-PLAN LOANS TO FOREIGN GOVERNMENT (` 550 crore)**

The provisions include ` 300 crore for Bhutan and ` 250 crore for Maldives.

### **21. NON-PLAN EXPENDITURE OF UNION TERRITORIES WITHOUT LEGISLATURE (` 3706.92 crore)**

The provisions include ` 1276.61 crore for Andaman and Nicobar Islands, ` 106.56 crore for Dadra and Nagar Haveli, ` 405.77 crore for Lakshadweep, ` 1804.78 crore for Chandigarh and ` 113.20 crore for Daman and Diu. Details are given in Statement No.3.