



International Journal of Multidisciplinary Research and Development



IJMIRD 2015; 2(2): 83-85
www.allsubjectjournal.com
Received: 12-01-2015
Accepted: 06-02-2015
E-ISSN: 2349-4182
P-ISSN: 2349-5979
Impact factor: 3.762

N. Guruveera Kumar
*Academic Consultant,
Department of Econometrics,
S.V.U College of Arts, S.V.
University, Tirupati-517502,
India*

Plan and non-plan expenditure trends in India

N. Guruveera Kumar

Abstract

The Budget is the annual report of India as a country. It contains the government of India's revenue and expenditure for the end of a particular fiscal year, which runs from 1st April to 31st March. Plan expenditures are estimated after discussions between each of the ministries concerned and the Planning Commission and Non-Plan expenditure is a generic term used to cover all expenditure of government not included in the plan. In the paper I have taken total expenditure of the data from 2004-05 to 2014-15. This data is divided into plan and non-plan expenditures. In this paper analysed growth of total, plan and non-plan expenditures, and results reveals that in plan expenditure growth has registered 14.06 per cent per annum, non-plan expenditure growth has recorded 12.27 per cent per annum and total expenditure growth has recorded 12.83 per cent per annum during the study period.

Keywords: ACGR, Plan Expenditure, Non-Plan Expenditure, Total Expenditure.

1. Introduction

The Budget is the annual report of India as a country. It contains the government of India's revenue and expenditure for the end of a particular fiscal year, which runs from April 1 to March 31. Sometimes a vote on account budget is presented by the government when it is not possible to present the full budget. It is an interim budget for a few months; this will facilitate the government to incur expenditure pending approval of the regular budget. Accordingly, in India, every year Union Budget for the coming financial year is presented by the Union Finance Minister in the Lok Sabha normally on the last working day of the month of February. However, Ministry of Finance is helped in this task of administrative ministries and Departments, Audit departments, Planning commission, Central Board of Direct Taxes (CBDT) and Central board of Excise and Customs. The general rule is that he who spends the money must also prepare estimates in advance. Hence preliminary estimates are prepared by the disturbing officers. Administrative Ministries and heads of the departments are supplied with skeleton forms on which they are asked to prepare the estimates. The departmental officials prepare the estimates for the coming financial year, on the basis of the revised estimates for the current year. The prescribed form has four different columns, i.e., It gives item wise details of government receipts and expenditure for three consecutive years, i.e., (i) Actuals for the preceding year, (ii) Budget estimates for the current year, (iii) Revised estimates for the current year and (iv) Budget estimates for the ensuing (upcoming) year. For Instance, Union Budget for the financial year 2014-2015 as presented in the Parliament reflects this approach. It contains details of government Receipts and Payments. Firstly Actual estimates for the year 2013-14, Secondly Budget estimates for the year 2014-15, Thirdly revised estimates for the year 2014-15 and Finally Budget estimates for the year 2015-16. Thus estimates are prepares on the prescribed form and in the prescribed manner. These estimates are then consolidated by the Head of each department. These estimates are then consolidated by the ministries concerned and passed on to the Finance Ministry for scrutiny. The Finance Ministry consolidates all these estimates and prepares the budget for the presentation before the Parliament. The main objectives of the study are to know the structure and components of the union budget in the govt. of India and to know the allocation of plan and non-plan expenditure from 2004-05 to 2014-15.

2. Structure and Components of Union Budget

2.1 Annual Financial statement

Under article 112 of the constitution, a statement of the receipts and expenditure of the government of India has to be laid before Parliament in respect of every financial year which

Correspondence:

N. Guruveera Kumar
*Academic Consultant,
Department of Econometrics,
S.V.U College of Arts, S.V.
University, Tirupati-517502,
India*

runs from 1st April to 31st March. This statement is titled as "Annual Financial Statement" is the main budget document. This statement shows the receipts and payments of Government of India.

The government budget broadly consists of two parts *i.e.* Revenue Budget and Capital Budget. Revenue Budget comprises revenue receipts (Tax Revenue and other Revenues) and Revenue Expenditure. This revenue is met out from revenue receipts. The revenue receipts include both tax revenue and non-tax revenue. Here Tax revenue divided into two types *i.e.* Direct tax and indirect tax (direct tax consists income tax, corporate tax, wealth tax, gift tax, estate duty etc.. and indirect tax consists sales tax, custom tax, excise duty, service tax etc..) and non-tax revenue consists (Interest receipts, Profits & Dividends, grants etc..).

Revenue expenditure is for the normal running of Government department, and various services, interest charges of debt incurred by government, etc... broadly speaking expenditure which does not result in creation of assets is treated as revenue expenditure. All grants given to state governments and other parties are also treated as revenue expenditure.

