

PART-II

NON-PLAN EXPENDITURE 2016-2017

Non-Plan includes expenditure related to establishment, pension payments, subsidy, defence, finance commission grants and interest payments. Earlier, some establishment expenditure booked under the head 'Secretariat' used to be kept under Plan. In Budget 2016-17, all such expenditure have been shifted to Non-Plan category. Details of Non-Plan expenditure by broad categories are given in Statement No.4. Important items of Non-Plan expenditure for 2016-2017 are described in the following paragraphs. 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 (₹4,92,669.95 crore)

An amount of ₹4,91,669.95 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 ₹1,000 crore is provided towards pre-payment premium for reduction of debt.

2. DEFENCE (₹2,49,099 crore)

This includes revenue and capital expenditure on Defence Services, net of recoveries and revenue receipts. The components are Army (₹1,13,732.72 crore), Navy (₹17,424.79 crore), Air Force (₹23,655.83 crore), Ordnance Factories (₹1,217.61 crore), Research and Development (₹6,728.05 crore) and Capital outlay on all the above services (₹86,340 crore) for modernisation of Defence forces.

3. SUBSIDIES (₹2,50,432.93 crore)

3.1 Fertiliser subsidy (₹70,000 crore):- It comprises of the following:-

3.1.1 Nutrient Based Subsidy Policy: (₹19,000.00 crore)

3.1.1.1 Indigenous P & K Fertilizers: (₹12,000 crore): Provision is for payment to the manufacturers of fertilizers/agencies under the Nutrient Based Subsidy (NBS) scheme on the sale of decontrolled Phosphatic and Potassic fertilizers at concessional rate to the farmers. The concession would lead to balanced use of fertilizer (NPK) nutrients for better soil health and productivity.

3.1.1.2 Imported P & K Fertilizers: (₹6,999.99 crore): Provision is for payment to the importers of fertilizers/agencies under the Nutrient Based Subsidy (NBS) scheme on the sale of decontrolled Phosphatic and Potassic fertilizers at

concessional rate to the farmers. The concession would lead to balanced use of fertilizer (NPK) nutrients for better soil health and productivity.

3.1.1.3 City Compost: (₹0.01 crore): Token provision has been made for the proposed Market-Development-Assistance to manufacturers of City Compost at the rate of ₹ 1500/- per MT.

3.1.2 Urea Subsidy: (₹51,000 crore)

3.1.2.1 Indigenous Urea: (₹40,000 crore) : This provision relates to subsidy under Fertilizer New Pricing Scheme (NPS) including Freight Subsidy for production of urea. The subsidy scheme is intended to make fertilizers available to the farmers at reasonable prices and to give producers of fertilizers 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 consumer's price and the level of production.

3.1.2.2 Imported Urea: (₹11,000 crore): As indigenous production is not adequate to meet the demand for fertilizers, imports are arranged to make up for the shortfall. The cost involved is broadly the price of imported fertilizers plus the cost of handling and distribution of the fertilizers. The selling price of imported fertilizers to farmers is controlled under the Fertilizer Control Order and the consumer prices are thus statutorily regulated. This selling price is the same as the selling price for indigenous production. The difference between the amount realised by way of sale of fertilizers to farmers and the import costs to Government represents the subsidy on fertilizer imports.

3.2 Petroleum Subsidy (₹26,947 crore) : Government modulates the retail selling price of diesel, PDS kerosene and domestic LPG to insulate consumers from the full impact of international crude prices. This includes ₹19,802.79 crore for subsidy on LPG and ₹7,144.21 crore for kerosene subsidy.

3.3 Interest subsidies (₹15,523.29 crore) : Interest subsidy includes a provision of (₹15,000 crore) as interest subvention to NABARD, Regional Rural Banks, Co-operative Banks and PSBs for providing short term credit to farmers. Provision of ₹171.90 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 (₹44.05 crore). An amount of ₹100 crore has also been made towards interest subvention to the industrial units to be set up in the States of the Andhra Pradesh and Telangana. An amount of ₹202.50 crore has been provided towards interest subvention on scheme for expending soft loans to sugar mills, 2015. Details of interest subsidies are given in Statement No.5.

3.4 Other Subsidies (₹3,128.03 crore) :- The details of other subsidies are given in Statement No.6. Major items for which provisions have been made are explained below:-

- (a) **Scheme for extending financial assistance to Suger Undertakings-2014 (₹800 crore)**: The provision is for providing financial assistance to Suger Undertakings.
- (b) **Haj Subsidy (₹450 crore)**: This is in respect of the Haj operations and is provided to subsidise the air fare payable by the Haj pilgrims.
- (c) **Support for Market Intervention/Price Support Scheme for agricultural produce-(₹80 crore)**: The price support or market intervention measures are designed to ensure remunerative prices to farmers.
- (d) **Subsidy for Helicopter Services in North East Region (₹86 crore)**: The provision is for providing Helicopter Services in North East Region.
- (e) **Subsidy to Shipyard's (₹50 crore)**: The provision is for subsidy to Non-Central PSUs Shipyards and private sector Shipyards.
- (f) **Subsidy on import of Pulses(₹115 crore)**: The provision is for subsidy on import of pulses.
- (g) An amount of ₹567.01 crore is provided towards discharge of past liabilities of subsidy on import of edible oils.

