

**Government of India
Ministry of Finance
Department of Economic Affairs**

**RAJYA SABHA
UNSTARRED QUESTION NO.2290
TO BE ANSWERED ON TUESDAY, 6th DECEMBER, 2016
(AGRAHAYANA 15, 1938 (SAKA))**

MERGER OF PLAN AND NON-PLAN EXPENDITURES

2290. SHRI AJAY SANCHETI:

Will the Minister of FINANCE (वित्त मंत्री) be pleased to state:

- (a) Whether Government propose to merge Plan and Non-Plan expenditure;
- (b) if so, the reasons behind the merger of these two classifications in Budget and Accounts; and
- (c) what were the recommendation of Rangarajan Committee on this issue?

ANSWER

**MINISTER OF STATE IN THE
MINISTRY OF FINANCE**

(SHRI ARJUN RAM MEGHWAL)

(a) : Yes, Sir.

(b) : The existing distinction between plan and non-plan expenditure in the Budgetary system resulted in excessive focus on 'plan expenditure' with equivalent neglect of items such as expenditure on 'maintenance', 'running expenditure such as salaries and other essential expenditure associated with implementation of scheme' etc. which are classified as non-plan. However, it is the total expenditure, irrespective of plan or non-plan, that generates value for the public. Due to insufficient provision for maintenance, the assets created out of Plan expenditure suffered. School and Hospitals are developed under Plan expenditure and in the absence of sufficient teachers and doctors, whose salary is non-plan expenditure after a certain period, they fail to deliver on expectations. Larger plan outlays for economic and social services have adversely affected allocations for the maintenance of assets, as well as allocations towards basic functions of the government in the general services category. With the merger of Plan and Non-Plan classification, the focus of resource allocations has shifted from the duality of plan and non-plan to a more holistic focus on objectives of development, welfare programmes and fiscal discipline.

(c) : The Rangarajan Committee recommended that Plan and Non-Plan distinction in the budget should be removed in order to facilitate linking expenditure to outcomes and better public expenditure management.

* * *