Capital budget consists of capital receipts and capital expenditure or payments. Capital receipts are receipts of the government which create liabilities or reduce Financial assets (Market borrowing, Recovery of loan, Provident funds etc..) through sale of treasury bills, loans received from foreign governments and bodies, and recoveries of loans granted by central government to state and union territory governments and other parties.

Capital payments consists of capital expenditure on acquisition of assets like land, buildings, machinery, equipment, as also investment in shares, etc.. and loans

advances granted by central government to state and union territory governments, government companies, corporations and other parties. Capital budget also incorporates transactions in the public account.

2.2 Plan and Non-Plan expenditure

Plan expenditures are estimated after discussions between each of the ministries concerned and the Planning Commission. In India plan expenditure covers Economic services, Social services, General services, Central assistance for state plans and Central assistance for Union territory plans etc... The budget documents also gives the total plan provision for each of the ministries arranged under the various heads of development and high-lights the budget provisions for more important plan programmes and schemes and Non Plan expenditure is a generic term used to cover all expenditure of government not included in the plan. It includes both development and non-development expenditure; part of the expenditure is obligatory in nature, for example interest payments, pensionary charges and statutory transfers to states. Part of the expenditure is an essentially obligation of a state. For instance defence and internal security then, there are special responsibilities of the center like external affairs, currency and mint etc.

Expenditure on maintaining the assets created in previous plans is also treated as non-plan expenditure. Similarly, expenditure on continuing services and activities at levels already reached in a plan period is shifted to plan in the next plan (for instance education and health facilities etc.). Thus, as more plans are completed a large amount of expenditure on operation and maintenance facilities and services, created get added to non-plan expenditure, besides the interest on borrowings to finance the plan.

Table 1: Plan and non-plan expenditure in India 2004-05 to 2014-15 (in crores of rupees)

Year	Plan Expenditure	Non-plan Expenditure	Total Expenditure
2004-05	145590.25 (30.47)	332238.79 (69.53)	477829.04 (100.00)
2005-06	143496.78* (28.90)	370847.02 (71.10)	514343.80 (100.00)
2006-07	172727.85 (30.63)	391263.28 (69.37)	563991.13 (100.00)
2007-08	205100.00 (30.14)	475420.51 (69.86)	680520.51 (100.00)
2008-09	243385.50 (32.41)	507498.03 (67.59)	750883.53 (100.00)
2009-10 (interim)	285149.00 (29.91)	668081.95 (70.09)	953230.95 (100.00)
2009-10	325149.00 (31.85)	695688.68 (68.15)	1020837.68 (100.00)
2010-11	373091.99 (33.65)	735657.25 (66.35)	1108749.24 (100.00)
2011-12	441546.75 (35.11)	816182.08 (64.89)	1257728.83 (100.00)
2012-13	521025.00 (34.95)	969900.29 (65.05)	1490925.29 (100.00)
2013-14	555322.00 (33.35)	1109975.32 (66.65)	1665297.32 (100.00)
2014-15 (INTERIM)	555322.00 (31.50)	1207891.96 (68.50)	1763213.96 (100.00)
2014-15	575000.00 (32.03)	1219892.00 (67.97)	1794892.00 (100.00)

Source: Indiabudget.nic.in

Note: Figure in the brackets represents percentage share of total expenditure

* This excludes loans to the extent of Rs. 29003.22 crores to be raised by State and Union Territory (with legislature) Governments for financing their Annual Plan. The total, therefore, works out to Rs.172500 crores.

In the table the total expenditure of the central government has substantially risen from Rs. 477829.04 crores in 2004-05 to Rs. 1794892.00 crores in 2014-15. This increase has taken place in both plan and non-plan expenditures. In the plan expenditure the expenditure has risen from Rs. 145590.25

crores in 2004-05 to Rs. 575000.00 crores in 2014-15. It is 30.47 percentage share in 2004-05 to 32.03 percentage share in 2014-15 from the total expenditure. In the non-plan expenditure the expenditure has risen from Rs.332238.79 crores in 2004-05 to Rs. 1219892.00 crores in 2014-15 and it

is 69.53 percentage share in 2004-05 to 67.97 percentage share in 2014-15 from the total expenditure. However in recent years it has been observed that in both the plan and

non-plan expenditures, the growth of non-plan expenditure has substantially faster than the growth in plan expenditure.