4. ASSISTANCE TO STATES FROM NATIONAL DISASTER RESPONSE FUND (₹6,450 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 ₹6,450 crore will be collected and transferred to NDRF.

7. POSTAL DEFICIT (₹8,415.53 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 ₹22,242.58 crore, postal receipts are estimated at ₹13,827.05 crore, leaving a deficit of ₹8,415.53 crore.

8. REIMBURSEMENT OF LOSSES TO RAILWAYS ON OPERATING STRATEGIC LINES (₹820 crore)

An amount of ₹820 crore is provided towards reimbursement in 2015-16 to Railways for losses on operating strategic lines.

9. SUBSIDIES TO RAILWAYS FOR DIVIDEND RELIEF AND OTHER CONCESSIONS (₹4300.80 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 (₹5706.43 crore) :- The main provisions are for Parliament (₹1,001.50 crore), President/Vice President (₹58.70 crore), Council of Ministers (₹ 417.83 crore), Administration of Justice (₹575.17 crore) and the Indian Audit and Accounts Department (₹3,653.23 crore).

10.02 Tax Collection (₹12,017.24 crore) :- The provisions are for expenditure of tax collecting agencies and relate mainly to the Income Tax department (₹5,131.16 crore), Customs (₹3,176.73 crore) and Central Excise (₹3,579.68 crore). The expenditure relating to Customs includes provision for Coast Guards (₹1,624.41 crore).

10.03 Elections (₹3,730.81 crore) :- The provision is towards Lok Sabha election expenses (₹ 1761.43 crore), issue of identity cards to voters (₹ 40 crore), and other elections expenses (₹1847.86 crore).

10.04 Secretariat-General Services (₹3,660.10 crore):- The major provisions are for Ministry of Defence, including the organisation of Controller General of Defence Accounts and Defence Estates Organisation (₹2,109.70 crore); External Affairs (₹402.32 crore), Home Affairs (₹307.14 crore), Revenue (₹182.06 crore) and Economic Affairs (₹182.42 crore).

10.05 Police (₹59,796.09 crore) :- The provision includes ₹ 15,841.15 crore for Central Reserve Police, ₹ 14,443.90 crore for Border Security Force, ₹ 4,240.50 crore for Assam Rifles, ₹ 6,042.50 crore for Central Industrial Security Force, ₹ 4,141.24 crore for Indo-Tibetan Border Police, ₹ 5,485.63 crore for Delhi Police, ₹ 3,775.17 crore for Sashastra Seema Bal, ₹ 70 crore for Modernisation of Police Force, ₹ 624.22 crore for National Security Guard, ₹ 1,390.45 crore for Intelligence Bureau, ₹ 1,210.61 crore for Jammu & Kashmir Light Infantry and ₹ 650.65 crore for Central Bureau of Investigation.

10.06 External Affairs (₹5,835.01 crore) :- This expenditure is mainly for the Embassies and Missions abroad and for Special Diplomatic Expenditure.

10.07 Pensions (₹1,23,368.07 crore) :- The Provision is for pensions and other retirement benefits of retired personnel of Defence Services (₹82,332.66 crore) and other civil departments (₹41,035.41 crore) including pensionary benefits of the employees of the Department of Telecommunications together with employees absorbed in Bharat Sanchar Nigam Ltd. (₹8,932 crore) and ₹1,085 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.

10.09 Others (₹4,050.37 crore):- The major provisions included are ₹1,747.60 crore for public works, ₹ (-) 125 crore for working expenses of Canteen Stores Department, ₹300 crore for transfer to Guarantee Redemption Fund and ₹ 384.17 crore for others.

The revenue expenditure of the commercial departments included in this sector, namely the Canteen Stores Department, is estimated at ₹15,000 crore. However, this will be offset by receipts of ₹15,125 crore.

11. SOCIAL SERVICES

11.01 Education (₹14,551.04 crore) :- The provision includes ₹2,695.47 crore for Kendriya Vidyalayas, ₹571 crore for Navodaya Vidyalaya Samiti, ₹2441.94 crore for University Grants Commission, ₹2008.71 crore for Indian Institutes of Technology and ₹1065.05 crore for National Institutes of Technology. This also includes provisions for Indian Institutes of Management (₹5 crore), Support to Indian Institute of Science and Indian Institutes of Science for Education and Research (₹302.52 crore), and Assistance to other Institutions (₹191.42 crore)

11.04 Medical, Public Health and Family Welfare (₹5188.63 crore) :- The provision includes ₹920 crore for Central Government Health Scheme, ₹2077.55 crore for major central and medical institutions ₹384 crore for medical education, training and research. This also includes ₹252.70 crore towards Ayurveda, Yoga and Naturopathy Siddha and Homoeopathy.

11.06 Information and Broadcasting (₹3,203.99 crore):- The provision includes grants to Prasar Bharati ₹2716.86 crore) towards meeting salary and salary related expenditure and ₹487.13 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 (₹4,722.42 crore) :- The provision includes ₹4,025 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 (₹1,329.60 crore):-The provision includes ₹760.16 crore for pension and other benefits to freedom fighters, ₹61.03 crore for child and women welfare and ₹67 crore for the welfare and empowerment of persons with disabilities.

11.09 Secretariat Social Services (₹570.12 crore):- This includes a provision of ₹107.62 crore for Health and Family Welfare Secretariat, ₹95.99 crore for Higher Education, ₹47.89 crore for Labour & Employment and ₹70.32 crore for Information & Broadcasting.

11.10 Others (2568.55 crore):- This include Art & Culture (₹723.73 crore), Housing & Urban Development (₹959.53 crore), Sports & Youth Services (₹166 crore).

12. ECONOMIC SERVICES

12.01 Agriculture and Allied Activities (₹4,015.54 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 (₹2,906.64 crore).

12.02 Foreign Trade & Export Promotion (₹1,711.76 crore) :- The provision is mainly towards duty drawback CST (₹1,200 crore) for deemed export benefits.

12.04 Industry and Minerals (₹2,758.68 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 ₹487.93 crore as net receipts on Fuel Fabrication Facilities, which is treated as a departmentally run commercial undertaking. This includes provision for Bhaba Atomic Research Centre (₹487.20 crore).

12.05 Transport (₹4133.35 crore) :- The provisions mainly relate to maintenance of roads and bridges (₹3,525.64 crore), including National Highways (₹2,837.57 crore), Border Roads Organisation (₹644 crore) and assistance to major and non-major ports (₹213.93 crore). Lighthouses and Lightships Department is treated as a commercial undertaking and its receipt and expenditure are estimated at ₹250 crore.

12.06 Science, Technology and Environment (₹7513.50 crore) :- The provisions include ₹3,717.05 crore for Atomic Energy Research, ₹1,480.99 crore for Space Research, ₹390.53 crore for the Schemes of the Department of Science and Technology, ₹1,750.20 crore for the Council of Scientific and Industrial Research, ₹83.42 crore for Ecology and Environment and ₹50.72 crore for Oceanographic Research.

12.09 Census, Surveys and Statistics (₹808.81 crore): The provision is mainly for National Sample Survey Organisation.

13. NON-PLAN GRANTS TO STATE GOVERNMENTS (₹1,115,645.60 crore)

The provision is mainly to provide the Non-Plan Grants recommended by XIV Finance Commission. These includes Post devolution Revenue deficit grants, Grants to Municipal Bodies (Rural and Urban) and Grants as Contribution of Union to State Disaster Response Fund (SDRF). In addition a provision is also made for providing compensation to States for revenue losses due to phasing out of CST.

14. NON-PLAN GRANTS TO UNION TERRITORY GOVERNMENTS (₹2,710.01 crore)

The provision is mainly for Puducherry to cover its non-Plan revenue gap (₹546 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 (₹4,529.79 crore)

The major provisions are ₹1,200 crore for Bhutan, ₹300 crore for Nepal, ₹290 crore for African Countries, ₹150 crore for Bangladesh ₹230 crore for Sri Lanka, ₹200 crore for Myanmar, ₹500 crore for Afghanistan, ₹40 crore for Maldives, ₹1,619.79

crore for other developing countries and other programmes, etc. Details are given in Statement No.11.

16. NON-PLAN CAPITAL OUTLAY (EXCLUDING DEFENCE) (₹13,448.19 crore)

The major provisions are for Capital outlay of Atomic Energy Department (₹1,037.94 crore), acquisition of ships, vessels and aircrafts for Coast Guard Organisation (₹1,500 crore), construction of road works by Border Roads Development Board (₹1,922 crore), purchase of ready-built accommodation for CBDT (₹200 crore), construction of office buildings by CPWD (₹379.20 crore), acquisition/construction of residential and non-residential buildings for Indian Missions abroad (₹300 crore) and Investment in International Financial Institutions (₹4,081.62 crore), Capital Outlay on Police (₹3,122.95 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 (₹3,158.29 crore)

The provision includes ₹898.08 crore for meeting shortfall in resources of Public Sector Enterprises. An amount of ₹3153.82 crore is also provided to Public Sector Undertakings as grants. Details are given in Statement No.9.

22. NON-PLAN EXPENDITURE OF UNION TERRITORIES WITHOUT LEGISLATURE (₹5672.62 crore)

The provisions include ₹1795.02 crore for Andaman and Nicobar Islands, ₹155.84 crore for Dadra and Nagar Haveli, ₹699.54 crore for Lakshadweep, ₹2,834.54 crore for Chandigarh and ₹187.72 crore for Daman and Diu. Details are given in Statement No.3.