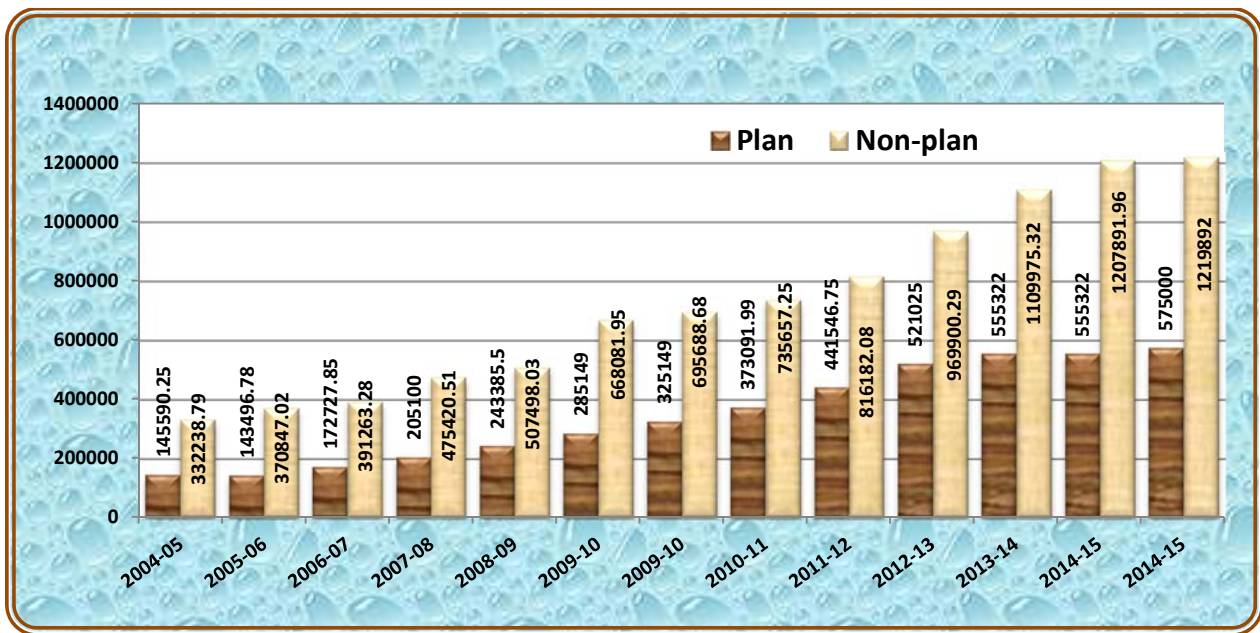


Fig 1: Plan and Non-plan expenditure in India during 2004-05 to 2014-15 (Rs. in crore)

In the figure we clearly observe, the growth of plan expenditure has just increased from 30.47 percentage in 2004-05 to 32.03 percentage in 2014-15 and non-plan expenditure has decreased from 69.53 percentage in 2004-05 to 67.97 percentage in 2014-15 over the ten years and non-plan expenditure occupies across 65 to 70 percent in the Financial year from the last ten years.

Table 2: Growth of Plan and Non-plan expenditure in India during 2004-05 to 2014-15

Expenditure	ACGR
Plan	14.06
Non-Plan	12.27
Total Expenditure	12.83

Source: author’s calculation

Annual Compound Growth Rates are computed for the components total expenditure from 2004-05 to 2014-15. From the analysis, ACGR of plan expenditure has registered higher growth rate of 14.06 per cent, non-plan expenditure has recorded 12.27 per cent and total expenditure noted 12.83 per cent from the past ten years.

3. Conclusion

It was observed in this paper that in the total expenditure, non-plan expenditure occupies about 65 to 70 since 2004-05. The total expenditure of the central government has substantially risen from Rs. 477829.04 crores in 2004-05 to Rs. 1794892.00 crores in 2014-15. This increase has taken place in both the plan and non-plan expenditures. In the plan expenditure the expenditure has risen from Rs. 145590.25 crores in 2004-05 to Rs. 575000.00 crores in 2014-15. In the non-plan expenditure the expenditure has risen from

Rs.332238.79 crores in 2004-05 to Rs. 1219892.00 crores in 2014-15. The ACGR of plan expenditure has registered higher growth rate of 14.06 per cent from 2004-05 to 2014-15, non-plan expenditure has recorded 12.27 per cent from 2004-05 to 2014-15 and total expenditure noted 12.83 per cent from 2004-05 to 2014-15.

4. Reference

1. Mithani DM. Public Finance and International Trade, Himalaya Publishing House, Bombay.
2. Tyagi BP. Public Finance, Jai Prakash nath & Co Publication, Meerut (U.P).
3. Datt, Sundaram. Indian Economy, S. Chand Publishing, New Delhi.
4. Telugu Akademy- Himayat nagar, Hyderabad. ISBN 81-8180-126-1.
5. <http://india budget.nic.in>
6. Bhatia HL. Public Finance, Vikas Publishing House Pvt. Ltd, U.P.